ARMS Email System
RECORD TYPE: FEDERAL (RECONSTRUCTED EMAIL)

CREATOR: Michael C. Dost (DOST_M) (OMB)

CREATION DATE/TIME:28-JUL-1994 09:37:00.00

SUBJECT: ALL STORIES JULY 28, 1994

TO: Remote Addressee (D
KLEINBERG@1=US@2=ATTMAIL@3=GOV+DOT@4=QMAIL@5=HQ@MRX@EOPMRX) (DEFAULT)
READ: UNKNOWN

TEXT:

DAILY REPORT FOR EXECUTIVES
Available each working day at 9:00 AM
Report for JULY 28, 1994

TODAY'S SUMMARIES

House Leaders Mull Phasing In Mandate Based On Size Of Company Payroll -- House Democratic leaders are considering a plan to phase in an employer mandate to provide health coverage over four years, based on the size of a company's payroll, sources tell BNA. The leadership was considering late July 27 the final shape of the health care bill they plan to unveil publicly July 29. House Majority Leader Gephardt is still mulling some changes to the measure to ease the burdens on businesses and to make the bill more politically viable . . . In the Senate, Majority Leader Mitchell is readying a health care reform bill to present to his Democratic colleagues as early as July 29 that is expected to mirror closely the bill reported by the Finance Committee, including a triggered mandate, Democratic senators say. G-8, G-6

Role Of Lobbyists In European Union Policy-Making Increases, Evolves -- Lobbying in the United States has a tradition as old as the Constitution's guarantee of citizens' rights to petition the government, but lobbying in the infant European Union is still in an embryonic stage, with virtually no formal rules and few established practices. Lobbying in the EU is, however, growing and evolving, along with the Union's developing institutions. A BNA special report examines the current circumstances of lobbyists in the EU and the substantive issues they address. Special Report

Administration Flexible On Trade Fast-Track Issue, Yerxa Says -- Deputy U.S. Trade Representative Yerxa says the Clinton administration is willing to compromise on a seven-year extension for fast-track authority for new trade agreements contained in its proposed legislation implementing the Uruguay Round trade pact. . . . In another development, Treasury Secretary Bentsen offers Finance Committee Chairman Moynihan and ranking Republican Packwood a modified package of financing proposals to offset more than $12 billion in lower tariff collections that would result from the trade pact. A-11, G-9

Durable Goods Orders Up 1.3 Percent In June, Commerce Reports -- Strong demand for capital goods and transportation equipment hiked new orders for manufactured durable goods 1.3 percent to a seasonally adjusted $151 billion, the Commerce Department reports. It was the fourth consecutive monthly increase and the 10th advance posted in eleven months. N-1

U.S., Canada Fail To Resolve Agriculture Impasse; Agree To Continue Talks -- While U.S. Trade Representative Kantor and Canadian International Trade

Minister MacLaren do not announce any progress in discussions on a long-simmering agricultural dispute, the trade officials agree that talks will continue. The two sides are attempting to avert what could spiral into a full-fledged trade war if the United States makes good on its threat to restrict Canadian wheat. A-9

Superfund Bill Progresses In House; Move On Retroactive Liability Thwarted -- Superfund reform takes another step forward with the approval of the administration-backed bill (HR 3800) by the House Public Works and Transportation Subcommittee on Water Resources and the Environment. Prior to approving the measure on a voice vote, the panel defeats controversial amendments to eliminate retroactive liability for polluters and to further loosen ground water cleanup standards. Full Public Works Committee markup is scheduled for today. The Senate Environment and Public Works Committee set markup of its administration backed-bill (S 1834) for Aug. 3. A-28

Reforming Worker Status Tax Laws Could Raise $34.7 Billion, Study Finds -- Repealing laws that prevent the reclassification of workers and independent contractors would raise $4.9 billion over the fiscal 1996 through 2004 period, and more aggressive enforcement of worker status rules by IRS would raise an additional $29.9 billion, according to a Coopers & Lybrand study prepared for the Coalition For Fair Worker Classification. G-3

Fed Approves Rules To Remove Bank Anti-Tying Restrictions -- The Federal Reserve Board approves final and proposed changes to Regulation Y that remove several anti-tying restrictions for bank holding companies, their affiliates, and non-bank subsidiaries. In one action, the board agrees to finalize a rule it proposed in March that expands to all bank holding companies an exemption from anti-tying rules recently granted to First Union Corp., Charlotte, N.C. In another, the board agrees to seek comment on a proposal that would benefit non-bank subsidiaries of bank holding companies.
A-8

Ways-Means Approves Tax Hikes To Fund Clinton Maritime Reform Plan -- The House Ways and Means Committee approves a mix of tax increases to finance the Clinton administration's maritime reform program (HR 4003), including large hikes in tonnage fees and the ship passenger departure tax. The three-part plan, which would raise $1 billion in revenues, wins voice vote passage, despite opposition expressed by many lawmakers on the panel to the tax increases. G-2

House Panel Adopts Fraud/Abuse, Health Data Provisions To Reform Plan -- The House Government Operations Committee votes to report out portions of the Clinton administration's health care plan (HR 3600) dealing with health care information practices and fraud and abuse procedures. Committee Chairman Conyers says experts had told the committee that fraud and abuse within the health care system cost about $100 billion annually, which represents about 10 percent of the $1 trillion spent nationally on health care. A-16

TEXT

JCT staff description (JCX-10-94) of HR 4003, "Maritime Administration and Promotional Reform Act of 1994" L-1

IRS Rev. Proc. 94-54, relating to unused housing credit L-3

ALSO IN THIS REPORT

* International Trade -- The United States and Japan have agreed to continue the 1991 U.S.-Japan Semiconductor Arrangement until it expires July 31, 1996, even though Japan has been dissatisfied with the agreement because of its "expectation" of the U.S. and foreign share of the Japanese semiconductor market reaching more than 20 percent. A-6

* Health Care -- Exchanges between a Senate panel and a pharmaceutical industry representative highlight the difficulty Congress will face as it tries to balance including prescription drug coverage in health reform legislation with implementing mechanisms to restrain rising drug costs. A-8
* Communications -- With nearly $500 million in bids so far, the Federal Communications Commission's first-ever auction of airwaves continued late July 27, leaving officials to guess how high the final tally would go. A-27

International Finance

MOST IMF DIRECTORS SUPPORT NEW SDR ALLOCATION, 1994 REPORT SHOWS

The majority of directors at the International Monetary Fund would support a new allocation of special drawing rights (SDRs)--the first issue in more than a dozen years--to meet growing, long-term capital needs worldwide, an advance copy of the IMF's 1994 annual report released late July 27 showed.

Many IMF directors, who met to discuss the issue of SDR allocations in July and September 1993, said they were particularly concerned about Fund members who had never received an SDR allocation, or those who had not participated in distributions made since the first disbursement in January 1970, the report showed.

Economists have said this concern specifically applies to the countries of Eastern Europe, who now are making the transition from command to market economies and who are short on cash reserves.

The IMF defines the SDR as "an international reserve asset the Fund can create as and when it determines that there exists a long-term global need to supplement existing reserves."

The SDR exchange rate for July 27 was $1.46, the IMF said. No SDR allocations have been made since 1981, data provided by the IMF's SDR Department showed.

During its July 8-10 meeting in Naples, Italy, leaders from the world's seven leading industrial nations endorsed measures under consideration by the IMF to ensure that all member nations partake in the SDR system (131 DER C-3, 7/12/94). The so-called Group of Seven are the United States, Japan, Germany, Great Britain, France, Canada, and Italy.

At that time, Treasury Secretary Lloyd Bentsen noted that the Fund has about $40 billion in assets and $30 billion in loans outstanding, leaving a $10 billion financial cushion and ample room for expanded assistance.

Article IV Discussions Expanded

The 1994 annual report also outlines the content of so-called "Article IV" -- or economic policy -- discussions undertaken between the IMF and more than 30 nations during the fiscal year ended April 30, 1994, up from about 20 countries the preceding financial year. The latest report has been expanded to include summaries of talks with select developing nations--such as Indonesia, Brazil, and Mexico--and countries making the transition from command to market economies, such as the Czech Republic and Ukraine.

Fund officials explained that the upswing in Article IV reporting is in response to pressure from member countries, including the United States and the Congress, who have called on the IMF to be more open about its decision- and policy-making processes. Article IV assigns the IMF responsibility for reviewing the macroeconomic policies of member countries.

Other data released by the IMF showed that purchases from the Fund's general resources account in 1993-94 totaled SDR 5.2 billion, about the same as the previous year; that the number of countries in arrears to the IMF fell to nine as of April 30, 1994, down from 12 a year earlier, with the level of outstanding obligations falling to SDR 2.9 billion; that the Fund's usable resources rose from SDR 52.2 billion last year to SDR 54.3 billion; and that total IMF credit outstanding rose by SDR 1.4 billion during the financial year.

The latest annual report, which is slated for publication and formal release in September, also showed that the Fund's staff advanced 5 percent over the course of the year. IMF departments working with countries making the transition from command to market economies accounted for most of the increase in staff, the Fund said.

Debate Over SDRs Continues

The advance copy of the Fund's 1994 annual report showed that during a meeting held in July 1993, most of the IMF's directors supported a new allocation of SDRs, pointing to the growing need for reserves worldwide and the relatively low level of reserves currently held by many developing countries and economies in transition. In addition, some IMF officials noted that boosting reserves through borrowing or compression of domestic demand and net exports are high-cost propositions for most countries.

"For low-income countries and countries in transition, the economic and financial costs of acquiring the additional reserves necessary to protect their growth and transformation efforts would substantially exceed the economic opportunity cost of creating reserves through an allocation," these directors concluded.

A dissenting minority, however, said the current evidence was not compelling enough to warrant a new allocation of SDRs. Credit from private capital markets was sufficient to meet countries' reserve needs, they said.

Many IMF directors, meeting to discuss the issue of SDR allocations again in September 1993, said they were particularly concerned about Fund members who had never received an SDR allocation or those who had not participated in SDR allocations made since the first disbursement in January 1970.

The group decided that, under the IMF's Articles of Agreement, the Fund does not have authority to make a selective allocation of SDRs to new members or to reallocate SDRs by combining the cancellation of existing SDRs with a new allocation.

"Many Directors were of the view that, practically speaking, the problem of inequity would be resolved most effectively by offering new members an appropriate stake in the SDR system through a new allocation," the report stated.

The IMF is scheduled to discuss SDR issues again in October, when the Fund meets in Madrid, Spain. At that time, the interim committee investigating SDR issues is expected to release its recommendations.

The main question, private sector economists said, is whether there will indeed be a new SDR allocation, and if so, under what terms will a new issue be made.

International Trade

EUROPEAN UNION SHOULD HAVE CLOSER TIES TO U.S. STATES, PARLIAMENT MEMBER SAYS

NEW ORLEANS--The European Union should increase its interaction with U.S. legislators and decision makers in the states, the level that "matters most to the people," Alan Donnelly, a member of the European Parliament, said July 27.

Donnelly suggested the European Parliament and the National Conference of State Legislatures, which is holding its annual meeting in New Orleans, forge formal links similar to the relationships the European representative body has with Congress and the administration.

"We need to take more seriously the relationships with the states," he said. "I hope we can come up with something over the next few months."

Donnelly said he thought it unfortunate that negotiations on the Uruguay Round of the General Agreement on Tariffs and Trade only involved policy officials at the national level.

"It isn't just people at the national level who are affected," he said. "It should be a dialogue that involves people in the individual states and the citizens in the EU. That didn't happen with the Uruguay Round, so we need to start preparing [for greater involvement] in negotiations in the future."

Donnelly said the term "subsidiarity" has been used by EU member nations to define taking decisions to the most appropriate official. "I've learned that the only game in town is not in Washington, D.C., but in state capitals throughout the country."

States and the EU member nations face common issues in establishing trade relationships, foremost among them the protection of workers in the industrialized nations as developing nations continue to grow economically.

"It's very difficult for those workers to compete with workers in countries where there are no health and welfare provisions and low wages," he said. "We have the common agenda to open up trade, but we mustn't simply hand everything over to the disadvantage of the worker in the United States and the European Union."

Other issues common to the two trade partners, he said, include crime, education, job training, higher education and drug abuse.

The European Union is a market of 340 million people and its largest trade partner is the United States, Donnelly noted. Some 300,000 jobs have been created in the U.S. because of European investment, he said. The Union will expand to 370 million people later this year when Norway, Sweden, Finland and Austria become members.

In two years, "we will be revisiting the treaties that formed the European Union," he said. "We look to you as a model in many ways."

Communications

COURT REMANDS 'PIONEER PREFERENCE' DECISION TO FCC FOR RECONSIDERATION

An appeals court July 26 sent back to the Federal Communications Commission a case challenging its policy of granting free "pioneer preference" licenses to companies that have made innovations in the telecommunications field.

Christopher Wright, deputy general counsel at the FCC, told BNA that the court issued a total remand with no timetable attached. However, he said, the commission promised to issue a new order within two weeks of receiving a remand, and it fully expects to comply with the promise.

At issue is whether the FCC should issue free "pioneer preference" licenses to three companies that had made significant innovations in the communications field (131 DER A-8, 7/12/94). The commission promised the licenses to the companies before Congress authorized the FCC to auction spectrum last year.

In March, Pacific Bell filed suit in the U.S. Court of Appeals for the District of Columbia challenging the commission's decision to grant free pioneer preference licenses.

Although interested companies may bid on licenses in an auction to be held later this year, the licenses could cost hundreds of millions of dollars.

Pacific Bell argued this places the pioneer preference companies unfairly ahead of the competition.

Although FCC officials have not yet announced what their new order will be, the commission has said their rationale for awarding free licenses "is no longer adequate."

Pioneer Sacrifice A statement issued by American Personal Communications, one of the three companies promised a pioneers preference license, speculated that the FCC could charge up to 90 percent of the amount the licenses would bring at auction.

"Pioneers earned their licenses through sacrifice, toil, creativity, and investment (in APC's case an investment exceeding $20 million) in very high-risk ventures," the statement said.

The company previously said it would pay a "reasonable fee" for the pioneer preference license, which it defined as no more than 75 percent of the auction amount.

The APC statement also cited two economists, John P. Gould, economics professor at the University of Chicago Graduate School of Business, and Gustavo Bamberger, vice president and senior economist at Lexecon Inc., an economics consulting firm. The economists said there is "a social and economic harm inflicted by a commission decision to change the rules of the pioneer program by charging the pioneer firms after the fact when they made a successful good-faith effort to meet the conditions of the original concept."

FCC's Wright told BNA that after the commission issues its new order, it could be challenged again. "We don't think any of this should hold up the auction," he added.

European Union

EUROPEAN COMMISSION TO CONCENTRATE ON COMPLIANCE WITH CURRENT SOCIAL RULES

BRUSSELS--Throughout the 1990s, the European Commission will not propose any significant new laws in the social affairs area and will instead concentrate on ensuring national compliance with existing European Union rules, Social Affairs Commissioner Padraig Flynn told a reporters July 27.

National compliance is one of the main priorities running through the commission's "White Paper on European Social Policy," which Flynn unveiled the same day.

The 53-page white paper sets out a general medium-term strategy for EU policy through 1999 and identifies as other social priorities the need to encourage job creation and the promotion of high labor protection standards as a means to building a competitive Europe. Flynn stressed that Europe "has to explore the balance between higher labor standards and job creation" with a view to reconciling the twin objectives of economic growth and social progress.

The commission will implement the white paper through a detailed work program that it will issue in early 1995 after the Council of Ministers has approved the white paper, Flynn said. The council will discuss the white paper during its meeting Sept. 22 and is expected to approve it during its Dec. 6 session.

Vigorous Pursuit On Implementing Labor Laws

In the field of national implementation, Flynn said that the EU must "vigorously" pursue member states that do not implement labor laws.

He explained that member states have all been very slow to implement the package of 37 directives that should have been in place since at least Dec. 31, 1993. These rules include health and safety measures and protection of workers in the case of mass dismissal or transfer of ownership of a company.

Of the 37 rules, some member states have implemented just over half, he said. In the field of health and safety, where the EU has adopted one framework directive and 10 implementing rules, only France has implemented all 11 laws. Germany, Spain, Greece, Italy, and Luxembourg have not even implemented the framework directive, Flynn said.

He explained that lack of EU-wide implementation "caused great concern," and that the commission "must not let this situation distort competition."

Although Flynn said that the commission would not come forward with "any significant new body of legislation," he did say that in some areas the EU "would have to develop the legal base where needed" by pushing through with draft proposals. These concern the directive on worker information and consultation that still requires formal approval and the blocked directives on subcontracting and atypical--temporary and part-time--work. Flynn said that if these proposals remained blocked in the Council of Ministers, the commission might have to decide to submit them to the Social Protocol that requires only qualified majority voting in the Council of Ministers. Legislation adopted under the protocol does not apply in the U.K., which refused to sign on to the protocol, a special annex to the Maastricht treaty on European Union.

Flynn also said that the working time directive should be amended to cover the transport sectors.

In addition some new rules may be necessary in the health and safety area and regarding equal treatment. Both areas will be the subject of new action programs in 1995.

Flynn Urges Review Of UK Opt Out

During the news briefing, Flynn also said that during the 1996 review of the Maastricht Treaty on European Union the member states should eliminate the United Kingdom's opt out of the Social Protocol, which enables the 11 member states to adopt social legislation by qualified majority vote. Such an amendment would require British approval. The review "is a good time to consider a single framework for European social policy," Flynn said.

The UK objected to the protocol on grounds that qualified majority voting would make it too easy to introduce new laws that would serve only to increase costs for companies and undermine Europe's competitiveness. For this reason the current British government has no intention of relinquishing its social opt out.

In reaction to the commission's support for a single framework, a spokesman for the British government in Brussels quoted Employment Secretary Michael Portillo as saying that the opt out "is here to stay. It is not negotiable."

Flynn denied that higher labor standards undermine European competitiveness and excluded the possibility that the commission might consider lowering standards to improve Europe's competitive position on the world market. "We do not accept that higher social standards are an added cost, but instead are a key element of our competitive formula," he told reporters.

He said that lower standards supply only a short-term competitive gain and "will not lead to long-term competitive superiority," in part because lowering standards will undermine workforce motivation.

To encourage job creation the white paper calls for improvements in investments in education and training and the creation of a truly European single market. With this objective in mind, the commission plans to create a high-level panel of experts to review remaining obstacles to the creation of a European labor market, examining for example national practices regarding immigration and social security protection.

International Economics

CANADIAN INDUSTRIAL PRODUCT PRICE INDEX UP 0.6 PERCENT IN JUNE, STATSCAN REPORTS

OTTAWA--Canada's industrial product price index rose 0.6 percent in June to 118.2 (1986=100), Statistics Canada reported July 27.

The increase followed a 0.3 percent increase in May and 0.2 percent in April, the federal statistics agency said.

On a year-over-year basis, the IPPI was up 5.5 percent in June.

"Inflationary pressure continued to come almost entirely from intermediate goods, while manufacturers' prices for consumer goods tended to remain stable overall or fell," StatsCan said.

The agency noted that year-over-year growth in producer prices in Canada remains appreciably higher than in the other G-7 countries. The next highest rate is the 3.5 percent reported in Italy in March, although that country generally has an appreciably higher level of inflation than in Canada, it said.

"This is consistent with the Canadian economy being further along in the recovery process than certain other economies in the G-7," the agency said. "However, the structure of Canada's manufacturing sector differs from that in other G-7 countries: processing raw materials and exporting these products plays a much larger role in Canada."

The largest price increases in Canada in June were for primary metal products, up 2.5 percent, paper and paper products, up 2.1 percent, furniture and fixtures, up 1.6 percent, and petroleum and coal products, up 1.1 percent.

Raw Materials Prices Up Statistics Canada also reported July 27 that its raw materials price index increased 2.2 percent in June to 124.0 (1986=100), the sixth consecutive monthly increase, but smaller than the 3.3 percent in May and 3.7 percent in April.

The June increase represented a year-over-year rise of 7.9 percent.

The RMPI excluding mineral fuels increased 0.2 percent in June, after a 1.0 percent increase in May. June's figure represented year-over-year growth of 7.2 percent.

Increases were reported for mineral fuels, up 7.2 percent from May and up 9.7 percent from June 1993; non-ferrous metals, up 5.5 percent from May and 28.8 percent from June 1993; vegetable products, up 0.5 percent from May and 21.6 percent from June 1993; and wood, up 0.1 percent from May and 3.1 percent from a year earlier.

Decreases were reported for ferrous materials, down 4.6 percent from May, but up 10.2 percent from June 1993, and for animals and animal products, down 1.7 percent from May and down 3.3 percent from a year earlier.

No change was reported for non-metallic minerals from May, although that index was up 1.2 percent from June 1993.

International Economics

WESTERN GERMAN CONSUMER PRICES UP 2.9% IN JULY, GOVERNMENT REPORTS

FRANKFURT--Western German consumer prices rose 2.9 percent in July compared with one year ago while rising 0.1 percent from June, the Federal Statistics Office reported July 27.

The provisional data again place the annual price rise below 3.0 percent, as initially was reported in June and May. Provisional data for both months placed the annual rate at 2.9 percent before later revisions raised it to 3.0 percent.

Final July data, which include a breakdown of categories, is expected in mid-August.

The rate of inflation has been edging down slowly since posting a 3.5 percent annual growth rate in January. The continuing effect of modest wage rounds early this year is expected to help bring inflation down to around 2.5 percent by the end of this year.

The Bundesbank has targeted 2.0 percent annual inflation as its medium range target.

Provisional consumer price data is based on reporting from the four most populous German states.

Those numbers indicate drops in seasonal food items as the domestic harvest supplants imported products. Declines in heating oil were offset by steep year-to-year increases in motor fuel due to higher fuel taxes. Rents and service charges continue to boost inflation, according to data from Bavaria, North-Rhine Westphalia.

International Economics

JAPANESE ECONOMY SAID TO SHOW SIGNS OF RECOVERY, BUT PROBLEMS PERSIST

TOKYO--The Japanese economy continues to show some signs of recovery, but continues to struggle with problems resulting from the bursting of the speculative bubble, according to a government report released July 27.

And in order to reinject vigor into the stagnant economy, Japan needs to expedite a program of government deregulation and administrative reforms while directing the economy toward new, higher value-added industries, the Economic Planning Agency concluded in its annual "Economic Survey of Japan 1993-1994."

The 718-page report, subtitled the "A Challenge to New Frontiers Beyond the Severe Adjustment Process," said that in fiscal 1993 (April 1993 to March 1994), "favorable movements" began to appear in "some areas of the economy." As a whole, however, the report characterized the year as "the year of downside risk" not experienced by the country before.

The major reason causing such a risk and having led to zero growth in fiscal 1993, it said, are "unpredictable exogenous factors" such as the continued appreciation of the yen, balance sheet adjustments forced on banks and corporations by the bursting of the bubble, failure of monetary and fiscal policies to have anticipated effects, and structural problems.

Above all, the strong yen had one of the most powerful deflationary effects on the Japanese economy, the report noted. The Japanese currency appreciated as much as 2.7 percent on a monthly basis between January and August 1993, when calculated on the basis of the dollar versus yen rate standing before the September 1985 "Plaza Accord."

The three-chapter report said the strong yen caused contrasting movements in Japan's balance of payments, with the yen-based current account surplus contracting while that on the dollar base expanding, putting adverse pressure on domestic corporations and prompting foreign complaints that the Japanese surplus does not decrease.

Sluggish Consumer Spending

Fiscal year 1993 also was marked by sluggish consumer spending resulting from low personal income growth. The year also was punctuated by reduced capital expenditures, which contracted in the January to March 1994 period for the 10th consecutive quarter. Here, too, the strong yen's adverse effect was apparent, the report said, noting that corporations have become pessimistic about future production recovery. Corporate earnings decreased by an average 9.7 percent, falling for the fourth straight year and forcing firms to restructure.

However, one area that escaped the impact of the strong yen was housing, the report said.

Employment Conditions Deteriorating

As the economy languishes, employment conditions are deteriorating. "Overtime hours are still decreasing, as well as the job offers-to-seekers ratio which peaked in March 1991 while the growth of employment began decreasing for the manufacturing sector since early 1993," pushing up the unemployment rate, the report said.

Specifically, the employment problem is hitting hard some parts of the labor market -- workers who have lost jobs, mid-level managers, and female workers, it said, describing them as "discouraged workers" who unwillingly started exiting the labor market since 1993.

Imports, Exports

While the strong yen's effect on the domestic front was generally negative, it proved effective in boosting Japan's import volume and clipping export volume, the report said. Export prices fell on a yen basis yet rose on a dollar basis, and in line with the movements, "nominal exports turned into a rapid decrease on a yen basis while continuing to increase on a dollar basis." Import volume, meanwhile, increased overall, "in particular, a huge increase in import volume -- mainly of manufactured goods -- was conspicuous," it said.

Imports, as against overall domestic supply, increased, "implying that domestic production might be more suppressed by import substitution at this time -- different from the past historic pattern," it said.

In response to the trade-related trends, the FY 1993 yen-based current account surplus fell, even though the dollar-based figure expanded, with the ratio of the current account surplus against gross domestic product falling to 3 percent in fiscal 1993 from 3.4 percent in fiscal 1992, the report said. The Clinton administration is demanding that the ratio be reduced to a low 2 percent level.

The report refuted the U.S. Council for Economic Advisors's annual report, which described the Japanese trade structure as unusual and pointed out that Japan's ratio of imports of manufactured goods to domestic consumption is low.

"This indicator has a drawback," it said. "The effect of increased import volume is canceled by a decline in the yen-denominated import prices. Therefore, measured by 'real manufactured import/real GDP,' Japan's ratio rapidly increased after the Plaza Accord, and also registered a huge increase in 1993."

Fiscal, Monetary Policies Defended

The report defended Japan's fiscal and monetary policies, both of which failed to energize the economy despite increased public works expenditures and monetary policy easing. "Had it not been for increased public works, private-sector demand could have decreased further" and that a decline in nominal interest rates is having positive results, it said.

The report noted "some bright signs" in the Japanese economy such as steady public works spending, brisk residential housing investment and recovery in personal consumption, but it hedged on the possibility that the economy can head in either direction.

On the positive side, domestic stock adjustment has progressed and Japan's economic stimulus packages are helping to underpin business activity while overseas economies are recovering. Yet, "it should be noted that the trends in exchange rates and the delay in the balance-sheets adjustment remain as downside risks."

In the longer perspective, the Japanese economy needs to address its structural issues, the report said. Thanks to sizzling growth during the bubble economy period, "many structural problems have been overlooked, but due to the present stagnation, they have come to stand out sharply. It is like seeing the doctor for a common cold and you are told about hypertension."

Among those structural problems are those related to industry hollowing and price gaps between Japan and overseas as a result of the strong yen and prolonged recession; those on the economic system like employment; those on structural issues like government regulations; and those related to economic "frontiers," the report said.

Industry hollowing for the electronics industry, for example, progresses at the pace of 1.6 percent in direct investment to Asia when the yen's appreciation develops at the pace of one percent.

That hollowing could be prevented by developing economic efficiency and expansion, e.g. by shifting domestic economic resources to higher value-added areas.

Deregulation Will Be Key

Deregulation will be a key in helping to encourage businesses to become more forward-looking, the report said. As high as 42 percent of the overall Japanese industry presently is subject to some form of government regulations.

"Deregulation is expected to play an important role in vitalizing domestic demand by expanding business opportunities and consumer choice; in narrowing the international price disparity by injecting competition in the nonmanufacturing sector with low productivity; and in increasing transparency," the report said. For example, telecommunications sectors could develop into multimedia and thereby create new demand.

The report said Japan has undergone a period of catch-up with the United States and now needs to develop new, leading industries. Yet, it said, "It is not easy for us to specify future leading industries."

Economists welcomed the report as generally well done in analyzing the state of the Japanese economy and the aftermath of the bursting of the bubble. However, they commented that it was too optimistic about recovery and contained little substantive prescriptions for prolonging the next expansion cycle.

"If it was written after the yen broke through 100, the tone might have been different," Susumu Taketomi, managing director and chief economist, Industrial Bank of Japan Ltd., said.

Small Business Report

The adverse impact of the strong yen on Japanese manufacturing industries is more serious than generally thought, according to a report by the Small and Medium-size Enterprise Agency, a unit of the Ministry of International Trade and Industry, released July 25.

More than 90 percent of export-oriented small and midsize corporations and their subcontractors said they were affected by the latest round of yen appreciation, the report said. It was based on a survey of 137 small and mid-size companies across Japan.

One-third of the respondents said their foreign exchange break-even point is between 105-110, of which 60 percent said they will incur losses under 110 yen. Only 1.6 percent of all respondents answered they can secure profit below 100 yen.

And 79.8 percent of the surveyed said they were suffering export contract declines.

Asked how to cope with the currency problem, 45.8 percent said they were planning to change their businesses into new fields or develop new products. On a sobering note, 16.8 percent said they have exhausted options.

International Trade

U.S., JAPAN AGREE TO CONTINUE 1991 SEMICONDUCTOR ARRANGEMENT

The United States and Japan have agreed to continue the 1991 U.S.-Japan Semiconductor Arrangement until it expires July 31, 1996, the Office of the U.S. Trade Representative announced late July 26.

U.S. and Japanese trade delegations made the announcement after a mid-term review of the five-year agreement, which is intended to increase U.S. and foreign share of the Japanese semiconductor market. The agreement's terms called for a review at the end of the third year to jointly decide whether to terminate the pact.

Japan has been dissatisfied with the agreement because of its "expectation" of U.S. and foreign share of the Japanese semiconductor market reaching more than 20 percent. At a mid-term review in June, Japanese industry officials reportedly had sought to terminate the agreement. However, both the United States and Japan would have had to agree to the termination. A U.S. trade official in June said the United States had no plans for the pact's early termination because it was working well with regard to expected further gains and "design-ins," which integrate foreign chips into the early development stages of Japanese users' projects.

"The United States has always been committed to the vigorous implementation of the agreement for its full five-year term and thus, we are very pleased with this joint decision," USTR Mickey Kantor said in a release. He added that "strong efforts must continue to be made over the remaining two years of the agreement to ensure that the arrangement achieves its goal of gradual and steady improvement in market access across a wide range of competitive products."

According to USTR's 1994 National Trade Estimate Report on Foreign Trade Barriers, the 1991 agreement, calls for the following: "The arrangement contains the U.S. industry's expectation of foreign market share reaching more than twenty percent by the end of 1992. The twenty percent figure is explicitly recognized by the Japanese government in the arrangement. The arrangement also calls for 'steady and gradual' improvement in market access over the duration of the arrangement, which expires in July 1996,"

In the fourth quarter of 1992, foreign semiconductor market share did reach 20.2 percent, but it declined to 18.1 percent in the third quarter of 1993. Since then, it has risen to 20.7 percent in the first quarter of 1994, unchanged from the previous quarter.

The current pact builds on a previous five-year semiconductor agreement reached in 1986.

Antitrust

MITI CHIEF PROPOSES STRONGER JFTC TO EXPEDITE DEREGULATION PROCESS

TOKYO--Japan's Minister of International Trade and Industry Ryutaro Hashimoto July 26 proposed reinforcing the Japan Fair Trade Commission to expedite the country's commitment to eliminate many government regulations.

According to government officials, Hashimoto said at a meeting after a regular Cabinet conference July 26: "It is about time that we considered [overhauling and strengthening] JFTC, including its organization, to get the deregulation program going further."

Hashimoto recommended that JFTC be upgraded to the level of the National Personnel Authority so that it can have enforcement power equivalent to ministries, the officials said. Hashimoto then sought to implement his idea as a priority item of the fiscal 1995 budget.

In response, Tsuruo Yamaguchi, director-general of the Management and Coordination Agency, which is in charge of the deregulation program, said he will "give serious thought" to Hashimoto's proposal, according to the officials.

Finance Minister Masayoshi Takemura endorsed Hashimoto's idea, saying that he is telling bureaucrats to cooperate with the new administration's policy.

Whether Hashimoto's proposal will succeed will become clearer later this summer when the government completes preparing the fiscal 1995 budget outline.

JFTC has a staff of less than 600 and has only one bureau. Its chairman, by tradition, has been sent from the Ministry of Finance. The present JFTC chairman, Masami Kogayu, served as vice minister of finance.

The United States and the European Union have been urging the Japanese government to enlarge the staff to reinforce JFTC's investigation and examination capabilities. In response, Japan has been increasing JFTC manpower while basically freezing increases in other government offices under the ongoing program to reduce government personnel.

Hashimoto is a key policy planner of the new coalition government of Prime Minister Tomiichi Murayama. A former finance minister, Hashimoto was known as a "man of action." He ordered the reluctant Ministry of Finance to ease monetary policy and inject funds into the banking system after the "Black Monday" financial crisis in October 1987, sources said.

Hashimoto's key advisers include former Prime Minister Noboru Takeshita and Makoto Utsumi, a former vice finance minister for international affairs.

Securities

NFA CHAIRMAN SAYS CAMPAIGN AGAINST FRAUD, ABUSE WORKING

The National Futures Association's campaign against fraud and abuse is working, the self-regulatory organization's chairman said July 26, pointing to a decline in the number of firms subject to the NFA's "telemarketing profile" rule.

Hal Hansen, NFA chairman, speaking at a media briefing, said the NFA also has seen a substantial decline since 1988 in customer complaints and demands for NFA arbitration and Commodity Futures Trading Commission reparations proceedings.

Hansen explained that the NFA is reporting the progress it has made in curbing fraud and abuse in the futures market to demonstrate that something "positive" is being done in the derivatives market, as far as exchange-traded instruments are concerned.

'Problem Brokers'

While much attention has been focused recently on so-called "problem brokers" in the securities industry, Hansen said, the NFA identified the problem in the commodities industry "sometime ago." In response, in 1993 the NFA came up with a "telemarketing profile" rule, applicable to all firms having 25 percent or more brokers on their sales force who were once employed at firms that were closed for telemarketing fraud, Hansen explained.

According to an NFA summary, the rule requires such firms to institute certain internal oversight procedures. The most important of these, it said, is a requirement that the firms tape all telephone sales solicitations of new customers by its associated persons for at least one year. The tapes must be kept for at least six months, and the firms must provide NFA access to the taping systems and tapes, if requested.

Since the rule went into effect in January 1993, Hansen said, the number of firms subject to it have dropped from 22 to 12. "That is what we call results," he stated.

While NFA's vice president and general counsel, Dan Roth, said that several of the firms "chose to go out of business rather than tape-record their sales solicitations," he estimated that three or four of the 10 firms changed the composition of their sales forces so that they no longer fit the rule's criteria.

Complaints, Arbitration, Mediation

Further proof of NFA's anti-fraud campaign success can be found in the marked decline in customer complaints over the past six years, Hansen advised. While 475 customer complaints were lodged with the NFA in 1988, and 92 in 1993, only 33 complaints have been received by the association's compliance department this year, he said.

NFA has also observed a decrease in the number of customer demands for NFA arbitration and CFTC reparations proceedings, Hansen said. While 835 were filed in 1988, only 385 cases were brought in 1993, he said.

Hansen pointed out, however, that the "real future of dispute resolution in the futures industry is mediation." Since 1991, when NFA first offered mediation as a dispute resolution mechanism, Hansen said, it has handled almost 500 cases, two-thirds of which were settled "without the cost and delay of going to an arbitration hearing."

Warning

The NFA's attitude remains "one of 'zero tolerance' when it comes to fraud and abuse," Hansen advised. He warned that "swindlers" will be "hunted down and stopped."

Nonetheless, the chairman also issued a warning to investors, especially small investors, to look out for potential abuses that may arise in the commodities market, given the "recent revival of interest" in that market. "Investors should be particularly leery of offers of off-exchange commodities and futures contracts that are supposedly being traded on overseas exchanges . . . which may or may not exist," he said.

Derivatives Bills

In other comments, Hansen said the NFA is not officially taking any stand on any of the several proposed derivatives bills (HR 4503 HR 4745, S 2291). The association, however, does believe the public may be under the misconception that the concerns raised in the press regarding over-the-counter derivatives apply to instruments traded on exchanges as well, the chairman advised.

In this respect, Hansen said the NFA is reporting the progress it has made in curbing fraud and abuse in the futures market because it is important that the public realize that there is something "good and positive going on in this area."

Because there has been heightened publicity about the potential problems in the off-exchange derivatives market, Hansen said, "we want to make certain that there's no confusion between that and the exchange-traded futures and options business, where there is a mechanism very clearly in place to prevent and deal with abuse and fraud . . . ."

Banking

FED APPROVES FINAL, PROPOSED RULES TO REMOVE ANTI-TYING RESTRICTIONS

The Federal Reserve Board July 27 approved final and proposed changes to Regulation Y that remove several anti-tying restrictions for bank holding companies, their affiliates, and non-bank subsidiaries.

In one action, the board agreed to finalize a rule it proposed in March that expands to all bank holding companies an exemption from anti-tying rules recently granted to First Union Corp., Charlotte, N.C. (46 DER A-14, 3/10/94).

In another, the board agreed to seek comment on a proposal that would benefit non-bank subsidiaries of bank holding companies.

"Tying" occurs when an institution offers a discount on one product conditioned on the purchase of another, or when it lets a customer buy one product only if they also agree to buy another. This practice generally is prohibited by the Bank Holding Company Act, but the Fed is allowed to grant certain exceptions.

Under the final rule, the Fed would let a bank or bank holding company offer for the first time a discount on brokerage services to customers who get a traditional bank product--a loan, discount, deposit, or trust service--from any affiliate.

Like the exemption initially granted to First Union, the exception is only available if the brokerage services and traditional bank products offered in the arrangement are separately available for the customer to buy.

According to Fed staff, those who commented on this provision overwhelmingly favored it, saying it would promote fair competition with non-bank competitors and save customers money.

The final rule also grants another exemption from anti-tying restrictions that lets banks or bank holding companies offer a discount on a traditional bank product to customers who get another such product from an affiliate.

This will essentially let customers negotiate the price of multiple banking services on the basis of his or her entire relationship with a bank holding company organization, instead of just a single bank within that organization, Fed staff noted at an open board meeting in Washington.

The Fed declined to extend this exception beyond cases where only traditional bank products are part of the package, as some commentators had urged, staff added.

Expanding Exemption To Non-Banks

Instead, the board decided to seek comment on a proposed rule to except tying between non-banks, provided the products are made available separately.

Specifically, the proposal would let bank holding companies and their non-banking subsidiaries offer discounts on packaged products when no affiliated bank is involved in the agreement, and the tying and tied products are sold separately.

The exception would not apply if the package arrangement involved a product offered by an affiliated bank.

"The inability of non-banks in a holding company structure to offer discounts not only diminishes their competitiveness but also deprives their customers of an opportunity to receive discounts," staff said.

After considering anti-trust concerns, Fed staff also said they think neither BHCs nor their non-bank subsidiaries seem to have enough market power in the products they offer to impair competition.

Several other protections are already in place anyway to thwart the potential for anti-competitive behavior, including restrictions in the Clayton Act and the Sherman Act, the Fed said. The agency also would keep regulating tying by a non-bank when the tied product is offered by an affiliate. The Fed board further has authority to kill or change any exception that results in anti-competitive practices, and it requested that this be amplified in the proposed rule.

Separately, Fed staff also said they would ask the board later to address questions about ties involving bank-sold mutual funds and whether they are either wholly or partially exempt from Section 106 of the Bank Holding Company Act.

Health Care

TESTIMONY HIGHLIGHTS NEED FOR BALANCE BETWEEN DRUG COVERAGE, COST CONTAINMENT

Exchanges between a Senate panel and a pharmaceutical industry representative July 27 highlighted the difficulty Congress will face as it tries to balance including prescription drug coverage in health reform legislation with implementing mechanisms to restrain rising drug costs.

At a hearing of the Committee on Governmental Affairs, senators specifically questioned witnesses on the findings of two GAO reports that concluded that prescription drugs cost more in the United States than in other developed countries. According to the reports, which were released in January and May, manufacturers of brand-name drugs charge more for drugs sold in the United States than they charge for drugs sold in Canada and some European countries. The reports also found a positive relationship between the level of prescription drug prices and drug firm expenditures on research and development.

Gerald J. Mossinghoff, president of the Pharmaceutical Research and Manufacturers of America, characterized the reports as "snapshots in time" that do not adequately reflect the true situation in international drug pricing, and he cited other reports that he said indicated that drugs do not always cost more in the United States than they do in other countries, when fluctuating exchange rates and different comparison measures are factored into the equation. He also referred to a Congressional Budget Office report released in June that found that while the Clinton administration's proposed health reform plan would not affect seriously overall R & D, it may reduce incentives for some firms to develop drugs for the Medicare population.

Mossinghoff told the panel that applying across the board in all markets the exact prices of drugs sold in tightly government-regulated country markets would kill pharmaceutical research and development worldwide.

Sen. David Pryor (D-Ark) responded that such a statement implies that U.S. consumers who pay full price for their prescription drugs at retail pharmacies -- particularly the Medicare population -- are subsidizing low drug prices for the rest of the world. "You've got to become realistic about what is happening here," Pryor told Mossinghoff. "I see nothing to indicate a willingness on your part to help the American consumer."

"The question is not only why [Americans pay more] but is it fair?" Sen. Byron Dorgan (D-ND) said. He continued, "Why the U.S.? Why our consumers? Why are we stuck with higher prices?" He held up bottles of Premarin, Zantac, Xanax, and Valium, all of which he said cost significantly more in the United States than in Canada, the United Kingdom, and Sweden. For example, he noted that a bottle of Premarin, the number-one selling drug in the United States in

1993, sells for $93 in Sweden, $100 in the United Kingdom, $113 in Canada, and $297 in the United States.

Mossinghoff maintained that the indirect price controls being debated in Congress would stifle future innovative drug research and that market forces in the last few years already are causing a dramatic slowdown in drug price increases.

International Trade

U.S. INDUSTRY REPRESENTATIVES OPPOSE ACCELERATED TARIFF REMOVALS UNDER NAFTA

U.S. industry representatives and a U.S. congressman July 27 urged the International Trade Commission to oppose the accelerated elimination of tariffs in certain sectors under the North American Free Trade Agreement.

The ITC opened the investigation to provide advice on the effects of accelerated tariff reductions. ITC findings are only advisory in nature.

The Office of the U.S. Trade Representative May 23 solicited comments on tariff elimination acceleration under NAFTA. NAFTA calls for the elimination of tariffs on goods traded between NAFTA partners within 15 years, according to a specific timetable, but also provides for accelerating those eliminations in negotiations with Canada and Mexico.

Rep. Peter Hoekstra (R-Mich) said that U.S. asparagus growers were protected in the NAFTA talks by the placement of frozen and processed asparagus in the slower tariff reduction categories. Opposing accelerated elimination of tariffs on asparagus, Hoekstra said "[w]e're talking about selling out the U.S. asparagus market to Mexican producers in exchange for renegotiated market access in Mexico for other American industries."

Similarly, the Florida Fruit and Vegetable Association "strenuously" objected to the accelerated elimination of tariffs on limes, mangoes, and mangosteens, concentrated grapefruit juice, other citrus juice, and concentrated fruit juice. Representing the association, attorney John M. Himmelberg, Holland and Knight, Washington D.C., said that Florida growers have made good faith business decisions based on the tariff schedule negotiated. "Accelerating tariff schedules at this point is comparable to changing the rules in the middle of the game," he asserted.

Fresh Rose Industry

"Nothing in the competitive relationship between the United States and Mexico has changed in the six months since the implementation of NAFTA that would make a commodity less import-sensitive, and, therefore, warranting a more rapid tariff reduction. If anything, the competitive situation has worsened," he added. The lime and mango industries are in a distressed situation and any further tariff reductions will seriously harm them, Himmelberg said.

Target Group Chief Operating Officer Philip Looby also opposed the proposed accelerated elimination of tariffs on men's wool suits produced in Canada and Mexico. Such accelerated elimination will greatly affect the competitive ability of U.S. producers, he said. Cost advantages enjoyed by Canadian and Mexican exporters will be multiplied if existing U.S. customs duties are removed, Looby warned. The Target Group manufactures men's apparel sold to national and regional department and speciality stores.

Floral Trade Council Executive Director William R. Carlson said that nothing has changed in the fresh rose industry, since November of 1993 when NAFTA was approved, to justify any acceleration of tariff removals from Mexico.

International Trade

U.S., CANADA FAIL TO RESOLVE AGRICULTURE IMPASSE; AGREE TO CONTINUE TALKS

While U.S. Trade Representative Mickey Kantor and Canadian International Trade Minister Roy MacLaren July 27 did not announce any progress in morning discussions on a long-simmering agricultural dispute, the trade officials agreed that talks would continue.

The two sides are attempting to avert what could spiral into a full-fledged trade war if the United States makes good on its threat to restrict Canadian wheat.

"We will be in touch again . . . in the days ahead to make sure we fully understand each other's approach . . . I don't know if I'll be meeting with [Kantor], but I'll be talking with him on the phone," MacLaren told reporters.

The United States has threatened to restrict Canadian wheat as early as Aug. 1 if no resolution is reached. Canada, in turn, has vowed that any unilateral U.S. action would not go unanswered.

MacLaren--who spoke to reporters at the Canadian Embassy after the meeting--said it "remains to be seen" whether the two sides are any closer to a settlement by Aug. 1. He described the talks with Kantor as "candid," saying that the two sides now understood each other's position better.

Asked whether restrictions would be placed on Canadian wheat by Aug. 1 as threatened, MacLaren commented: "I think you better ask the United States."

The International Trade Commission sent sanction recommendations to the president after a July 8 ITC ruling in which the commissioners found that Canadian wheat imports interfered with the U.S. Department of Agriculture's wheat program.

The ITC recommendations are merely advisory in nature. The president has the final say on what, if any, sanctions will be imposed under Agricultural Adjustment Act Section 22. Section 22 authorizes import restrictions if imports impair or interfere with farm programs.

A USTR spokeswoman described the discussions as "friendly and frank."

MacLaren said that his discussions with Kantor touched on a "range of issues," including the Uruguay Round of the General Agreement on Tariffs and Trade. Canada welcomes the U.S. decision to move promptly on the Uruguay Round implementing legislation, MacLaren said.

Derivatives

IOSCO ISSUES GUIDANCE TO REGULATORS ON FIRMS' DERIVATIVES RISK MANAGEMENT

The Technical Committee of the International Organization of Securities Commissions (IOSCO) July 27 issued guidance to regulators on eight specific risk management control mechanisms for securities firms conducting over-the-counter (OTC) derivatives activities.

The IOSCO document was issued at the same time as and in coordination with the release of a similar document by the Basel Committee on Banking Supervision, according to a joint news release by the CFTC and the SEC. The Securities and Exchange Commission and the Commodity Futures Trading Commission are members of IOSCO.

Derivatives are "financial instruments whose values are derived from, and reflect changes in, the prices of the underlying products," according to the background portion of the 25-page IOSCO paper. Further, derivatives "are designed to facilitate the transfer and isolation of risk and may be used for both risk transference and investment purposes," the paper states. It then recognizes that these instruments "also may increase risk," including credit risk, market risk, liquidity risk, settlement risk operations risk, and legal risk.

Risk Management Control Mechanisms

The IOSCO paper--"Operational and Financial Risk Management Control Mechanisms For Over-the- Counter Derivatives Activities of Regulated Securities Firms"--presents eight risk management control mechanisms, as follows, according to the joint release:

* an established framework of risk management policies, procedures, and controls;
* market risk management functions independent of the trading function;
* credit risk management functions independent of trading function;
* in-house expertise and resources;
* use of appropriate risk reduction techniques;
* appropriate valuation and risk exposure measurement techniques;
* systems to ensure adequate information and reporting, both internal and external; and
* appropriate funding and liquidity policies.

In addition, the paper includes an appendix concerning the role of regulators in causing "firms subject to their regulatory jurisdiction to develop control policies and procedures to meet the performance objectives set forth" in the paper.

The guidance provided by the Technical Committee--"to securities regulators (including self-regulators), intermediaries, and examiners of intermediaries"--is intended to "provide a reference point concerning procedures and controls that also may be relevant to effective risk management by end-users," the paper states.

Further, the guidance is given on "a transnational basis" and advises mechanisms that "should be integrated within a firm's overall risk management framework." The paper cautions that risk management controls are "not a substitute for adequate capital," however.

Non-Prescriptive Approach

The Technical Committee avoided a "prescriptive approach," according to the document, because, among other reasons, such an approach "may inadvertently hinder the market development of sophisticated control practices, which are constantly evolving."

With an eye to the evolving nature of the derivatives market, the SEC told Congress in May that for it has adequate means to regulate OTC derivatives. SEC Chairman Arthur Levitt said at that time that he does not see any immediate need for legislation to give the SEC jurisdiction over securities firm or insurance company affiliates that deal in OTC derivatives.

The new IOSCO paper on managing the risks associated with OTC derivatives activities represents a wide acceptance of the need for international cooperation in this area. In a similar vein, in a joint statement issued March 15 by the SEC, the CFTC, and the U.K. Securities and Investments Board on the same subject, those three regulators identified ways that they planned to coordinate and enhance their regulation of over-the-counter derivatives. However, the latest paper is the product of securities regulators worldwide and was coordinated with a similar document addressed to the international banking community.

International Trade

ADMINISTRATION FLEXIBLE ON FAST-TRACK ISSUE, YERXA SAYS

Deputy U.S. Trade Representative Rufus Yerxa July 27 said the administration is willing to compromise on a seven-year extension for fast-track authority for trade agreements contained in proposed administration amendments to legislation implementing the Uruguay Round multilateral trade agreement.

Yerxa testified before the Senate Finance Committee on administration proposals regarding fast-track, ability to impose sanctions under Article XXVIII of the General Agreement on Tariffs and Trade, renewal of the Generalized System of Preferences, and equal treatment for textile and apparel imposts from Caribbean countries with those from Mexico under the North American Free Trade Agreement.

Fast track authority would be extended for seven years under the administration's proposal, Yerxa said. If passed into law as part of the Uruguay Round implementing legislation, it would grant the adminsitration authority to enter into bilateral, regional or multilateral trade agreements, he said. The proposal would require consultation with the Senate Finance Committee before entering into agreements, he added.

Prior to trade talks, the administration would have to lay out before the Finance Committee specific U.S. objectives in the negotiations, Yerxa said.

The proposal would establish a 120-day notification period, longer than the 90-day period under the last fast-track authority, he said. When fast-track was extended for the Uruguay Round, the notification period was extended to 120 days, he added.

Objectives Include Labor, Environment

Under the proposal, the administration would have principal negotiating objectives for services, financial services, foreign direct investment, intellectual property, labor standards, trade and the environment and transparency, Yerxa said.

"The objectives that are included concern some of the issues that must still be addressed after the Uruguay Round, " he said.

Yerxa called fast-track authority important for future trade liberalization with other countries.

"We need broad authority to provide leadership in a rapidly changing and competitive global economy," he said.

Sen. John Chaffee (R-R.I.), said he has "misgivings" about attaching the fast-track proposal to legislation that is itself already on the fast-track. While the Senate Finance Committee will have input into legislation that is on the fast-track, other senators would not, he said.

In addition, the proposal does not specify what the fast track would be used for, Chaffee said.

USTR General Counsel Ira Shapiro said the administration has a "specific desire" to seek future trade opening deals in Latin America. Yerxa said the administration was not specifying where because countries interested in making trade deals with the United States must demonstrate commitments to open markets before negotiation begins, he said.

Sen. Max Baucus (D-Mont) asked why the fast-track period was for seven years, and suggested a two-year period might speed up the conclusion of trade agreements by setting a near-term deadline.

"We're willing to talk to the committee about duration," Yerxa said. There is some merit to the idea of deadlines, and countries in Latin America interested in striking trade deals with the United States would likely seek a fairly rapid pace, he said. Establishing deadlines and changing the duration for fast-track are issues the administration would be willing to discuss, he added.

GSP Reforms

Under the administration's GSP proposal, the current criteria for country eligibility would be retained, Yerxa said. The program's "competitive need limits" would be lowered, as would the threshold for graduating advanced countries from GSP, he said.

The proposal would give the President the authority to grant expanded benefits to least-developed countries in accordance with the Uruguay Round's ministerial declaration concerning least-developed countries, Yerxa said. The proposal also establishes clearer standards for the acceptance of GSP petitions, improving the transparency and predictability of GSP programs, he said.

Under the interim trade program for the Caribbean Basin, North American Free Trade Agreement-like tariff and quota treatment would apply to imports into the United States from Caribbean Basin Initiative beneficiary countries for articles that meet NAFTA-like rules of origin, Yerxa said. CBI beneficiaries would expand market access on an MFN basis on specific textile/apparel products and would agree to the U.S. formulation on anti-circumvention, he said. To benefit from the program, CBI countries would have to agree to seek the standards in the the U.S. bilateral investment treaty and in the U.S. prototype intellectual property agreement within two years, he added.

Sen. Max Baucus called Article XXVIII "another arrow in our trade quiver which enables us to address trade barriers." It would be used to address situations such as Canadian exports to the United States of subsidized durum wheat, he said. But Senators representing poultry producing states expressed concern that use of Article XXVIII against Canada to settle a dispute over durum wheat imports into the United States would trigger retaliation against other U.S. agricultural products.

Sen. Kent Conrad (D-ND) said the administration would initiate a Section 22 case against Canada Aug. 1 if there is no negotiated settlement in the durum wheat dispute.

Government Contracts

HOUSE PANEL, DOD WORKING TO CRAFT BILL LANGUAGE ON RESTRUCTURING COSTS

House Armed Services Oversight and Investigations Subcommittee staff and Defense Department officials are attempting to craft compromise language to be included in the fiscal 1995 defense authorization bill (S 2182), which would allow DOD to pay at least some restructuring costs associated with defense contractor mergers and acquisitions.

However, whether or not the efforts will succeed is uncertain. At least some committee members oppose allowing any restructuring costs. Moreover, the Senate Armed Services Committee has not weighed in on the issue yet.

The Senate version of the defense bill is silent on restructuring costs, and an Armed Service committee staffer said that the Senate's views on the issue remain unknown.

The House-Senate conference on the defense bill has not yet been scheduled, although meetings have been held at the staff level. Time is short; the conference is supposed to be completed before Congress recesses later this month.

Three alternative courses of action are possible:

* House conferees could push in conference to retain Section 1033 of the House version of the bill, which prohibits DOD from paying such costs.
* The committee could go ahead with an amendment deleting Section

1033, which would leave in effect a DOD policy allowing payment of such costs where the merger will result in a net savings to DOD or will preserve a critical capability in the industrial base.

* The committee amendment could include in the bill compromise language which places some restrictions on the DOD policy of allowing such costs.

During a July 27 hearing on the allowability of restructuring costs, Subcommittee Chairman Norman Sisisky (D-Va) stressed that the subcommittee's interest is in saving the government and the taxpayer money. The issue could involve billions of taxpayer dollars over the next few years, he noted. The subcommittee is examining what DOD's policy should be, how policy in this difficult area should be implemented--for example, how to measure "savings" next year and attribute it to a "cost" this year--without a legislative request or going through the standard regulatory process. Sisisky is expected to be one of the House conferees on the defense bill.

In July 1993, Deputy Secretary of Defense (then-Under Secretary of Defense for Acquisition and Technology) John M. Deutch issued an internal memorandum stating that it was DOD's policy to allow restructuring costs if the merger/acquisition is expected to result in overall reduced costs to DOD, or if it is expected to preserve a critical capability. Testifying before Sisisky's panel, Deutch committed DOD staff to working with the subcommittee to address members' concerns regarding its implementation.

Deutch, agreeing that savings to the taxpayer is the "central and only test" as to the validity of the policy, told the panel that while there are no estimates of either the overall cost or savings to result from DOD's policy, based on data so far, the projected savings range from one-and-one-half to seven times the projected costs.

Martin Marietta Chairman and Chief Executive Officer Norman Augustine endorsed DOD's current policy of allowing restructuring costs, and warned that Section 1033, if enacted, would delay or prevent needed defense restructuring and cause DOD to bear unnecessary costs. To address congressional reservations about the DOD policy, he suggested that "controls" could be adopted to:

* State expressly that the costs of the acquisition itself--as opposed to the restructuring--are not allowable costs under government contracts.
* Require that contracts be novated timely after a merger or acquisition.
* Require advance agreements--including cost caps--as a condition for government payment of restructuring costs.
* Require full audit of costs and savings from the transaction.
* Authorize the government to reject any proposed restructuring project.
* Require that the transaction produce net savings to the government and that the government pay no restructuring costs until the savings are documented.

However, Lawrence J. Korb, former assistant secretary of defense and now senior fellow at the Brookings Institute, strongly supported Section 1033. DOD and the taxpayer should not be subsidizing the defense industry, and such subsidization is not necessary to promote mergers and acquisitions, he said. He also criticized the process by which DOD allowed contractors to recover the costs of restructuring, treating it as a policy clarification rather than a policy change.

Korb maintained that the policy on restructuring costs cannot be worked out in several afternoons of discussion between congressional and DOD staffs, and called for the establishment of a commission to review the issue and make recommendations, much like the base closure commission.

David E. Cooper, of the General Accounting Office, cautioned that the dollar impact of the policy is unknown, and that the Defense Contract Audit Agency and contracting officers have expressed concerns that contractors have been reluctant to estimate potential savings resulting from corporate restructuring.

Hazardous Waste

OIL RECOVERED FROM REFINERY OPERATIONS EXEMPTED FROM SUBTITLE C UNDER FINAL RULE

Certain oil recovered from petroleum refinery operations, or from petroleum exploration or production, is exempt from hazardous waste regulation under Subtitle C of the Resource Conservation and Recovery Act, according to a final rule scheduled for publication in the July 28 Federal Register.

The Environmental Protection Agency rule would exempt from the RCRA definition of solid waste recovered oil that is returned to the refining process. EPA said such oil and its management within refining operations are viewed as part of the petroleum refining process and not "part of the waste disposal problem."

Most recovered oil affected by the rule will be generated from waste water treatment operations, the agency said. The agency did not exempt from hazardous waste regulation the waste water itself.

A waste must qualify as a solid waste to be regulated under RCRA hazardous waste provisions. Federal court rulings have specified that materials that are part of an ongoing industrial process and not "part of the waste disposal problem" should not be considered solid wastes, and thus should not be regulated as hazardous wastes (American Mining Congress v. EPA (AMC I), 824 F2d, 1177, 26 ERC 1345, CA DC, 1987; American Mining Congress v. EPA (AMC II), 907 F2d 1179, 31 ERC 1935, CA DC 1990).

The rule is effective immediately. It makes final portions of a proposed rule that would implement the AMC I opinion (53 FR 519). The proposal included various proposed amendments to the definition of solid waste, including exemptions for secondary materials associated with "ongoing fuel production activities . . . in which crude oil is refined and oil-bearing residues from the refinery process are returned for further refining as part of a continuous and on-going process."

According to the final rule, EPA proposed to exclude from Subtitle C regulation oil-bearing residues from the refining process when those residues are generated on-site and inserted into that on-site petroleum refining process or coker, "provided that these residues are not managed as if they had been discarded -- such as placement in a disposal unit."

Similarly, the final rule excludes from the regulatory definition of solid waste recovered oil from petroleum refinery operations, petroleum exploration and production, and transportation incident thereto if it is subsequently inserted into the petroleum refining process. But in what the agency termed a "potentially significant expansion of the proposal," the recovered oil would not have to be generated at the site of the refining process to be exempted.

However, the agency said it also is narrowing the proposal, which would have excluded the waste waters containing oil that eventually gets recycled. According to the agency, refinery operations upstream of recovered oil systems involve waste water treatment, not an ongoing refining process. But the agency went on to say that once the oil is recovered from the waste water, it may be exempt from hazardous waste regulation if the oil is to be used in the refining process.

The agency stated that persons claiming their recovered oil is excluded from the definition of solid waste "bear the burden of proof in enforcement actions to demonstrate that they qualify for the exclusion."

Materials Not Excluded

EPA stressed that it is not extending the regulatory exclusion to recovered oil from non-petroleum industries. Such an exclusion would be beyond the scope of the proposed rule and judicial decisions, EPA said. "These [judicial] decisions indicate that when one industry sends its residual materials to another industry for recycling, the initial industry can be considered to have discarded them."

In addition, the final rule said the agency is studying the issue under the Definition of Solid Waste Task Force and "is not at a point where it is in a position to make a final determination."

EPA did not finalize its proposed exclusion of recovered oil that is converted to petroleum coke. The agency said it deferred the exclusion "because EPA lacks data assuring that hazardous constituents from petroleum refining do not end up in the product in quantities that, when such product is used as a fuel, could be harmful to human health or the environment."

The rule also does not exclude hazardous sludges or similar waste from regulation. Distinguishing such wastes from recovered oil can be difficult, EPA said. Factors the agency will use to make such distinctions include water content, solids content, and metals content.

Officials from EPA's Office of Solid Waste were unavailable for comment on the final rule July 27. Officials from the American Petroleum Institute also were unavailable for comment.

Additional background on the final rule can be obtained from the RCRA/superfund hotline (800) 424-9346 or (703) 412-9810 in the Washington area. Specific information on the rule can be obtained from Ross Elliott, EPA Office of Solid Waste, (202) 260-8551.

Environment

ACCORD REACHED ON DRINKING WATER BILL; MARKUP SLATED FOR AUG. 3 BY HOUSE PANEL

Negotiators for the House Energy and Commerce Committee have reached a tentative agreement on standard-setting provisions in a bill to reauthorize the Safe Drinking Water Act, a congressional aide told BNA July 27.

The bill, which has the support of two leading members of the panel, has been scheduled for markup by the committee Aug. 3, the aide said.

Other issues remain unresolved, but the standard-setting issue was considered the most contentious, according to the aide, who declined to provide further details of the agreement.

Supporting the measure are Rep. John D. Dingell (D-Mich), committee chairman, and Rep. Henry A. Waxman (D-Calif), chairman of the House Energy and Commerce Subcommittee on Health and Environment. The bill, not yet numbered, may be introduced as a substitute for one of two opposing bills already introduced, the aide said.

One measure (HR 3392), was introduced Oct. 27, 1993, by Reps. Jim Slattery (D-Kan) and Thomas J. Bliley (R-Va). Favored by a coalition of state and local officials and water utilities, the bill seeks to relax standards for regulating water contaminants and to give the Environmental Protection Agency more flexibility in regulating contaminants.

The measure also would provide regulatory relief for small water systems. It is opposed by most environmental groups.

Another bill (HR 4314), introduced April 28 by Reps. Blanche Lambert

(D-Ark), Gerry E. Studds (D-Mass), and Michael L. Synar (D-Okla), is a more comprehensive bill.

The measure addresses state revolving loan funds, source water protection, funding for state programs, viability of small systems, sanitary surveys, and regulation of the contaminant cryptosporidium.

The bill also would change the process for selecting regulated contaminants by eliminating a current requirement that EPA target 25 new contaminants every three years. Instead, EPA would be required to select for regulation contaminants that pose the greatest danger to public health.

The Senate already has passed a reauthorization bill (S 2019) that would make major changes to the existing Safe Drinking Water Act.

Approved May 19, the bill, among other things, would establish revolving loan funds to help states pay for system improvements to comply with federal law, eliminate the "25 contaminants every three years" rule, and replace that regulation with a requirement that EPA regulate contaminants based on risk and frequency of occurrence.

International Trade

CLINTON FACES JULY 31 TRADE DEADLINE ON JAPAN TRADE; NO MOVEMENT DETECTED

After twice delaying a decision about whether to cite Japan under U.S. trade law for discriminating against U.S. firms in government procurements, the Clinton administration faces another deadline July 31, with no movement yet seen from Japan to stave off U.S. retaliation.

Asked about the state of trade differences leading up to the latest deadline for Japan under Title VII of the Omnibus Trade and Competitiveness Act of 1988, Robert Rubin, assistant to the president for economic policy, suggested July 27 there has been nothing new coming out of Japan's coalition government.

"We are very anxious to press forward," Rubin said, referring to efforts by the administration to reach agreement with Japan on opening its markets to U.S. goods and services. "We are ready at any moment to press forward in any way that might bear fruit."

Speaking to reporters, Rubin suggested the Clinton administration was energetically negotiating with the Japanese on trade, and making some strides, before political upheaval resulted in the resignation of Prime Minister Tsutomu Hata and the selection of Socialist Tomiichi Murayama as his successor in June. "We were able to clarify our misunderstandings in May," Rubin told reporters.

President Clinton met Murayama for the first time this month at the Group of Seven economic summit in Naples, Italy. The two leaders, as well as their trade representatives, achieved no new breakthroughs on trade at the summit, but the administration embraced Murayama's reassurances that his government will honor all previously existing agreements on foreign policy, including the framework trade agreement reached with the United States a year ago.

The new prime minister promised to continue meeting at least twice a year with the United States on the framework issues, which set as their goal a reduction of Japan's approximately $130 billion global current account surplus. At the summit, Treasury Secretary Lloyd Bentsen characterized the framework progress to date as "disappointing," while the president said Japan has not made sufficient progress (130 DER A-15, 7/11/94).

Administration officials suggested in Naples that they were prepared to give Murayama a grace period as he installs the new government in Japan, but no one put a deadline on how long the adjustment period should stretch.

The normal deadline for Title VII is April 30. At that time, Kantor cited negotiations with Japan under the economic framework talks as a reason for postponing citation of Japan. When that deadline expired June 30, Kantor gave turmoil in the Japanese government as a reason for extending the deadline a second time.

Environment

UTAH, COMPANY ASK U.S. SUPREME COURT TO EYE COURT ROLE IN SUPERFUND SETTLEMENT

Utah and a company allegedly liable for natural resource damages under the federal superfund law have asked the U.S. Supreme Court to decide whether they can appeal a federal district court's refusal to approve their settlement agreement (Utah v. Salt Lake County Water Conservancy District, US SupCt, No. 94-147, 7/25/94).

The U.S. District Court for the District of Utah found the settlement between Utah and Kennecott Corp. insufficient and refused to approve it (Utah v. Kennecott Corp., 801 F.Supp. 553, 35 ERC 1734, 1992). The U.S. Court of Appeals for the Tenth Circuit ruled it did not have jurisdiction to hear an appeal because the decision was not a final ruling on the merits (14 F.3d 1489, 38 ERC 1056, 1994).

In seeking Supreme Court review of the case, the petitioners said the high court has not yet decided whether settlements grounded in public policy and encouraged by the Comprehensive Environmental Response, Compensation, and Liability Act are important enough for immediate appeal.

Government Contracts

POOR CONTRACTOR FINANCIAL CONTROLS MAY RESULT IN COST GROWTH, DCAA SAYS

A Defense Contract Audit Agency official told a House Energy and Commerce panel July 27 that the required NASA contractor financial management reporting system and contractors' budgetary and financial control systems reports do not effectively identify or prevent cost growth.

DCAA Assistant Director Policy and Plans Michael J. Thibault told the Energy Committee's Oversight and Investigations Subcommittee that without adequate budgetary systems, contractor cost performance cannot be accurately determined, nor can contract cost growth be identified soon enough to allow the space agency to take corrective measures.

"We believe that there is significant financial risk to NASA Johnson Space Center programs, if contractors' budget and financial control systems, and the related contractor reporting on NASA Form 533, are left unchanged," Thibault observed.

Thibault said budgeting and financial control audits of ten major NASA Johnson Space Center contractors, including three current or one time space station contractors, Boeing Aerospace Operations Co., McDonnell Douglas Corp. and International Business Machines Corp., revealed that:

* Contractors do not perform a bottom up estimate-to-completion--often using the available funding as an ETC--although a detailed ETC based on documented percentage of completion analysis on major worktasks is contractually required under old and new space station contracts.
* Contractors do not analyze or explain cost overruns through techniques such as detailed variance analysis. Generally, contractors provide only summary explanations in NASA reports which do not provide sufficient information to determine the cause of the overruns and allow for corrective

action.

* Contractors do not accurately report contract value or baselines. Contractors are commingling authorized, negotiated contract baseline with undefinitized cost estimates which are not adequately supported or are not authorized in some instances.

* Contractors do not obtain prior written authorization from the contacting officer for some costs.

* Contractors do not have internal controls to effectively monitor and prevent inefficiencies at contract worktask levels or to reduce or prevent unnecessary or unreasonable costs from being incurred. Contractors also do not perform adequate reviews of staffing or utilization of equipment and facilities.

Committee Chair John Dingell (D-Mich), who called the hearing to examine the adequacy of NASA contractors' financial and management controls and NASA's oversight of its contractors, charged that NASA had been "asleep at the switch," while several large defense contractors working on the space station project were out of control.

Audits by the General Accounting Office, the NASA inspector general, and DCAA show that contractors routinely submitted incomplete and inaccurate cost reports essential for monitoring and controlling costs.

Further, Dingell said that NASA cannot answer fundamental questions about the costs of projects such as the space station because it did not require its contractors to follow cost reporting guidelines.

Dingell pointed out that the space station program has cost over $11 billion so far with nothing built. The House has agreed to authorize $2.1 billion for the program in fiscal 1995.

Hazardous Waste

SWIFT SAYS DEADLINE LOOMS FOR SUBMISSION OF ALTERNATIVE PROPOSAL ON COMBUSTION ASH

Rep. Al Swift (D-Wash) said July 27 that interest groups must submit a legislative proposal for regulation of municipal solid waste incinerator ash to Capitol Hill by July 29 to allow time for consideration during the 103rd Congress.

The House Energy and Commerce Subcommittee on Transportation and Hazardous Materials held a hearing on regulation of ash generated by incineration of municipal solid waste.

The hearing also focused on a bill (HR 2654) introduced by Rep. Bill Sarpalius (D-Texas) that would exempt certain small communities from ground water monitoring requirements.

Concerns about both issues arose following recent court rulings.

The U.S. Supreme Court ruled in May that municipal solid waste combustion ash should be tested for hazardous waste characteristics (Chicago v. Environmental Defense Fund, US SupCt, No.92-1639, 5/2/94).

In addition, the U.S. Court of Appeals for the District of Columbia ruled in May 1993 that ground water monitoring requirements in EPA municipal solid waste regulations applied to all municipal landfills, not just larger ones (Sierra Club v. EPA, CA DC, No. 92-1003, 5/7/93).

"This is a very bad way to make policy," Swift said. He said the court rulings force Congress to deal with each of these respective issues "quickly and out of context," rather than through a comprehensive reauthorization of the Resource Conservation and Recovery Act.

Consensus Plan Being Developed

Swift urged the Environmental Defense Fund and the waste management industry to rapidly complete their proposal, which according to earlier descriptions would create a special regulatory niche for municipal solid waste incinerator ash (116 DER A-19, 6/20/94).

"There is no sense in arriving at the station with a package after the train has gone," Swift said. He noted that the committee is slated to hold its last markup in the 103rd Congress Aug. 9.

The consensus proposal would be offered as an alternative to an EPA plan for implementing the Supreme Court ruling. The EPA plan would require testing and treatment to eliminate hazardous characteristics, or disposal in hazardous waste landfills. Stringent land disposal restrictions would have to be developed.

The alternative plan would be to forego all sampling and testing of ash and create a special waste category for all ash generated from the incineration of municipal solid waste. Ash would be disposed of in a dedicated landfill or in dedicated space in a landfill, but would not be called a hazardous waste.

Margaret Ann Charles, director of state programs and policy for the Integrated Waste Services Association, told BNA July 27 that individuals who wish to see the compromise proposal move forward as legislation this year should take Swift's advice to heart.

Peter Robertson, deputy administrator for the EPA Office of Solid Waste and Emergency Response, said his agency would be willing to work with the various groups and the subcommittee to move legislation forward.

He said EPA also would be taking several administrative steps in response to the Supreme Court ruling, including:

* Development of final guidance on sampling and analysis of municipal solid waste incinerator ash;
* Promulgation of land disposal restriction standards for treatment of hazardous ash prior to land disposal; and
* Preparation of implementation guidelines that would address many questions EPA has received regarding regulation of municipal solid waste ash.

Ground Water Bill Also A Focus

Sarpalius, in testimony, urged the panel to support his bill, which would authorize EPA to exempt certain landfills from ground water monitoring requirements.

"This legislation is aimed at keeping small landfills open without landfill owners having to go into debt by complying with the ground water monitoring regulations," he said.

He said the bill would reinstate EPA authority to exempt small landfills from ground water monitoring requirements if the facility:

* Accepts less than 20 tons of waste per day;
* Exhibits no evidence of ground water contamination; and either
* Serves a community that experiences interruption of surface transportation for at least three consecutive months each year; or
* Is located in an area that annually receives 25 inches or less of precipitation.

Robertson said while EPA supports the intent of the Sarpalius legislation, it would be able to accomplish the same goals through administrative measures.

He said EPA still has authority to develop alternative, cost-effective monitoring requirements for small communities.

As an example, he said, communities could use soil moisture detection devices instead of ground water detection wells. He said implementation of such a detection systems might cost a 10-ton per day landfill $1,000, and would impose only minimal annual costs.

He acknowledged that even the most inexpensive ground water monitoring requirements would present an economic challenge in extremely rural areas of the country.

Monitoring Costs Too High, Communities Say

Several representatives of small communities said the costs of ground water monitoring are too high for many areas with low populations. Each voiced support for the Sarpalius bill.

"Charging fees to cover the cost of operating a landfill in full compliance with federal regulations would, in many cases, merely result in illegal dumping elsewhere," Heather Stockard, chief of the Alaska Department of Environmental Conservation solid and hazardous waste management section, said.

She said many small Native Alaskan communities lack even basic sanitation facilities. Requiring ground water monitoring of landfills or dump sites in such locations seems unrealistic, she said.

Peggy Garner, commissioner of the Texas Natural Resource Conservation Commission, said ground water monitoring and other environmental requirements have resulted in increases in illegal dumping.

Environmentalist Stresses Need For Monitoring

Lisa Kahn, a policy associate with the ground water project at Friends of the Earth, stressed the need for ground water monitoring at municipal landfills.

"We must learn from past mistakes, and not simply pretend that leachate contamination will not occur in certain parts of the country," she said.

She said communities that have difficulty meeting ground water monitoring costs would have an even tougher time paying for the cleanup of contamination.

Other witnesses at the hearing included: Thomas Eaton, program manager for the State of Washington Department of Ecology hazardous waste and toxics reduction program; Bob Deavenport, county judge for Martin County, Texas; and John Tobert, executive director of the Kansas Association of Counties.

Health Care

HOUSE PANEL ADOPTS FRAUD/ABUSE, HEALTH DATA PROVISIONS TO REFORM PLAN

The House Government Operations Committee July 27 voted to report out portions of the Clinton administration's health care plan (HR 3600) dealing with health care information practices and fraud and abuse procedures.

Committee Chairman John Conyers Jr. (D-Mich) said experts had told the committee that fraud and abuse within the health care system cost about $100 billion annually, which represents about 10 percent of the $1 trillion spent nationally on health care.

As the basis of its activity, the committee used sections of the Clinton legislation marked up at subcommittee hearings that took place earlier July 27. The Information, Justice, Transportation and Agriculture Subcommittee addressed issues in Part 2, Subtitle B of Title V of the Clinton plan and the Human Resources and Intergovernmental Relations Subcommittee marked up Section 5401, Title V.

By voice vote, the full committee accepted Section 5401, Title V, as amended by the Human Resources panel. Subcommittee Chairman Edolphus Towns (D-NY) said the amended section would have a three- pronged effect.

Promote Coordination

The amended section would promote coordination between federal and state law enforcement agencies by requiring the inspector general of the Health and Human Services Department and U.S. attorney general to establish a program to coordinate and review the activities of state, federal, and local law enforcement agencies. Once the program is set up, Towns said, IGs within the Defense, Labor, and Veterans Affairs departments would submit investigative plans to the HHS IG for review.

To further improve inter-agency communication and coordination, the governors of each state would be required to designate a lead agency to deal with fraud and abuse and these lead agencies also would submit plans to HHS.

As revised by the subcommittee, Section 5401 would require the IG and the attorney general to set up a program for data sharing between federal, state, and local law enforcement agencies, health care providers, and insurers, Towns said.

Finally, the amended section provides for a Health Care Fraud and Abuse Enforcement Account to supplement appropriations and to cover investigative expenses incurred by the IGs and agencies. According to Towns, fines and forfeitures and proceeds from seizures related to health care fraud and abuse, civil penalties for false claims, and administrative penalties imposed under the Social Security Act would be deposited in the enforcement accounts. Funds from the account would be allocated by the IG and attorney general according to recommendations made by an advisory board.

Towns emphasized that the changes proposed by the subcommittee were designed to offset reductions in staff and funding at HHS, which is "moving in the wrong direction" by closing offices and eliminating jobs.

Fraudulent health care providers face a "slim" chance of being caught, he said. "If caught, the chances of receiving any serious sanctions are even more remote, so that health care fraud pays. We must change this equation," Towns stated.

Although the subcommittee's recommendation for amending the section was passed on a voice vote, Rep. C. Christopher Cox (R-Calif) offered a dissenting viewpoint, opposing the reporting and performance requirements the section would impose on governors and states.

Uniform Information Practices

The full committee also accepted Part 2, Subtitle B, of the Clinton plan as amended by the Subcommittee for Information, Justice, Transportation and Agriculture with changes. The subcommittee had voted to accept a version of the Fair Health Information Practices Act (HR 4077) as a substitute to the portion of HR 3600 that was in its jurisdiction.

According to Rep. Gary A. Condit (D-Calif), subcommittee chairman, the subcommittee's substitute would provide a "uniform federal code of fair information practices for individually identifiable health information that originates or is used in the health treatment and payment process."

The code would ensure that health information for individuals is treated as fairly as possible and according to well-defined rules designed to protect individual confidentiality to the utmost degree possible, he said. The subcommittee's amendment limited the disclosure of protected health data, set up administrative, technical, and physical safeguards for health information, and ensured consumers had a right to inspect, correct, and obtain a copy of their medical records.

Condit called the fair information practices provisions offered by the subcommittee as an amendment to sections of the Clinton plan "completely neutral" since they would fit into and complement any reform legislation, whether it is the administration's plan or a single-payer alternative.

Protection In Case Of Failure

Towns proposed an amendment to the subcommittee-approved measure that would require states to establish a process for maintaining and protecting health records in the event a hospital, medical facility, or provider goes out of business. The issue is one of continuity of care and quality, he said, adding that while some states currently have laws outlining procedures for dealing with medical records in the event a provider closes, others do not. According to Towns, the amendment would only affect those states without procedures to protect medical records in the event a business fails.

A proposal offered by Rep. Stephen Horn (R-Calif) to broaden Towns' amendment to include federal hospitals was accepted without objection.

One final revision proposed by Rep. Craig Thomas (R-Wyo) to the subcommittee's proposed substitute for Subtitle B would replace the centralized, government operated data bank found in part 1 of the subtitle with a provision that would encourage the development of a private sector electronic data network.

The Thomas amendment would require the HHS secretary to adopt standards developed by private standards setting organization, such as the American National Standards Institute, and would repeal "quill and pen" laws that require medical records be maintained in written format.

In addition, Thomas said his amendment would allow HHS to set up grants to rural and urban underserved areas for the development of local electronic data networks. The committee agreed to Thomas' amendment on a voice vote.

Environment

20 PERCENT OF U.S. RESIDENTS DRINK POORLY TREATED WATER, NRDC REPORTS

One out of five U.S. residents drinks unsafe or poorly treated water, according to a report released July 27 by the Natural Resources Defense Council.

Such water is contaminated by unlawfully high levels of toxic chemicals, microbes, and other pollutants, or is inadequately treated for these substances, according to the report.

The report, Think Before You Drink: A 1992 and 1993 Update, analyzes 1992 and 1993 violations of the Safe Drinking Water Act.

NRDC found that violations have increased in the past year, based on comparisons with its earlier study published in September 1993. Data used in the report was obtained from notices of violations reported by utilities to the states, which in turn reported the violations to the Environmental Protection Agency, NRDC said.

"There is no reason why Americans should drink contaminated water," Erik Olson, an NRDC attorney and author of the report, said at a briefing on the report. "We know how to make water safe, and we know how to do it cheaply, at a cost of about $25 per year for the vast majority of households. Compare that to the cost of soda, or of bottled water for a year."

Although the SDWA is up for reauthorization this year, Olson said no bill pending in Congress would correct the problems found by NRDC. Instead, Congress is in the process of "weakening the law," according to an NRDC statement.

A Senate bill (S 2019) passed May 19 would relax monitoring of water, weaken health standards for cancer-causing chemicals, and loosen protections for small and medium-sized systems, the report said.

According to NRDC, a House measure (HR 3392) introduced by Reps. Jim Slattery (D-Kan) and Thomas J. Bliley (R-Va) would "even more severely gut the Safe Drinking Water law."

NRDC called a bill (HR 4314) introduced by Reps. Blanche Lambert (D-Ark), Michael L. Synar (D-Okla), and Gerry E. Studds (D-Mass) "more moderate."

Potentially Unsafe Water

Among the major findings of the report were:

* About one in five U.S. residents, or 49.8 million people, drank water from systems in 1992-93 that were more contaminated than the law allows, or that did not properly treat water supplies;
* Of the 49.8 million people, 36.4 million drank water that was more contaminated than health standards allow; and
* Overall, 116 million Americans drank water from systems that violated the law because of breaches of health standards, or treatment, testing, and reporting rules.

According to the report, these numbers probably "grossly underestimate" the actual number of violations because 24 states and territories failed to submit complete reports, omitting whole classes of contaminants.

Pollutants found through the analysis of Environmental Protection Agency records with highest public exposure included coliform bacteria, trihalomethanes, radioactive elements, and lead, according to the report.

Changes Needed In Law, EPA Says

In a written response to the report, EPA Administrator Carol M. Browner said that most drinking water systems comply with federal requirements. "But today's report shows that there is still cause for concern," she said. "Too many water systems fail to meet basic public-health standards."

The report underscores the need for a stronger Safe Drinking Water Act, Browner said. Among changes the Clinton administration is advocating are providing new federal funds to help communities, streamlining enforcement, toughening public-health standards, placing the highest priority on the greatest risks, and preventing pollution from entering drinking water supplies in the first place.

"The new NRDC report shows us once again that turning on our taps is an act of faith that is not always well-placed," according to David Ozonoff, chairman of the Department of Environmental Health at Boston University's School of Public Health.

"For perhaps one out of five Americans, what stands between them and waterborne disease is not good water but only good luck, Ozonoff said. "The Milwaukee outbreak of cryptosporidium infection from a large public water supply has shown us what happens when our luck runs out."

NRDC has released two other reports over the past year on health threats from drinking water in the United States.

The report, Think Before You Drink: A 1992 and 1993 Update, is available from NRDC by calling (202) 783-7800.

International Trade

SOUTHEAST ASIAN COUNTRIES OPPOSE LABOR CONDITIONS ON TRADE, OFFICIAL SAYS

BANGKOK, Thailand--Any kind of labor conditions on trade are unacceptable to the Association of Southeast Nations (ASEAN) because they would constitute a trade barrier and affect wage levels, a Singapore official said July 27 after the annual meeting of ASEAN foreign ministers and allied nations.

A recurring theme throughout the meetings was the opposition of the ASEAN states to any attempts to make trade subject to minimal worker rights or labor or environmental standards.

Singapore Foreign Minister Shunmugam Jayakumar, replying to a reporter's question, said labor conditions would be "equivalent to removing our competitiveness."

According to ASEAN's communique issued July 23 after the annual meeting, such conditions "could become a new pretext for protectionism."

The foreign ministers of the six ASEAN members--Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand--had their two-day annual meeting July 22-23, focusing mostly on regional security and some trade issues, followed by three days of discussions with "dialogue partners"--representatives of the United States, Canada, the European Union, Australia, Japan, New Zealand, and Korea.

Undersecretary of State for Economic and Agricultural Affairs Joan Spero alone defended the usefulness of discussing labor standards. She said July 27 the United States only wants to "begin to analyze the link" between trade and labor standards. Talks could proceed in the International Labor Organization as well as the World Trade Organization, which is to succeed the General Agreement on Tariffs and Trade next year, she said.

Spero said that the kind of minimum rights the United States would like to discuss and see enforced--relating to child labor, prison labor, and freedom of association--are already formally recognized by most trading countries. Referring to the preceding three days of discussions with various foreign ministers, she said, "We've made clear that that doesn't mean talking of wage rates. We don't feel we'll use it [the labor issue] for protectionist purposes or to remove comparative advantage.

The United States and France in the closing rounds of the Uruguay Round pushed for formal talks on labor issues in the new WTO. The WTO Preparatory Committee agreed only to discuss trade and labor issues and a new permanent WTO committee on trade and the environment was set up.

German Foreign Minister Klaus Kinkel and European Commissioner for External Political Relations Hans van den Broek told reporters July 26 that despite France's views, the European Union advocates that "social" standards remain in the purview of the International Labor Organization, while the WTO is the proper setting for discussion of how to reconcile trade and environment objectives.

The United States was represented at the ASEAN meeting by Spero and Deputy Secretary of State Strobe Talbott; other countries were represented by their foreign ministers. The foreign ministers of Cambodia, China, Laos, Papua New Guinea, Russia, and Vietnam attended as "guests."

Trade Blocs, EAEC Discussed

The ASEAN communique also kept afloat Thailand's proposal that Australia and New Zealand effectively join AFTA, despite Malaysia's opposition. Thailand has suggested that there be a formal link between AFTA and the Australia-New Zealand free trade area. Australian Foreign Minister Gareth Evans said July 25 that the link would be on the agenda when the Australian and ASEAN trade ministers meet in September. New Zealand's Foreign Minister Don McKinnon said his country was very interested in exploring the idea.

Evans was dismissive, however, of the prospects for the East Asia Economic Caucus (EAEC), which Malaysia once again tried to launch during the meeting. An East Asian bloc was first proposed by Malaysian Prime Minister Mahathir Mohamed in 1990 as a counterweight to the emerging North American and European trade zones. The idea was endorsed as a caucus in January 1992 by the ASEAN summit.

Mahathir subsequently proposed that the Asian countries in the 17-member Asia-Pacific Economic Cooperation forum (APEC) form the EAEC. Canada, the United States, Mexico, Australia, and New Zealand, though APEC members, would be specifically excluded. Although the caucus has won the lukewarm support of fellow ASEAN members, Malaysia has been unable to generate support from Japan or some other Asian countries, possibly because of continued U.S. opposition.

The ASEAN ministers for the first time persuaded their counterparts from Japan, China, and South Korea to discuss the EAEC at a July 25 meeting, but only after Japanese Foreign Minister Yohei Kong insisted that the EAEC not be the sole topic.

The EAEC is "an idea whose time has not yet come," Australia's Evans commented, and it is inconsistent with the form of APEC. "EAEC runs the risk, at best, of being a distraction from APEC, and at worst, of creating divisions down the Pacific that will be unhelpful in achieving APEC's larger goals," he said July 25.

Evans made a pitch for upgrading APEC in a speech July 26, saying that "the time is coming when APEC will need to take on a new and even more significant role as a body for Organization for Economic Cooperation and Development-style dialogue . . . It should go beyond what is achievable in the General Agreement on Tariffs and Trade and the new World Trade Organization to become the vehicle for which trade in the region is made free."

Spero sidestepped questions about EAEC at a press conference July 25, saying that the United States was still unclear about the purpose of it.

ASEAN Secretary General Ajit Singh said earlier that U.S. officials are under the mistaken impression that the EAEC would vote as a bloc within APEC. It is intended only to be "a loose consultative forum," he said.

Vietnam Next ASEAN Member

Vietnam will become the next member of ASEAN and join its free trade agreement, but the target date for accession remains vague, according to ASEAN's July 23 communique.

Both Vietnam and Laos have held observer status at ASEAN meetings since 1992. An earlier draft of the communique said that all efforts were to be made to enable the two countries to join ASEAN by December 1995, when the ASEAN heads of state and government plan to meet. Although the date for full membership is open, Vietnam in the coming year will take the preparatory step of attending ASEAN's economic meetings; Laos will not.

Singh told reporters that by joining ASEAN, Vietnam would be required to participate in the ASEAN Free Trade Area (AFTA), but it might be granted extra time to phase in tariff cuts. "AFTA won't be the one stumbling block" to Vietnam's full membership, Singh said. AFTA was launched in January 1993 as a 15-year program to phase out tariffs on manufactured goods traded among the six ASEAN members.

Disabilities

CLINTON HERALDS DISABILITIES ACT; STUMPS FOR HEALTH REFORM SUPPORT

President Clinton July 27 marked the fourth anniversary of the passage of the landmark Americans with Disabilities Act with thanks all around to President Bush for signing it, past and current lawmakers for passing it, and representatives of key interest groups for helping to make a victory possible.

The president clearly drew analogies to the major legislative initiative of his administration: health care reform that will provide insurance coverage to all Americans. The biggest challenges often take years to accomplish, he said, referring to deficit reduction, a global trade accord -- and health reform.

At a South Lawn event that included Hillary Rodham Clinton, Vice President Al Gore and Tipper Gore, members of the Cabinet, and members of Congress, as well as hundreds of disabled Americans, Clinton noted that his workforce includes 44 workers who have some form of disability.

The president said one of the goals of his administration is to "empower all Americans to live to the fullest of their God-given abilities and to expect them to assume the responsibility to do so."

Clinton said, "The Americans with Disabilities Act . . . is about potential. It is not a handout. It stands for what's best in our heritage: empowering Americans to build better lives for themselves . . . I pledge as your president to see that this act is fully implemented and aggressively enforced."

The ADA and health care reform are linked, Clinton said, because more employers could afford to hire disabled workers if those workers were covered by affordable health insurance plans. Health care reform originally was part of the ADA in the 1980s, but was dropped from the bill by its proponents "because they knew that this bill would be delayed for years if it had to deal with the difficult and complicated and politically explosive issue of health care reform," he said.

"Now is the time to act and to go forward and to finish the work that was done in the beginning six years ago," Clinton said, to chants of "Now, Now" from the audience.

The ADA was signed into law in 1990 and eliminates discrimination in access, employment, transportation and communications for Americans with disabilities. The final phase of implementation requires small businesses that employee 15 or more employees to comply with the employment provisions of the law. Businesses with 25 or more employees were required to comply by July 26, 1992. The final phase is estimated to impact 400,000 private businesses and 100,000 organizations and non-profits in 1994, bringing to 2 million the total number of businesses covered by the ADA. Some of the transportation provisions of the law will not be fully phased in until the year 2010.

Communications

LONG-DISTANCE FIRMS LOBBYING FOR HOLLINGS' TELECOMMUNICATIONS BILL

More than 100 lobbyists from the long-distance industry descended on Capitol Hill July 27 to muster support for telecommunications legislation (S 1822) sponsored by Senate Commerce Committee Chairman Ernest Hollings (D-SC).

A group of lobbyists and owners of small long-distance companies spoke to reporters at a morning meeting, criticizing the Bell companies for walking out of negotiations--a charge the Bell companies deny (142 DER A-13, 7/27/94).

Al McGann, executive director of the Competitive Long Distance Coalition, said despite such denials, "they [the Bell companies] did walk away from negotiations."

"We're here to pass legislation, not walk away from it," McGann said. He admitted, however, that it would be "tough" to get a bill through on the already tight Senate schedule. If Hollings can get a bill through the Commerce Committee, he said, there should be time for floor debate in September or early October.

No Fear of Competition

Brian Thompson, chief executive officer of LCI International, said long-distance entrepreneurs have flourished "because the rules were such that they could do it."

The modification of final judgment, which was the 1982 court order that broke up AT & T, established the rules for competition, Thompson said. "That's the key to competition," he said.

"I don't mind at all competing against a Bell operating company if the rules are such that we can compete fairly; in fact I relish it," Thompson said.

Kathy Haycock, chief executive officer of Call-America, based in Mesa, Ariz., said "we are not . . . at all afraid of competing with the Bell operating companies; however, they're very large, very powerful, and control a great deal of our business."

Call-America depends on the Bell companies to connect each call from the customer's home or business to a switch, Haycock said. "Unfortunately, there are no other options for Call-America," she said, so the Bell companies can charge premium rates.

Rates would decrease if there were competition in the local exchange, Haycock predicted. Nearly half of every dollar now charged to customers is for interconnection service, she said.

Haycock also said the Bell companies have too much confidential customer information to be allowed into the long-distance markets immediately. Not only do the Bell companies control access to Call-America's customers, she said, but they essentially know who the best customers are, and when and where they call. "There's a real danger that they could use that against us in an anti-competitive fashion," she said.

Willing to Compromise

Ernest Kelly, president of the Telecommunications Resellers Association, said that the long-distance industry prefers "actual and demonstrable" language in Hollings' bill, "but we're willing to accept a compromise in order to keep legislation moving forward."

Kelly said the long-distance industry has given up a lot. "We can only hope that the more enlightened of the RBOCs will step forward, recognize what AT & T did over a decade ago, and give up in order to get," Kelly said.

James Smith, president of the Competitive Telecommunications Association, said that the Bell companies are concerned that they will lose market share, which is what happens when competition is introduced into a monopoly. However, he said, "The Bell companies do not have a birthright to 100 percent of the customers."

AT & T had the same concerns a decade ago, Smith said, and although the company now has less business, its revenues have increased. "If the Bell companies can be innovative and can stop acting like monopolists, they will do very, very well indeed in a competitive atmosphere," he said.

Sequencing Key

The long-distance industry is trying to compromise around the edges, but it will not compromise in principle, McGann said. The "sequencing" contained in the Hollings bill is clear: first universal service, then local competition, then long-distance.

"That sequence is very, very important to us," McGann said. It will have to exist in any bill for the long-distance industry to support it, he said, adding that he was confident Hollings' bill would contain those principles.

McGann challenged the Bell companies' arguments that several pre-conditions, such as number portability and dialing parity, were onerous. "These are very normal customer requests," he said, noting that these conditions must exist to have real competition.

He also disputed the Bell companies claim that the pre-conditions were introduced at the last minute. The language was introduced two weeks ago, and "nothing new" has been introduced since then, he said. "They just got weak-kneed."

Bell company claims of "cherry picking" its best customers also are unfounded, McGann said. AT & T predicted the same situation a decade ago, but it never happened. "That kind of thinking is monopolistic thinking," he said.

Economic Outlook

SMALL, MID-SIZED FIRMS HESITANT ON HIRING DESPITE BETTER OUTLOOK

Despite their improved profit outlook, executives of small and mid-sized businesses remain hesitant to hire additional workers in view of their concerns about labor costs, according to a survey released July 26 by Arthur Andersen's Enterprise Group and National Small Business United.

The survey showed that, while 61 percent of the firms expect higher profits in the coming year, only 29 percent plan to hire more employees. About 63 percent of the firms' owners projected that their workforces would remain the same size over the next year.

"Labor costs are top-of-mind for many of these executives--they don't want to hire too quickly because they can't afford salaries and benefits, and [also] be sure the company will stay on a strong and profitable track," said Nancy Pechloff, managing director of the Enterprise Group. She added that "hiring new employees is a major financial move for small and mid-sized business owners, and as a result, they are proceeding cautiously."

The owners of small and mid-sized firms who were surveyed said they expect revenues to increase by an average of 6 percent in the coming year and foresee profits growing by an average of 4 percent.

According to the two organizations sponsoring the survey, over the last three years since the survey was initiated, revenues and profits have out-distanced projected new hires by almost five to one. Projected revenue increases have averaged about 5 percent and projected profits have averaged 4 percent, but plans to hire more workers have been stuck at about 1 percent.

Regulatory burdens and payroll taxes continue to grow, the business executives said. "In addition to the high cost of unemployment insurance, workers' compensation and social taxes, business owners are having to cope with rules ranging from no-smoking ordinances to age and sex discrimination guidelines," said Ron Cohen, president of National Small Business United.

Escalating costs of health care coverage were cited as among the most significant challenges to future growth by about 42 percent of those surveyed. The same proportion cited regulatory burdens, while 35 percent said that federal taxes were a concern is assessing their costs.

There were some differences by size of firm in the concerns most often mentioned. For businesses with fewer than 20 employees, the top concerns were payroll tax deposit requirements (38 percent), wage reporting requirements (29 percent), and occupational safety and health regulations (27 percent). Among firms with 20 to 499 employees, the major concerns were OSHA and environmental regulations (each 59 percent), and the Americans with Disabilities Act (22 percent).

The latest survey is based on a polling of 747 owners of small and mid-sized businesses. The NSBU is a private, non-profit association that represents small business owners in each of the 50 states, with membership of 65,000 from a cross-section of service and industrial sectors. The Enterprise Group is part of the Arthur Andersen Worldwide Organization, and specializes in consulting, tax, and audit services to closely held companies.

Employee Benefits

LABOR DEPARTMENT IS INFORMALLY RESOLVING MAJORITY OF FAMILY LEAVE ACT COMPLAINTS

Of the nearly 1,000 Family and Medical Leave Act complaints investigated by the Department of Labor since the law went into effect, the vast majority were informally resolved by the department, usually by telephone.

"In most cases, educating the employer about the provisions of the FMLA was enough to bring the employer into compliance," the department said, in a review of activity since the law was enacted Aug. 5, 1993, until June 30, 1994.

DOL personnel have completed investigations of 965 complaints over the 11-month period and found violations in 591 or 61 percent of complaints. Of those complaints that investigators determined to be valid, 65 percent involved charges that the employer had illegally refused to return an employee to the same or an equivalent job. Twenty percent of the valid complaints involved situations where employers refused to grant leave.

Once employers were contacted, the department said, DOL personnel resolved 90 percent of the violations.

Since the law was enacted, the department also has responded to more than 130,000 requests for publications and technical help and to more than 800 requests for speeches, seminars, and media interviews.

Although no suits have been filed under the law so far, the solicitor's office is looking at some of the unresolved complaints for possible legal action, a DOL spokeswoman said. The department could not provide data July 27 on the number of FMLA complaints that had been brought by employees.

The law requires employers to allow eligible workers up to 12 weeks of unpaid, job-protected leave for specified reasons including the birth or adoption of a child, care of a spouse, child, or parent with a serious health problem, or a serious health condition that prevents the employee from doing his or her own job. Employers must continue to pay group health insurance and allow the worker to return to the same or an equivalent job.

Earlier this month, Wage and Hour Division official Dean J. Speer said the department has targeted Aug. 31 for publication of final regulations under the new law, although he acknowledged that publication in the Federal Register will depend on how quickly review is completed by the Office of Management and Budget.

Financial Institutions

WHITEWATER HEARINGS NOT EXPECTED TO HOLD UP ACTION ON BANKING BILLS

With the interstate branching and community development banking legislation close to completion in both chambers, industry observers said they do not anticipate that the startup of up to two weeks of Whitewater hearings will overwhelm the Banking Committees and delay floor action until the fall.

Whitewater hearings in the House and Senate Banking Committees are expected to end by Aug. 4, leaving just six congressional work days before Congress takes its August recess.

Partisan wrangling over the hearings and worry over the point of order against the banking bill conference report promised by Sen. Phil Gramm (R-Texas) over the Texas home equity loan provision raised speculation that congressional leaders may not want to take up too much floor time with the banking measure.

"Approval of conference reports are generally pretty quick," said Edward Yingling, American Bankers Association executive director of government relations. "And both parties want to seek these bills passed."

Congressional staff have completed a draft of the interstate branching segment of the conference report on the banking bill. According to that July

26 draft, Congress would allow federal banking agencies to pre-empt state law in four areas as previously reported--community reinvestment, consumer protection, fair lending, and intrastate branching. According to the draft language, however, the "public notice and comment process is not required when a particular request raises issues of Federal preemption of State law that are essentially identical to those previously resolved by the agency or the courts, or when the incoming request regarding preemption contains no significant legal basis upon which to make a preemption determination."

Also, the parliamentarian could deny the point of order against the Texas home equity provision in the conference report if it is found that this new language can be hooked onto any other standard in the bill that is not entirely new, sources said. This is a low threshold, and the Senate supporters would have to show that the provision is not "entirely irrelevant," they said.

Whitewater Hearings Begin

House Banking Committee Republicans appeared frustrated at the first Whitewater hearing July 26 by White House Counsel Lloyd N. Cutler's sworn testimony that his inquiry into contacts between White House and Treasury Department officials about Whitewater matters revealed no illegal or unethical actions, only lapses in judgment.

In the final moments of the seven-hour hearing, the committee's ranking Republican, Rep. Jim Leach (R-Iowa), said, "The Minority remains convinced that when it comes to criminal investigations, there is no compelling case for a [public relations heads-up] for any individual, including the president. No American should be considered privileged before the law."

Cutler had testified that Treasury informed the White House about press leaks connected with a criminal referral from the Resolution Trust Corp. to the Justice Department last fall that named President Clinton and Hillary Rodham Clinton, so that the administration could prepare to answer press inquiries.

The RTC has an ongoing investigation into the 1989 failure of Madison Guaranty Savings and Loan Association of Little Rock, Ark., that included criminal referrals to prosecutors naming the Clintons as possible beneficiaries of improper activities at Madison. President Clinton has said he learned of the referrals last October, and that the contacts between his staff and other government agencies should never have taken place. He asked Attorney General Janet Reno to appoint an independent counsel in January.

Altman Could Be Fall Guy

Cutler told the House Banking Committee that, according to press reports, the RTC made nine criminal referrals involving Madison Guaranty, of which two named the president in connection with a 1978 joint real estate venture called Whitewater Development Corp. between the Clintons and the owner of Madison Guaranty, James McDougal, and in connection with some campaign contributions to a Clinton gubernatorial campaign.

The failure of Madison Guaranty has been estimated to have cost taxpayers about $60 million.

Cutler spoke at the first of three scheduled days of hearings in the House on the first phase of independent counsel Robert B. Fiske Jr.'s inquiry into the so-called Whitewater affair. Lawmakers were only permitted to ask questions about contacts between the White House, the Treasury, and the RTC. Hearings in the Senate begin July 29.

The second day of hearings in the House is scheduled for July 28, when Bernard Nussbaum, the former special counsel to the president, and 10 current and former White House officials will give sworn testimony before the committee.

White House officials expected to testify include: Bruce Lindsay, assistant to the president and senior advisor, George Stephanopoulos, senior policy advisor to the president, Harold Ickes, assistant to the president, deputy chief of staff, Mark D. Gearan, assistant to the president for communications, John D. Podesta, assistant to the president, staff secretary, Clifford Sloan, associate counsel to the president, Neil Eggleston, associate counsel to the president, Margaret Ann Williams, chief of staff to the first lady, Thomas F. McClarty, former chief of staff, and Lisa M. Caputo, press secretary to the first lady.

The House will complete this round of hearings Aug. 2 or Aug. 4 with testimony from Treasury officials, including Roger Altman, Treasury deputy secretary and former acting chief executive officer of the RTC.

Altman has surfaced as the key figure in this round of questioning, because members feel that he misled Congress in his earlier discussions with them about Whitewater, staff said.

Although President Clinton recently defended Altman, a long-time friend, many Democratic and Republican staffers expect him to be the administration's fall guy in this matter.

Rep. Marge Roukema (R-NJ) asked whether Altman should be asked to resign, to reconcile his credibility with the Congress. But Cutler defended Altman, saying that he has been very successful at his job at Treasury.

Cutler's Judgment

One reason that Cutler gave for his judgment that no ethical breach took place was that "the RTC is not a fully independent agency in the same sense as the Federal Reserve and the [Federal Communications Commission]."

The RTC acts under the general direction of the chief executive appointed by and answerable to the president, and under the general supervision of the Thrift Depositor Protection Oversight Board, which includes the secretary of the Treasury and a number of other executive branch officers directly or indirectly answerable to the president, he said.

"In my view the RTC, like the Environmental Protection Agency, is an independent agency within the executive branch," Cutler said. While this does not mean the president may try to influence executive branch law enforcement investigations, it is proper to notify the White House if and when the attorney general decides to appoint an independent counsel, he said.

The Office of Government Ethics--the agency charged with interpreting and applying the Standards of Conduct--agrees that the receipt of such information by White House officials, if not used to further their own or another's private interest, does not violate the Standards, he said. No one made any attempt to influence the RTC's decision, he said.

"When I reviewed these incidents in their totality, I found there were too many people having too many discussions about too many sensitive matters--matters which were properly the province of the Office of the White House Counsel. The contacts were not sufficiently channeled between White House Counsel and Treasury Counsel, and there were too many conversations in which no counsel participated. In retrospect, we did not meet as high a performance standard as we should have set for ourselves," Cutler said.

The White House counsel explained that additional measures have since been taken to assure that future contacts between the White House and executive branch agencies with law enforcement functions would be beyond reasonable challenge. These include reminding people of the proper channels to follow and drafting rules of conduct.

Still, Leach said that the type of insider notification that took place does more than give a "heads up." It creates the opportunity to try to sidetrack an investigation, or frustrate the investigation by destroying documents.

"Whether the first approach was implicity undertaken, clearly it, as Mr. Cutler noted, didn't work," Leach said. "Whether any documents were tampered with, we don't know."

In citing one problem for investigators, Leach said, "What we do know is that the 1985 Clinton campaign records are no longer available."

Environment

EPA, DOJ HEAR DEBATE ON PROTECTING ENVIRONMENTAL AUDITS FROM DISCLOSURE

Lines were drawn fairly clearly at an Environmental Protection Agency public hearing July 27 on whether results of a company's environmental audits should be treated as a company's privileged information and protected from disclosure.

Representatives of both large and small businesses wholeheartedly embraced the concept of granting privileged status for audits. They said unless companies are certain that prosecutors will not use audit results as a "roadmap" leading to civil or criminal charges for violations, firms will be discouraged from conducting audits to ensure their compliance with environmental regulations.

Meanwhile, environmentalists and officials of some states opposed special privileges for audit results. These state officials said if an audit reveals environmental violations, dishonest companies simply could choose not to correct them if the results are privileged.

Environmentalists called for increased environmental disclosure by industry.

Top officials from EPA's Office of Enforcement and Compliance Assurance as well as Justice Department officials listened to the comments made at the hearing, asking commenters to elaborate on various points. EPA held the hearing to gather information as it reconsiders its 1986 policy on environmental audits and corporate self-evaluation.

In part, the hearing was designed to review state legislation making information gathered through voluntary environmental audits protected from disclosure in various types of enforcement actions. Four states have such laws: Colorado, Indiana, Kentucky, and Oregon.

Speakers at the hearing said those state laws protect auditing results from disclosure except in some circumstances -- such as if the audit was required under a consent decree settling earlier charges of environmental violations.

Steven Herman, EPA assistant administrator for the Office of Enforcement and Compliance Assurance, told BNA that EPA wants to encourage environmental auditing -- but in a way that does not shield those who violate the law.

"Somehow we'll find a way to do it," Herman said.

Agency officials, who had expected 200 attendees, said more than 400 people showed up for the hearing.

Fear Of Disclosure

Jean McCreary, vice president of the industry-sponsored Environmental Auditing Roundtable, questioned the effectiveness of any voluntary auditing program if companies fear disclosure of auditing results. Firms that now do audits might conduct them differently if they knew the end product was subject to disclosure, she said.

Maintaining the confidentiality of audits means the difference between adversarial enforcement and cooperative compliance, McCreary said.

Companies that detect problems, protect the environment, and report their violations need incentives to separate them from businesses that wait for government inspectors to discover their illegal actions, McCreary argued.

Stephen Ramsey, vice president of corporate environmental programs at the General Electric Co., agreed. Ramsey argued that it is impossible for all of a company's facilities to be in 100 percent compliance all of the time.

McCreary, who is an attorney with the Rochester, N.Y., firm of Nixon, Hargrave, Devans & Doyle, suggested a moratorium on penalties for businesses not currently conducting environmental audits while they set up a system for doing so.

She said when regulators calculate a penalty, they consider the unfair economic advantage a firm reaped while polluting. However, she said, enforcement officials do not consider the costs of a corporation's comprehensive environmental, health, and safety programs that may have identified the violation.

McCreary added that small businesses need loans to help start environmental auditing programs.

Link With Sentencing Guidelines

At the hearing, William Wilkins Jr., judge for the U.S. Court of Appeals for the Fourth Circuit and a member of the U.S. sentencing guidelines commission, discussed the links between environmental audits and penalties for environmental crimes. He said the commission believes that penalties should be reduced and probation be afforded to companies that voluntarily disclose their violations, cooperate with authorities, and set up vigorous compliance programs.

The commission released draft sentencing guidelines for environmental crimes in November 1993.

Under the draft guidelines, companies without compliance programs are apt to be put on probation, Wilkins said. A condition of that probation would be development of such a program, he added.

Wilkins said the draft guidelines embrace self-auditing so a company can determine whether its environmental compliance program is effective.

Auditing One Part Of Management System

Frank Friedman, senior vice president of the chemical firm Elf Atochem North America Inc., said at the hearing that environmental auditing is only one part of an overarching environmental management system. Without such a management system, the value of auditing is limited, he said.

For example, Friedman said, a company's focus should not be that an audit discovered that a drum of material was mislabeled. Rather, the firm should concentrate on why the drum was mislabeled and how to prevent future mislabelings, he said.

Joan Bavaria, president of the Franklin Research and Development Corp. in Boston, who represented the Coalition for Environmentally Responsible Economies (CERES), agreed that total environmental compliance -- and not just auditing -- is essential.

CERES, a coalition of environmental, consumer, and religious groups, drafted a set of corporate environmental obligations in the wake of the Exxon Valdez oil spill. Formerly called the Valdez Principles, they are now known as the CERES Principles. Bavaria said 82 companies, from tiny firms to General Motors, have signed onto the principles. She said another three Fortune 500 companies would become signatories by Aug. 1.

Bavaria and other environmentalists called for greater disclosure by companies of their environmental performance.

Role Of States

James O'Reilly, corporation counsel for the Procter & Gamble Co., emphasized to BNA the importance of the strong support by companies of all sizes and across various states for granting privilege to audit results.

O'Reilly, who chairs the industry-sponsored Coalition for Improved Audits, at the hearing encouraged EPA to let states decide the question of whether companies should be given privileges for their environmental audits.

He told BNA that the approach a state takes to innovative programs like environmental audits affects their attractiveness to businesses for economic development. Attorneys general in some states, including Ohio and North Carolina, are open to the idea of privilege for audits, O'Reilly added.

David Ronald, chief of the Environmental Enforcement Section's criminal unit within the Arizona attorney general's Office, opposed the granting of privileges to corporate environmental audits. He said at the hearing that there is no reason to believe that polluters will change their behavior if results of their environmental audits can be protected from disclosure.

David Gallogly of the Office of Chief Counsel in the Pennsylvania Department of Environmental Resources, also opposed privilege protection for audit results. However, he said, Pennsylvania considers corporate action to correct violations in a timely fashion as a factor to mitigate penalties.

Ronald said the state privilege statutes require a judge, rather than enforcement officials, to decide whether a corrective action on a violation discovered through an audit was taken in a timely fashion. For instance, he said, the Colorado law allows up to two years for a violation to be corrected.

Environment

HOUSE APPROVES LEGISLATION TO PROMOTE ENVIRONMENTAL R & D

Legislation to promote research and development of environmental technologies was approved by the House of Representatives by voice vote on July 26.

The bill (HR 3870) cleared the House Science, Space, and Technology Committee April 13.

During floor consideration of the legislation, members approved a number of amendments.

An amendment by Robert S. Walker (R-Pa), passed 286 to 139, directs the White House Office of Science and Technology Policy to develop specific criteria and procedures for the evaluation of risk assessment.

In a floor statement, Walker said the amendment would take the basic elements of risk assessment legislation passed July 20 by the House Science, Space, and Technology Committee, and incorporate them into HR 3870 "to help guide the OSTP director as to what the necessary criteria are for conducting the assessments that are required under HR 3870."

Another amendment by Walker passed by voice vote. The amendment would require the Environmental Protection Agency to determine whether private industry research and development is sufficiently meeting the needs of environmental regulations.

An amendment by Rep. Peter Barca (D-Wis) that would mandate priority in the development of an overall environmental technology strategy to geographic areas of significant environmental need also was approved by voice vote. The amendment also would require that centers that conduct evaluations of environmental technologies have the capability to evaluate technologies that address air quality problems in Clean Air Act non-attainment areas.

An amendment added at the behest of Rep. Eric D. Fingerhut (D-Ohio) would establish a three-year pilot program for the research, testing, and demonstration of "environmentally efficient" building materials. The amendment was approved by voice vote.

An amendment offered by Rep. Bill Baker (R-Calif) would establish a five-year limit on financial assistance for U.S. companies and for partnerships.

An amendment by Rep. Herbert C. Klein (D-NJ) that would authorize EPA to provide assistance to other federal agencies that support environmental technology exports also was approved by voice vote. The amendment specifies, however, that the language is inapplicable if the president determines that any provision is actionable under the General Agreement on Tariffs and Trade and Trade, or any other international agreement to which the United States is a party.

An amendment offered by Rep. John Tanner (D-Tenn) specifying that appropriations for the act should not be made available from the defense research and development activities of the Office of Technology Development was agreed to by voice vote.

An amendment by Rep. John Linder (R-Ga) that would reduce the funding authorization from $80 million to $70 million also was approved by voice vote.

Communications

INFORMATION TASK FORCE PLANS OCTOBER REPORT ON GLOBAL INFRASTRUCTURE

The International Telecommunications Work Group of the Clinton administration's Information Infrastructure Task Force said July 27 it will release a report on the global information infrastructure in late October.

The report, Agenda for Cooperation, will serve as "a blueprint for the Clinton administration's initiatives with respect to the GII," said Secretary of Commerce Ronald Brown, chair of the task force, during a July 27 public hearing on the government's role in the GII's development.

The hearings scheduled through July 28, are the first in a series of events that will help the subcommittee establish U.S. policy on international telecommunications, said Carol Darr, chair of the working group, which sponsored the hearings.

On Wednesday, witnesses stressed the importance of standards, access to foreign markets and the need for copyright laws.

"Standards can help ensure the ready interconnection of the multiple networks and systems that will comprise the GII," said Leonard Kolsky, a witness from Motorola. "The most important role for the U.S. government is to ensure that standard setting practices in other countries are not used to exclude U.S exports. The government needs to allow the full participation of U.S. companies in global and regional standards bodies."

Witness Arthur Reilly, chair of a global standardization committee at the American National Standards Institute, said that in the past U.S. manufacturers had difficulty providing services to Latin America because of the difference in standards.

"Ten to fifteen years ago, people standardized existing technologies," Reilly said. "Today, we're standardizing future technologies. We try to exchange information early in the process so we can mitigate arguments over standards in Geneva."

Reilly said that some of the key component technologies of the National Information Infrastructure and GII are being standardized in digital access technologies, asynchronous transfer modes (ATM) and fiber optic systems through the International Telecommunication Union (ITU.)

"Our standards efforts have been exported as contributions we've brought to the ITU,"said Reilly. "We continue to work at a rate of approval of one to two standards every week for the year 1995."

Request For Standards From Private Sector

Witnesses agreed that the government should not mandate standards to ensure compatibility, but allow the private sector to develop them.

Andrew Maisel, of Sun Microsystems stated his opposition to the Clipper Chip technology, saying it would not meet international standards, and commended Gore's announcement that the administration would look into other means of providing security on telecommunications systems and computers.

Another issue raised was access to foreign markets. Witnesses said that trade barriers stifle competition and that the federal government should attempt to remove them.

"The U.S must promote equal access to markets that are in the process of liberalizing," said witness Robert Levin of Viatel. "The principle of equal access embodied in the 1982 settlement between the department of Justice and AT & T led to better, cheaper services when greater competition was introduced. The U.S. government's equal access policy should be promoted internationally in order to help bring a more rapid demise to anti-competitive monopoly practices of those telecommunications networks that are still owned by governments around the world."

Levin cited Latin America as an example, saying that the telecommunications market is practically closed to telephone value-added service providers.

"There is a monopoly in those areas. For example it costs us three times as much to reach Mexico by phone than Tokyo because of inflated prices unrelated to costs. The State and Commerce departments must help to remove non-tariff barriers to equal access in Latin America and the Far East," Levin said.

A Focus On Latin America, Far East

Secretary Brown, who recently sent a trade mission to South America, and signed a memorandum of understanding with the Chilean government, said he is focusing his GII-related efforts on Latin American and the Far East. "These are two areas of the world with tremendous growth potential," said Brown.

Several countries in Latin America are working on privatization and liberalization of the telecommunications industry. China is expected to spend up to $6.7 billion by 1996 to upgrade the country's communications infrastructure, said Brown. "For every 100 Chinese, there are fewer than two phones," Brown said. "By the year 2000 Beijing wants to raise that to 10 lines per 100, the equivalent of building a new regional bell operating company every year."

Brown is planning a trade mission to China at the end of August.

Copyright laws should be an "integral part" of the development of the information superhighway, said several witnesses.

"The development of national and global information infrastructures can only stimulate U.S. competitiveness if adequate and effective intellectual property protection is an essential building block," said Jason Berman of the Record Industry Association of America. "The infrastructure will only function if it operates as a marketplace where goods can be bought and sold."

Emery Simon, speaking on behalf of the Business Software Alliance and the Alliance to Promote Software Innovation said that intellectual property protection "is the very foundation of the NII/GII providing necessary incentives and rewards for development of infrastructure content and technology."

Requesting Small Business Input

The U.S. Chamber of Commerce, criticized the government for not having enough representation from the businesses that will be using the services on the information infrastructures.

"Small and medium-sized businesses have been under-represented in this debate, said Fred Williamson. "The composition of the U.S. advisory council to the NII reflects this lack of representation. The industries represented are essentially those that create, manufacture and sell telecommunications-based products service or content, not the businesses that depend upon the use of such products and services for the survival and expansion of their business."

Williamson said the Chamber of Commerce has established its own Telecommunications Infrastructure Task Force to develop and recommend sound positions and proposals for implementing the infrastructure.

Darr said the formation of a global network is moving quickly and highlighted several events taking place within the next few months to illustrate this.

The IITF will participate in an APEC conference in November and in December will participate in the Summit of the Americas to discuss the GII with Latin American countries.

In addition, the previously announced G-7 Telecommunications conference will be early next year, said Secretary Brown, who will represent the United States.

Some 300 people attended the hearing on July 27 and a total of about 30 witness are expected to testify.

Members of the panel included Charlie Rush of NTIA; Scott Harris of the Federal Communications Commission; Mike Nelson with the Office of Science and Technology Policy; Jonathan Sallet of the Department of Commerce; Tom Kalil of the National Economic Council, and Dick Beaird of the State Department.

Communications

FCC'S FIRST AUCTION CONTINUES, ALMOST $500 MILLION RAISED SO FAR

With $493.2 million in bids so far, the Federal Communications Commission's first-ever auction of airwaves was still active July 27, leaving officials to guess how high the final tally would go.

The auction began July 25 with opening bids totaling more than $100 million, and the amount has been steadily increasing ever since. Although the FCC allotted three days for the auction, it had prepared contingency plans to continue the auction if bidding were still active after three days.

FCC officials said they were satisfied with the current activity level, and had no plans to push for closure on the auction, which could continue into July 28 if necessary.

Auction participants are bidding on 10 blocks of narrowband spectrum, which will be used for new personal communications services such as advanced two-way paging and messaging devices (141 DER A-12, 7/26/94). The auction is being conducted in rounds of about one hour each, during which participants may bid on up to 10 blocks.

Some of the largest blocks of spectrum had received bids of $70 million each, while the smallest blocks ranged from $12 million to $14 million each.

At a morning meeting with reporters, FCC Chairman Hundt said the FCC wanted to award licenses speedily, conduct the auction smoothly, and wanted the competition to be strong. "We think we've hit all three of these goals already," he said.

The auction is giving the nation a vision of our policy, Hundt said. "Our policy can be summarized in one word, which is competition," he said, adding that competition for licenses will lead to competition in the marketplace.

Hundt said that it has never been the commission's goal to obtain a particular amount of money from the auction. He also said the commission had no goals as to who would own the licenses or what the owners would do with them.

Pesticides

INDUSTRY--BACKED BILL REPORTED OUT OF HOUSE AGRICULTURE SUBCOMMITTEE

The Food Quality Protection Act, primarily an industry-backed bill, was favorably reported by the House Agriculture Subcommittee on Department Operations and Nutrition July 27 with an en bloc amendment, which provoked no controversy from the subcommittee.

The reported version of HR 1627, sponsored by Reps. Thomas Bliley (R-Va), Richard Lehman (D-Calif), and J. Roy Rowland (D-Ga), would amend the current pesticide and food safety laws -- the Federal Insecticide, Fungicide, and Rodenticide Act and the Federal Food, Drug, and Cosmetic Act.

This latest version would replace current adjudicatory hearing requirements with a formal rule-making process for cancellation of the registration of a pesticide product; allow the issuance of an emergency suspension order before issuing a proposed cancellation rule-making provided that the rule-making is issued expeditiously; and require the Environmental Protection Agency to re-evaluate tolerances in conjunction with the reregistration of pesticides under FIFRA.

En Bloc Amendment Unanimously Accepted

The en bloc amendment provoked no discussion and was agreed to unanimously. One component would require the EPA administrator to consult with the Secretary of Health and Human Services prior to cancellation or suspension of a pesticide product. Another element would give states authority to collect data and information from registrants in connection with local pesticide issues.

It also would require the administrator to publish a list of pesticides where the overall exposure via food, water, home use, and other sources is likely to present risks to infants and children that exceed the EPA standard of negligible risk.

More To Come On States' Authority, Exports

Rep. George Brown (D-Calif) offered an amendment to delete a section in the bill concerning states' authority. Most members, however, wanted to keep the section, which many interpreted as allowing local jurisdictions to petition states for their own regulations but not permitting local governments from having authority to pre-empt federal regulations.

EPA officials at the mark-up also expressed uncertainty surrounding the language. Brown eventually withdrew the amendment, but Rep. Steven Gunderson (R-Wis) asked that the subcommittee staff review the language to avoid any misinterpretation of the law.

Rep. Dan Glickman (D-Kan) told the subcommittee he will offer an amendment concerning the export of pesticides at the full committee mark-up.

Brown also said he planned to offer an amendment to ensure that fees were collected to complete the reregistration of pesticides called for in the 1988 amendments to FIFRA. Chairman Charles Stenholm (D-Texas) said that he "is tempted to say that as the bill is written now, the fees will be included." If fees are needed for EPA to do its job, then they are "not off the table," but the committee needs to figure out for what, and how the fees will be used before language is included, he said.

Negotiations Uncertain

Jim Aidala, associate assistant administrator for Prevention, Pesticides and Toxic Substances at EPA, told BNA July 27: "It is good to see the bill move forward. The issues that were raised were not surprising, but will be difficult to work out." Aidala pointed out that the most difficult issues -- those related to food safety -- were not addressed at all in the mark-up.

The other House committee with jurisdiction over the bill is the Energy and Commerce Committee. When asked if Republicans on the Subcommittee on Health and the Environment are ready to negotiate, an aide from Bliley's office told BNA that whether there is room for negotiation "still remains unanswered on this side."

He characterized HR 1627 as being a "rational, broad-based bill," backed by one Republican and two Democrats -- clearly a bi-partisan effort, he said. But the chairman of the subcommittee, Rep. Henry Waxman (D-Calif) "is working with the far left on the issue," the aide said. His bill (HR 4362) is supported by a "bunch of chemo-phobes" and "the decision really rests with him," the aide told BNA.

Industry "Will Not Be Stampeded"

John McCarthy, vice president of global, scientific, and regulatory affairs at the National Agricultural Chemicals Association, told reporters July 27: "We will not be stampeded into legislation to fix the Delaney Clause." The Delaney Clause is a provision in FFDCA that prohibits food additives linked in any way to cancer from concentrating in processed food.

In order to push legislation this Congress, the administration has gone ahead with several food tolerance revocations stemming from the federal appeals court ruling in July 1992, which insisted EPA enforce a strict interpretation of the Delaney Clause (Les v. EPA, CA 9, No. 91-70234, 1992), McCarthy said. But the agency has other means to handle the problem, he said. For instance, in order to fall under the Delaney Clause, a pesticide must "concentrate" as defined in the "flow-through" provision found in Section 402 of FFDCA, he explained. Under that definition, the pesticide must concentrate when "ready to eat," but EPA regulates that provision at the stage when commodities are "ready to ship," he said.

Richard Urbanowski, NACA's chairman of the board and president of ISK Biosciences, took issue with EPA Administrator Carol Browner's presentation of the pesticide issue in U.S. agriculture. She has said, according to Urbanowski, that "pesticide use has grown by leaps and bounds," when in fact it has stabilized over the past three years. Specifically, Browner's statistic that more than 3 billion pounds of pesticides are used annually is erroneous, he said. In fact, 800 million pounds are used annually, he told reporters.

Such comments cast an unfounded image of the farmer over-using pesticides, Urbanowski said, and creates unnecessary public concern. Furthermore, that kind of representation "makes it difficult to have a working relationship" with the administration, he told reporters.

Jay Vroom, president of NACA, said that while the group's relationship with the political appointees of the administration has been strained, its day-to-day exchange with EPA's career employees has been smooth. Both Vroom and Urbanowski commended efforts of Lynn Goldman, assistant administrator of OPPTS, to establish a relationship with industry. "Browner appears to be speaking from another agenda," Urbanowski said.

Compromises Made, NACA Says

Vroom said that significant compromise has already been made to meet the administration on the legislative table. For instance, the version HR 1627 reported out July 27 contains stiffer language to accelerate the cancellation of pesticides, he said.

According to a subcommittee summary of HR 1627, it "generally requires EPA to set tolerances at a level which pose no more than a negligible risk to public health and directs them to take into account health, nutritional, and consumer benefits, including the impact of the loss of a pesticide on the availability of an adequate, wholesome, and economical food supply."

For industry, according to Vroom, that new provision also represents a "reduction in our statutory protection." And, the provision to "de-link" suspension procedures from cancellation is a compromise, he said.

Environment

SUPERFUND BILL PROGRESSES IN HOUSE; MOVE ON RETROACTIVE LIABILITY THWARTED

Superfund reform took another step forward July 27 with the approval of the administration-backed bill (HR 3800) by the House Public Works and Transportation Subcommittee on Water Resources and the Environment.

Prior to approving the measure on a voice vote, the committee defeated two controversial amendments, including one that would have eliminated retroactive liability for potentially responsible parties at contaminated sites. Also defeated was an amendment that would have further loosened ground water cleanup standards.

The committee, however, narrowly approved an amendment to remove language that would have extended superfund liability to "pollutants and contaminants."

Full Public Works Committee markup is scheduled for July 28, and a number of other amendments are expected to be offered, as well as further attempts to eliminate retroactive liability.

Meanwhile, the Senate Environment and Public Works Committee set markup of its administration-backed bill (S 1834) for Aug. 3.

The move to eliminate retroactive liability was led by Rep. Bill Zeliff (R-NH), who called retroactive liability "un-American, immoral, and unfair." The amendment was defeated, 25-13, with four Republicans voting with the majority and three Democrats voting with the opposition.

Before the vote, Rep. Norman Y. Mineta (D-Calif), chairman of the full committee, told members that eliminating retroactive liability would jeopardize HR 3800's new allocation scheme, increase general taxes by nearly $1 billion a year, and destroy the coalition that supports the bill.

"This is a vote where you really let people know whether you're serious about superfund reform," Mineta told the subcommittee members.

Mineta was joined by Rep. Sherwood L. Boehlert (R-NY), ranking republican on the subcommittee, in calling for defeat of the measure. Boehlert said that, while the proposed legislation is not perfect, "its better than the alternative proposed" by Zeliff.

Ground Water Amendment

The amendment to loosen ground water cleanup requirements was offered by Rep. James M. Inhofe (R-Okla). It was defeated, 23-14. Leaders of environmental groups have strongly opposed relaxed ground water standards.

Earlier, the committee accepted other changes from the version of the bill that was unanimously approved May 18 by the House Energy and Commerce Committee.

Among those were changes to the ground water cleanup provisions to reflect the findings of a National Research Council report released June 23, congressional staff said. The report said ground water cleanup could not always be achieved due to limitations on existing technology.

The changes maintain drinking water cleanliness as the goal for ground water cleanup, but call for remedial actions to "attain levels appropriate for the current or anticipated future use of ground water."

The changes also called for the effectiveness, reliability, and cost of the remedy, as well as its acceptability to the community, and the urgency of the need for ground water to be among the factors to be considered when choosing a cleanup remedy.

The amendment to remove the extension of liability to pollutants and contaminants was offered jointly by Rep. Glenn Poshard (D-Ill) and Tim Hutchinson (R-Ark). It was accepted, 20-18.

According to Poshard, under the bill the Environmental Protection Agency would retain response authority not only for hazardous substances but also for pollutants and contaminants. He said EPA had other means outside of superfund to recover the cost of responses on non-hazardous substances.

The pollutant and contaminant liability language also was removed in the Senate version (S 1834) pending before the Environment and Public Works Committee (25 ER 300).

An amendment offered by Boehlert designed to ensure expedited settlements for small businesses was approved.

The panel also approved Boehlert's amendment to ensure that states with funds set aside for inactive hazardous waste site cleanup were not put at a disadvantage for competing for federal cleanup funding.

Other Amendments

A third Boehlert amendment regarding the selection of land use and cleanup strategies for federal facilities scheduled for realignment or closure also was approved. The amendment would require EPA to consider the suggestions of community entities created to recommend reuses of federal facilities to be considered in lieu of convening Community Working Groups which are called for under HR 3800.

The committee accepted an amendment by Rep. Robert Menendez (D-NJ) that would authorize EPA to establish a program that would help recruit and train citizens living near superfund sites to participate in cleanup. Rep. Bud Shuster (R-Pa) amended Menendez's proposal to require that funding be taken from the $50 million set aside under the community participation provisions.

EPA would have to submit a site-specific cleanup progress report to states and share remedial technology development information with the states under two amendments developed by Rep. Steve Horn (R-Calif).

Other amendments approved included one by Rep. Thomas E. Petri (R-Wis) that would clarify liability exemptions for certain battery recyclers and one by Rep. Robert Borski (D-Pa) designed to add incentives for the purchase of contaminated property.

Environment

STATE FLEXIBILTY IN MEETING GOALS OF AIR ACT PLEDGED BY EPA OFFICIAL

NEW ORLEANS -- The Environmental Protection Agency's top air quality administrator told state legislators July 27 that the agency will attempt to be as flexible as possible in helping states comply with air quality standards under the Clean Air Act.

Mary Nichols, assistant administrator for the EPA Office of Air and Radiation, conceded that states have a tough job complying with the broad range of air quality standards under federal law. But she suggested that states have generally done their jobs well and promised to provide the states with flexible options for compliance when possible.

State legislators, attending the annual meeting of the National Conference of State Legislatures, said the message eased some of their concerns about an agency with which states often find themselves butting heads.

"I think the most important thing she said was that when the law permits, flexibility is the order of the day," said Sen. Herschel Rosenthal (D-Calif).

Nichols said that EPA's 10-year trend studies consistently have shown that the nation's air pollution problems are improving. States have been fundamental in this effort she said and noted that 98 percent of the state plans for various compliance standards under the Clean Air Act have been received at the agency, eliminating the possibility of sanctions in those regions.

Auto Inspectiion Programs

States, for the most part, also have complied with enhanced vehicle inspection and maintenance program requirements under the Clean Air Act, she said.

With additional compliance targets still ahead, she said the agency will try to help states when possible. She noted, in response to a question from legislators, that Administrator Carol Browner recently had stated that EPA is willing to allow regions required to develop employee commute options to perform their programs on a seasonal basis. Regions, however, would have to be able to demonstrate that their ozone season programs can meet the overall targets of the program, she said.

Nichols also reminded legislators that under the ECO requirements, states cannot be punished for missing their targets. They must make good faith efforts to meet the requirements of the law, however, she said.

State Rep. Roger Roy (R-Del) said EPA's new approach on ECO does demonstrate flexibility by the agency and would help his state comply with the law.

"I think what they are suggesting is a more practical approach," Roy said. "An employer trying to encourage people in my state to ride bicycles or work a compressed work week isn't going to get a lot of takers in the dead of winter."

Manufacturing

JUNE ORDERS FOR DURABLE GOODS UP 1.3 PERCENT, COMMERCE REPORTS

New orders for manufactured durable goods jumped 1.3 percent in June, bolstered by an upswing in bookings for capital goods and transportation equipment, the Commerce Department reported July 27.

Seasonally adjusted data from the department's Census Bureau showed that orders for durable goods -- products designed to last at least three years -- advanced to $151 billion during the month. It was the fourth consecutive monthly increase and the 10th advance posted in eleven months.

June's bookings were about $2 billion higher than the revised $149 billion tally posted the previous month, the latest data showed. Last month, the government reported that orders for durable goods rose 0.9 percent to $148.4 billion in May (120 DER N-1, 6/24/94).

The Census Bureau noted that, on a year-to-date basis, bookings for manufactured durable goods were 13.3 percent higher than they were a year ago.

The government's latest report on manufacturing activity also showed that durable goods shipments were up 1.1 percent to nearly $150 billion in June, with increases posted in all major categories except fabricated metal

products, primary metals, and lumber and wood products.
In addition, unfilled orders rose for the third month in a row in June, edging up 0.2 percent to $425.4 billion, the Census Bureau reported.
Economists attributed the stronger-than-expected upswing in durable goods orders to ongoing strength in non-defense capital investment, where bookings jumped 6.2 percent. Excluding aircraft and parts, new orders for non-defense capital equipment climbed 6.4 percent, a new all-time high, according to Commerce Secretary Ronald Brown.
Brown said the rebound in capital goods orders indicates that "growth in productive capacity is continuing as the economic expansion matures."
National Association of Manufacturers Economist Gordon Richards noted that capital investment has been one of the most robust sectors of the economy during the latest recovery.
"Basically, decreases in the relative price of computers and machinery have lowered the cost of capital and increased the incentives for investment," Richards said. "Further, with continuing pressure on profit margins from global competition, industrialists have invested very aggressively in order to control costs."
Economists at Merrill Lynch & Co., however, noted that orders for non-defense capital goods had fallen in each of the four preceding months. "This leaves us with a capital goods sector that is experiencing solid, but not overly explosive growth," Merrill Lynch said in its July 27 Economic Commentary.
The transportation sector also provided grist for the new-orders mill in June, with bookings up 2.3 percent to a seasonally adjusted $38 billion, the second consecutive monthly increase. Bookings for transportation equipment had fallen in February, March, and April, Commerce data showed.
The June increase in new orders for transportation equipment was concentrated chiefly in motor vehicles and railroad equipment.
Also on the rise in June were new orders for industrial machinery and equipment, which advanced 2.2 percent; electronic and other electrical equipment, up 1.1 percent; and instruments and related products, Commerce said.
New orders for primary metals, on the other hand, sank 3.1 percent in June.
The following BNA graphic and Census Bureau tables show the latest data:
Not available on line; see print publication.
For full text of most reports and documents
mentioned on-line, contact BNAs research and
special projects division, BNA PLUS,
1-800-452-7773, or 202-452-4323 if calling in
the Washington, D. C. metropolitan area.

Weekly Earnings

WOMEN WORKERS EARN ONLY 76 PERCENT OF MEN'S WEEKLY WAGES, DATA SHOW

In the second quarter of 1994, the median income of full-time female workers was only 76 percent of full-time male employees and the wage gap continued even among the highest earning 10 percent of men and women, according to data released July 27 by the Labor Department's Bureau of Labor Statistics.
Women who worked full time had median weekly earnings of $396, while the median for men was $521.
The highest-earning 10 percent of men had a median income of at least

$1,130, while the highest-earning 10 percent of women earned $803 or more, BLS found.

Median weekly earnings of all of the country's 87.1 million full-time wage and salary workers were $465 in the second quarter of 1994, up from $459 in current dollars. When adjusted for inflation, however, wages fell. Using a constant dollar benchmark of 1982, wages were $304 a week in 1994's second quarter, down from $307 in 1993. (All other references are in current dollars.)

The gender pay gap was present for white, black and Hispanic workers, although it was widest for whites. White women's median weekly income was $405, or 74.9 percent of men's median $541 wage. Median income for black women was $343, or 83.5 percent of black men's median wage of $411.

The gap narrowed considerably for Hispanic men and women. Hispanic men made a median weekly income of $338. Hispanic women's median wage was $312, or 92.3 percent of Hispanic men.

Median weekly income for Hispanics, at $326, was lower than for blacks, at $370, and whites, at $480.

Men between 45 and 54 years old had the highest median weekly earnings, at $654. Peak earning years for women were between 35 and 44 years old, at $466.

Workers 25 years old or older who did not graduate from high school had median weekly earning of $308, compared with $417 for those with a high school diploma and $732 for college graduates.

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

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.

Collection: 2007-0143-F

Bucket: Default

Creation Date: 1995-09-22

Subject: EOP USE ONLY: RECONCILIATION REPORT

Creator: Charles S. Konigsberg KONIGSBERG_C OMB

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

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.

Collection: 2017-1070-F

Bucket: Default

Creation Date: 1995-09-22

Subject: EOP USE ONLY: RECONCILIATION REPORT [WP FILE]

Creator: Charles S. Konigsberg KONIGSBERG_C OMB

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

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.

Collection: 2014-0908-F

Bucket: Default

Creation Date: 1995-09-29

Subject: EOP USE ONLY: THURSDAY'S RECONCILIATION REPORT

Creator: Charles S. Konigsberg KONIGSBERG_C OMB

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

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.

Collection: 2014-0908-F

Bucket: Default

Creation Date: 1995-09-29

Subject: EOP USE ONLY: RECONCILIATION REPORT [WP FILE]

Creator: Charles S. Konigsberg KONIGSBERG_C OMB

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

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.

Collection: 2012-0774-F

Bucket: Default

Creation Date: 1995-10-05

Subject: EOP USE ONLY: RECONCILIATION REPORT

Creator: Charles S. Konigsberg KONIGSBERG_C OMB

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

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.

Collection: 2019-0151-F

Bucket: Default

Creation Date: 1996-05-08

Subject: HOUSE STAFFER NOW MORE OPTIMISTIC ON FAST-TRACK COMPROMISE I

Creator: Justine F. Rodriguez RODRIGUEZ_J OMB

ARMS Email System
RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: SENAN_J@a1.eop.gov (SENAN_J@a1.eop.gov [UNKNOWN]) (WHO)

CREATION DATE/TIME:10-FEB-1997 08:19:03.00

SUBJECT: MEET THE PRESS 2-9-97

TO: ssutherl@dol.gov (ssutherl@dol.gov [UNKNOWN])
READ:UNKNOWN

TO: Michael_J._Warren@oa.eop.gov (Michael_J._Warren@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Michael_Waldman@oa.eop.gov (Michael_Waldman@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Dag_Vega@oa.eop.gov (Dag_Vega@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Virginia_M._Terzano@ovp.eop.gov (Virginia_M._Terzano@ovp.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Darby_E._Stott@oa.eop.gov (Darby_E._Stott@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Joshua_Silverman@oa.eop.gov (Joshua_Silverman@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Laura_D._Schwartz@oa.eop.gov (Laura_D._Schwartz@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: SCHAEFER_V@a1.eop.gov (SCHAEFER_V@a1.eop.gov [EOP]) (OMB)
READ:UNKNOWN

TO: Rica_F._Rodman@oa.eop.gov (Rica_F._Rodman@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Peter_R._Orszag@oa.eop.gov (Peter_R._Orszag@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Alison_Muscatine@oa.eop.gov (Alison_Muscatine@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: MOFFETT_J@a1.eop.gov (MOFFETT_J@a1.eop.gov [EOP]) (WHO)
READ:UNKNOWN

TO: Kathleen_M._McKiernan@oa.eop.gov (Kathleen_M._McKiernan@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Julie_E._Mason@oa.eop.gov (Julie_E._Mason@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Gordon_Li@oa.eop.gov (Gordon_Li@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Peggy_A._Lewis@oa.eop.gov (Peggy_A._Lewis@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Karin_Kullman@oa.eop.gov (Karin_Kullman@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Angus_S._King@oa.eop.gov (Angus_S._King@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Russell_W._Horwitz@oa.eop.gov (Russell_W._Horwitz@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: HILLIARD_B@a1.eop.gov (HILLIARD_B@a1.eop.gov [EOP]) (NSC)
READ:UNKNOWN

TO: GUNIA_D@a1.eop.gov (GUNIA_D@a1.eop.gov [OA]) (OA)
READ:UNKNOWN

TO: Jason_S._Goldberg@oa.eop.gov (Jason_S._Goldberg@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: John H. Gibbons (CN=John H. Gibbons/OU=OSTP/O=EOP [OSTP])
READ:UNKNOWN

TO: Karen_E._Finney@oa.eop.gov (Karen_E._Finney@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Rahm_Emanuel@oa.eop.gov (Rahm_Emanuel@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Michelle_Crisci@oa.eop.gov (Michelle_Crisci@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: CAPUTO_L@a1.eop.gov (CAPUTO_L@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: Daniel_E._Bernal@oa.eop.gov (Daniel_E._Bernal@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: sally_j._aman@ovp.eop.gov (sally_j._aman@ovp.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Teresa_Wildman@oa.eop.gov (Teresa_Wildman@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Ann_F._Walker@oa.eop.gov (Ann_F._Walker@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Lorraine_A._Voles@ovp.eop.gov (Lorraine_A._Voles@ovp.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Barry_J._Toiv@oa.eop.gov (Barry_J._Toiv@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Lisa_Tamagni@oa.eop.gov (Lisa_Tamagni@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Gene_B._Sperling@oa.eop.gov (Gene_B._Sperling@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Jennifer_Senan@oa.eop.gov (Jennifer_Senan@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Stuart_Schear@oa.eop.gov (Stuart_Schear@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Roger_Salazar@oa.eop.gov (Roger_Salazar@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: ROBINSON_C@a1.eop.gov (ROBINSON_C@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: NAPLAN_S@a1.eop.gov (NAPLAN_S@a1.eop.gov [EOP]) (NSC)
READ:UNKNOWN

TO: Kevin_Moran@oa.eop.gov (Kevin_Moran@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: April_Mellody@oa.eop.gov (April_Mellody@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: MCHUGH_L@a1.eop.gov (MCHUGH_L@a1.eop.gov [EOP]) (WHO)
READ:UNKNOWN

TO: Thurgood_Marshall_Jr.@ovp.eop.gov (Thurgood_Marshall_Jr.@ovp.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Patricia_F._Lewis@oa.eop.gov (Patricia_F._Lewis@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: G_N._Lattimore@oa.eop.gov (G_N._Lattimore@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Heidi_Kukis@ovp.eop.gov (Heidi_Kukis@ovp.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Jonathan_A._Kaplan@oa.eop.gov (Jonathan_A._Kaplan@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Elwood_Holstein@oa.eop.gov (Elwood_Holstein@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: HAAS_L@a1.eop.gov (HAAS_L@a1.eop.gov [EOP]) (OMB)
READ:UNKNOWN

TO: Julia_R._Green@oa.eop.gov (Julia_R._Green@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Mary_E._Glynn@oa.eop.gov (Mary_E._Glynn@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Jeremy_M._Gaines@oa.eop.gov (Jeremy_M._Gaines@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Paul_K._Engskov@oa.eop.gov (Paul_K._Engskov@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Anne_M._Edwards@oa.eop.gov (Anne_M._Edwards@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Steven_A._Cohen@oa.eop.gov (Steven_A._Cohen@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Jill_M._Blickstein@oa.eop.gov (Jill_M._Blickstein@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Lori_Anderson@oa.eop.gov (Lori_Anderson@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Pauline_M._Abernathy@oa.eop.gov (Pauline_M._Abernathy@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TEXT:
TRANSCRIPT
NBC ``MEET THE PRESS''
WITH HOST: TIM RUSSERT
GUESTS: JACK KEMP
SUNDAY, FEBRUARY 9, 1997

MR. RUSSERT: But before we give way to the likes of Michael Jordan, we're joined by the former Buffalo Bills quarterback and running mate for Bob Dole in the November election, Jack Kemp. Welcome back.
MR. KEMP: Hi, Tim. How are you doing?
MR. RUSSERT: It's been three months since the election. Looking back, why do you think the country chose Clinton/Gore over Dole/Kemp?
MR. KEMP: Well, clearly the country had a relatively good economy.
I was making the point, as was Bob, that it's not good enough until one breadwinner per family can take care of that family, but, clearly, the economy was relatively good. We were relatively at peace, and the president probably, as Bob Dole said on NBC just a few weeks ago, they got about $80 million to spend between April of '96 and the August convention of the Republican Party. So the odds were against us, but it was a good race. Bob is an unbelievable warrior, and I was glad to see President Clinton

give him the freedom medal, and the honor that he paid to Bob Dole I think was well deserved.
MR. RUSSERT: The president is at 62 percent favorable rating. Are you surprised by that?
MR. KEMP: Not really. He's given the State of the Union, he had his inauguration. Again, the numbers indicate that things look relatively good right now. Inflation is under control, unemployment's at five-point-what, three or four, percent. The president gets a good bump out of that, and I'm not surprised by his numbers.
MR. RUSSERT: The year 2000 is rapidly approaching. Is Jack Kemp going to try for the top spot?
MR. KEMP: You know, Tim, I think you ought to call Bob Schieffer and Cokie Roberts and Tony Snow and Evans and Novak and make a pledge, a compact, that that question not be asked of any candidate until after the mid-term elections.
We have perpetual campaigns. Give the American people a rest. I'll tell you this: My appetite is whetting.
MR. RUSSERT: You liked it?
MR. KEMP: I loved it. We had a great time. My wife and I went all over the country. People were great.
Would I do some things differently? Absolutely, but, like an old quarterback who maybe lost a game, there's a lot in the future that I want to be talking about, because America at the end of the Cold War has a, and must have a, vision of the future

not only of prosperity at home for all people, equality of opportunity for all people, but we've got to find a way to integrate in this global economy the Eastern European nations, Africa, Asia, and the Third World.
So I'm looking forward to being a big part of that debate, and I'll let you know after the mid-term elections.
MR. RUSSERT: The first step in any presidential campaign, however, is to form a political action committee.
MR. KEMP: Right.
MR. RUSSERT: Are you doing that?
MR. KEMP: By the end of this month, we'll have a political action committee to help finance some of my travels on behalf of gubernatorial candidates and state legislative candidates and members of Congress who are competing members of Congress. So I'm going to have a political action committee and lay the architecture nationally for the type of financial effort that you've got to make if you're going to be ready to run.
MR. RUSSERT: There was a lot of criticism from Republicans about your performance in the vice presidential debate. A few stories in recent weeks that I want to get your response to -- ``The Daily News" had a story -- let's take a look at it on the screen there, and you can see it -- where it talks about ``Jack Kemp is telling pals there's
a simple explanation for his lackluster performance in the 1996 veep debate: The Dole campaign screwed up."
MR. KEMP: Yeah, that's totally false.
They didn't screw up. I lost, but I've lost games before. I've looked at the films on Monday morning, and I learned from it, and

I proved that I could be disciplined, that I could stay within the time frame, that I could travel the country and be loyal to Bob Dole and particularly loyal to the party of Lincoln and what it means to the future.

So, again, there isn't anybody that looks back that can't figure out places where he or she would do things differently, and I certainly would, but they didn't screw up. I would take the blame myself.

MR. RUSSERT: Would you love a rematch with Al Gore?

MR. KEMP: That would be very, very interesting, it certainly would.

MR. RUSSERT: What would you do differently?

MR. KEMP: Stay tuned. (Laughter.)

MR. RUSSERT: All right. Let me show you a new poll that's out. This is the Reuters poll, asking Republicans all across the country who they prefer as their nominee in the year 2002. Colin Powell far out in front, as you can see; George Bush Jr., he's the governor of Texas; then Jack Kemp, followed by Dan Quayle, Fred Thompson, Lamar Alexander.

Colin Powell. That's very strong --

MR. KEMP: Oh, it really is. Colin Powell is enormously popular, and deservedly so. He's a great American and a good friend, and there's no reason why he shouldn't be that high or higher.

MR. RUSSERT: Now, John King of the Associated Press wrote a story.

I want to get your response to that, and let's show our viewers on the screen. He said that Jack Kemp, in his conversations, according to several long-time associates, the 1996 GOP vice presidential nominee has dropped this nugget. Kemp says retired General Colin Powell assured him that under no circumstances would he seek the presidency in three years.

MR. KEMP: No, that's -- John King's a terrific reporter and a friend of mine, but that's far exaggerated.

Colin Powell speaks for himself. Anybody who knows General Powell knows that he speaks for himself, and I would never, ever speak for him, and that is just at odds with the fact that I would never try to make a statement about Colin Powell's intentions in '96, much -- I mean, in the year 2000, much less the '96 campaign.

MR. RUSSERT: But that being said, do you think General Powell has an appetite for politics?

MR. KEMP: You've got to ask him that. I'm not going to speak for him.

MR. RUSSERT: He would be a strong candidate if he --

MR. KEMP: He is a strong leader. Bill Bennett and I thought he would have made a great candidate in '96. He chose not to run. We serve on the board of Howard University together.

He's an amazing man with tremendous popularity, has a fantastic message to America not only in terms of his rhetoric but in terms of the results of his life, which, if this country is to provide equality of opportunity, it's got to be in the economy, as well as in the military and arts and sciences and

athletics.
MR. RUSSERT: Do you think it'll be a crowded field for Republicans the next time?
MR. KEMP: It'll be crowded in terms of the people who are being mentioned. I don't know how crowded it'll be in the year 2000.
MR. RUSSERT: There's a lot of debate within the Republican Party about Newt Gingrich, the speaker, trying to rehabilitate himself.
Bill Bennett, your friend and your colleague in Empower America, criticized Speaker Gingrich for, as he said, currying favor with the likes of Jesse Jackson.
MR. KEMP: That's Bill Bennett. I personally believe that Newt, as the speaker of the House, must be inclusive, and Jesse Jackson is a leader. White folks do not choose the leaders of black Americans, and
I think it was a very legitimate request, or invitation, I should say, by Newt Gingrich to have Jesse Jackson there.
And don't forget, it was Newt Gingrich who had J.C. Watts

deliver the Republican response to the State of the Union, and J.C. Watts not only is a rising star, but did a wonderful job of articulating the vast differences between the Clinton administration, the Democratic Party's version of budget reform and the Republican Party's vision of the future.
So I was pleased that Newt made both those decisions.
MR. RUSSERT: In our NBC News/"Wall Street Journal" poll, Americans said that Newt Gingrich is the foremost spokesman for the Republican Party. Is that a problem for the Republican Party?
MR. KEMP: Well, right now, I would say Trent Lott is the spokesman. Trent has done a fantastic job becoming the majority leader in the United States Senate. He's handled himself, I believe, with maturity, diplomacy, and grace. He clearly has articulated the agenda. In fact, I believe the center of gravity is in the Congress and its with the Senate majority leader, and Newt can and will rehabilitate himself, if that's the word that you have chosen to use, by getting things done. He went to Dubose (sp) and talked about fast-track authority for the president to include Central and Latin America in the NAFTA hemispheric free trade zone. He wants to help the District of Columbia, as does Trent Lott.
In my opinion, if the Republican Congress were to help this city become economically viable, fiscally viable, and to stop the implosion, it would be a tremendous signal to America that other urban areas could equally achieve the type of progress and prosperity that has to be done.
So I think those are the type of things that Republicans ought to be talking about, along with balancing the budget and tax reform.
MR. RUSSERT: What would Jack Kemp do for the District of Columbia?
MR. KEMP: Well, I would immediately support Eleanor Holmes Norton's very courageous idea to create a supercharged, as it were, enterprise zone in the city, eliminate the capital gains

tax. In yesterday's paper, there was a very interesting article about Dublin, Ireland, and what they did to make Dublin economically viable. They cut the corporate income tax to 10 percent until the next century, they eliminated the capital gains tax and the double taxation of dividends, and if you read the story that's coming out of Dublin, it is amazing that incentive-based economics can move behavior or change behavior, and Dublin now is growing, jobs being created, the docklands have been recovered, and I believe that Eleanor Holmes Norton's ideas for a modified flat income, Hong Kong-like tax code for the District of Columbia would be a down payment on helping East Harlem, East St. Louis, East L.A., East Palo Alto, and other urban areas of America.

MR. RUSSERT: Businesses would invest and you would make Washington the Hong Kong of the Potomac?

MR. KEMP: More importantly, you would attract families, you would attract new jobs, you would attract minority entrepreneurs, you would attract the type of a tax base that would help us solve the problems of crime, education -- it's not a panacea, but, in my opinion, she has taken a long leap forward in helping to change the focus of debate from just spending -- albeit that's a very important issue -- to building a tax base that will hold and attract families and jobs and capital investments so necessary to making this city great again.

We've got to deal in this city with crime. Rudy Giuliani in New York City has proven that crime statistics can be turned around with more police on the streets, but they don't have enough money in this city right now -- and I applaud the president for beginning to address the issue of the problems this city has that no other city in the United States of America has. But Newt is right. So is Trent. We've got to make this capital city of America a city shining on a hill, and right now it's shining in the wrong direction.

MR. RUSSERT: You have been the most outspoken Republican on the issue of race. Americans, as you know, and it came to light again last week with the O.J. Simpson verdict, are very divided. Whites think Simpson's guilty, blacks think he's innocent. If President Jack Kemp had to address the nation tonight on the issue of race and the fallout from Simpson and all the other issues that are out there, what would you say to blacks and whites?

MR. KEMP: Well, take it out of the context of the presidency, because I didn't win -- I didn't even win the vice presidency. I'm sorry I can't cut your taxes, Tim, but we'll give it another shot someday.

But, seriously speaking, it's the single most important issue facing America at the turn of the century and the new millennium. Racial reconciliation, civility, an America where you can have a dialogue over affirmative action, for instance, without being accused of being a racist either way or on either side of that issue.

These are important issues that have to be addressed, and I would like to see an America in which black and white actually listen to each other, where the Jewish community and the black community get back to the famous social contract that was made in the civil rights movement because the Jewish community strongly supported Dr. King and Rosa Parks and John Lewis, and I would say this -- and I don't want to be an economic determinist about it -- but you cannot solve the problems of race in America -- and there have -- we've made a lot of progress -- without an economy that's growing, where there are chairs at the table for every single American, where people feel like it's not a zero-sum game where your profit is coming at my expense, and today, the unemployment rate in urban America is a disaster waiting to happen, if not already happening.

James Julius Wilson at the University of Chicago said the

absence of employment in America's inner cities, particularly among men and women between the ages of 18 and 28, is the single greatest challenge to this country on the eve of the 21st century, and it can't be solved with rhetoric. It has to be solved with sound, positive, progressive, inclusive policies, and I want to see the Republican party lead that debate, because we are the party of Lincoln, and we must be an inclusionary party that says that by the year 2000, as I tried to say in Harlem one day during the campaign,, I'd like to see an America where half of all black Americans are voting Democrat, but the other half are voting Republican. I think it would be good for the African-American community, I think it'd be great for the Republican Party.

I'll tell you what, Tim, it would be good for America to have a real debate in which one party does not take the black vote for granted, which I think the Democratic Party does, and the Republican Party does not write it off, which all too often we have. We've got to stop that, have both parties competing for every single vote, particularly of minority Americans.

MR. RUSSERT: During the campaign, you created a little stir when you said that you wished you had been invited to speak to Louis Farrakhan's Million-Man March.

Do you believe that Louis Farrakhan has a positive role to play in race relations, or is he anti-Semitic?

MR. KEMP: Well, I think we've got to hear the message. He certainly has associated himself with anti-Semitic comments. He has repudiated that, he says. I'd like to see more evidence of it. They've got to stop selling the Protocols of the Elders of Zion, which is offensive not only to Jewish Americans, but to Jews all over the world, and particularly Christians, who care so profoundly about the issues of anti-Semitism and ending it and bigotry in America.

I said, Tim, that I thought the message of the Million-Man March -- fathers being good fathers, husbands being good husbands, men acting in a responsible way -- and I would imagine that's what Charles Barkley, Grant Hill, and Michael Jordan are going to be talking about in the panel to come -- that's a good message, and whether it's Promise Keepers, which I also attended, I simply said that I would have liked to have -- I'd like to have given the speech I gave at Harlem to Promise Keepers and to the

Million-Man March, and I stand by that statement. That is not a statement from which I would ever retreat.
MR. RUSSERT: We have to take a quick break. We'll be right back with more of Jack Kemp, and then Michael Jordan, Charles Barkley, Grant Hill, talking about kids and drugs and out-of-wedlock births as you've never seen them before. Right after this on ``Meet the Press.''
(Announcements.)
MR. RUSSERT: We're back.
Jack Kemp, the president has sent his budget to Capitol Hill.

It calls for a targeted capital gains tax cut, a decrease in the growth of Medicare. It looks like Democrats and Republicans can work together and truly balance the budget by the year 2002?
MR. KEMP: Oh, I believe we can work together and I believe we can balance the budget. The growth figures in the president's budget are far too small, and I would hope that the Republican Party sends to the president a tax bill that broadens the tax cut on capital gains and indexes it. Alan Greenspan said it should be eliminated and it would raise revenue throughout the rest of the tax code.
But putting that aside for the moment, indexing, cutting, getting a handle on entitlements, the president's budget, however, was not dead on arrival, but, as Trent Lott, I think, wisely said, it's alive but hardly kicking.
But it's interesting to me that every budget that Ronald Reagan sent to the Congress back in the '80s was dead on arrival to the Democratic Party. The Republicans have wisely said we can work with this president, we can achieve balance, or at least equilibrium, in our budget process, but it's going to take a much stronger growth rate and a handle on the entitlements in order to get it done.
MR. RUSSERT: You're one of the few major Republicans in the country who is against a constitutional amendment to balance the budget. Why?
MR. KEMP: Well, I have never been enamored of putting a budget-balanced amendment into the Constitution. I have felt in the past that it was a trap to raise taxes.
Joe Barton, a congressman from Texas, has a balanced budget amendment that is much closer to the reality of keeping a handle on taxes, which are always raised, unfortunately, in recessions at exactly the wrong time, and he has a tax limitation balanced budget. I would not vote for the Stenholm balanced budget amendment because it clearly is a trap into which I think a future Congress would end up keeping taxes higher or raising taxes in a recession, and that is --plus, there's no enforcement mechanism.
We can balance the budget, and we're going to have to get a handle on entitlements, get tax rates down, and have the economy expand considerably while Alan Greenspan keeps a firm hand on the control of money so we can have sound, honest money and low interest rates for our future.
MR. RUSSERT: Are you concerned that the Democrats are going to be on the floor of the Congress tomorrow saying, ``Hey, let me

quote Jack Kemp on the constitutional balanced budget. He's against it, fellow Republicans"?

MR. KEMP: Well, no, they couldn't say that because clearly the Barton amendment, which is much closer to what Jack Kemp would do and send it to the states for debate, I think it'd be a healthy debate.

But Barton's amendment clearly could be passed, sent to the states for that debate. I certainly would not vote for the Stenholm amendment, because it does not have tax, spending, or borrowing limitations, and it's a recipe for future disaster for this country.

MR. RUSSERT: In the '96 election, Clinton/Gore carried Hispanics two to one over Dole/Kemp. The Republicans are being perceived by some as, quote, ``anti-immigration," and both parties have now provided that legal immigrants -- not illegal, legal immigrants -- no longer be eligible for welfare benefits.

MR. KEMP: That has to be resolved. There are children and disabled Americans who are legal immigrants who, as Giuliani, as Mayor Riordan, and, I think, most Republican governors, as well as Democratic governors, recognize they've got to do something to resolve that debate.

Trent Lott is right, however. We should not reopen the welfare legislation, because it would be abused, in my opinion. But you can resolve the problem of legal immigrants getting necessary care and make sure that there is a safety net under which they should not be allowed to fall without opening that debate and having the Congress run amok.

MR. RUSSERT: Are you concerned that Hispanics and other immigrants in America are beginning to look at the Republican Party in a negative way?

MR. KEMP: Well, immigrants did, too. We lost votes of immigrant Americans who were here legally and, whether they were Asian Americans or Latinos.

I think Father Hesburgh put it best when he said we should close the back door of illegal immigration so we can keep open the front door, the open door, the golden door of lawful immigration, and this administration clearly has not done enough, they're not doing enough, there are five million, according to the latest reports, illegal immigrants. We've got to control our borders. We have a right to do that, but the party has to show that we are the party of the entrepreneurial immigrant spirit that built America, and the way to do it is to do what Trent Lott did and Spencer Abraham has done.

Put Spencer Abraham, who's a thoughtful, positive, inclusive Republican conservative, at the head of the committee that will see how we are going to help resolve this issue here at the end of the 20th century.

MR. RUSSERT: Numerous allegations about the Clinton campaign fundraising machine.

MR. KEMP: It was outrageous.

MR. RUSSERT: Do you believe they won the campaign fairly and squarely?

MR. KEMP: Well, I'm a small-D democrat, and the people spoke

--I won't tell you what Mo Udall said back when he lost, but clearly there were so many shenanigans, so many financial irregularities. It's embarrassing to the president and the White House. There's criminal investigations, and Fred Thompson is

going to hold congressional hearings, and I think fully funding Fred Thompson's hearings is something that both Republicans and Democrats should do so that we can get to the bottom of this and find out what was fair and what was not fair.

But we lost, and our constitutional system gives the president four more years, and now he's got to do something to clean it up, because it is outrageous what's happening in America. It's a very important issue.

MR. RUSSERT: Are you for serious campaign finance reform?

MR. KEMP: Oh, yeah. Oh, yeah. I did not run in '96, at least for president, because of fundraising. There's too much soft money. It should be eliminated, and PAC money from businesses and unions --

MR. RUSSERT: Eliminated.

MR. KEMP: -- in my opinion should be eliminated.

I don't go so far as the McCain amendment, because I don't think that would actually work in practice, but something has to be done to get the soft money and foreign money totally out of American presidential politics and presidential elections.

MR. RUSSERT: Are you concerned that Washington is too awash in scandal, however, with Newt Gingrich and Paula Jones and campaign financing and on and on and on? Does it create an atmosphere with the American people that they say, ``Hey" --

MR. KEMP: There's a lot of poison in the air. My hope is and my belief is that both Lott and Newt Gingrich are going to be able to work with this president, get things done. There'll be investigations that are ongoing, but I think the American people want an end to the poison and a beginning to reforming education, welfare, budget process, entitlements, and, particularly, the reform that means a lot to the American people, get rid of the IRS as we know it. We need tax reform in America so that working class families can get true, permanent tax relief and we can get this economy growing again.

MR. RUSSERT: Now I have some good news for you. Michael Jordan, coming up, will say that he is not going to run for president --

MR. KEMP: (Laughs.) That's lucky.

MR. RUSSERT: -- so one former athlete will not take on another, but Charles Barkley has said he will run for governor of Alabama in the year 2002 as a Republican, most likely.

MR. KEMP: He should. He's an entrepreneur. He's a great athlete and an entrepreneur. He ought to be in the party of Lincoln, and I would love to have Charles Barkley in the Republican Party, and I can't wait to see your roundtable with --

MR. RUSSERT: Kemp/Barkley in 2000?

MR. KEMP: Or Barkley/Kemp.

MR. RUSSERT: Jack Kemp, we thank you for joining us today.

MR. KEMP: Thank you, Tim.

MR. RUSSERT: And Michael Jordan and Charles Barkley will talk about kids and role models and teenage pregnancies --

MR. KEMP: (Inaudible; crosstalk) -- they're great role models themselves, as Roger Staubach and people like John Mackey.
MR. RUSSERT: We thank you very much for joining us, and good luck in your efforts.
MR. KEMP: Thanks, Tim.
END

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

CREATOR: Margaret M. Suntum (SUNTUM_M) (WHO)

CREATION DATE/TIME:11-APR-1997 13:44:33.64

SUBJECT: CORRECTED DATE 04/11/97 Remarks by Pres to ASNE

TO: Mary Ellen Glynn (GLYNN_M) Autoforward to: Remote Addressee (Mary E. Glynn@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Julie E. Mason (MASON_J) Autoforward to: Remote Addressee (Julie E. Mason@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: APRIL K. MELLODY (MELLODY_A) Autoforward to: Remote Addressee (April Mellody@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Darby Stott (STOTT_D) Autoforward to: Remote Addressee (Darby E. Stott@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Margaret M. Suntum (SUNTUM_M) (WHO)
READ:11-APR-1997 13:44:39.55

TO: C. Patricia Cogdell (COGDELL_C) (WHO)
READ:NOT READ

TO: Julia R. Green (GREEN_J) Autoforward to: Remote Addressee (Julia R. Green@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Lorraine McHugh (MCHUGH_L) (WHO)
READ:11-APR-1997 13:45:29.10

TO: Laura D. Schwartz (SCHWARTZ_L) Autoforward to: Remote Addressee (Laura D. Schwartz@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Joshua Silverman (SILVERMAN_J) Autoforward to: Remote Addressee (Joshua Silverman@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Remote Addressee (backup@wilson.ai.mit.edu@INET)
READ:NOT READ

TO: Remote Addressee (wh-outbox-distr@clinton.ai.mit.edu@INET)
READ:NOT READ

TO: Pauline M. Abernathy (ABERNATHY_P) Autoforward to: Remote Addressee (Pauline M.

Abernathy@eop@lngtwy@eopmrx (OPD)
READ:NOT READ

TO: Lori E. Abrams (ABRAMS_L) Autoforward to: Remote Addressee (Lori E. Abrams@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Lori L. Anderson (ANDERSON_L) Autoforward to: Remote Addressee (Lori Anderson@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Brenda M. Anders (ANDERS_B) Autoforward to: Remote Addressee (Brenda M. Anders@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Karen L. Barbuschak (BARBUSCHAK_K) (OA)
READ:11-APR-1997 15:26:20.27

TO: Beverly J. Barnes (BARNES_BJ) Autoforward to: Remote Addressee (Beverly J. Barnes@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Todd A. Bartholow (BARTHOLOW_T) (OA)
READ:NOT READ

TO: David S. Beaubaire (BEAUBAIRE_D) Autoforward to: Remote Addressee (David S. Beaubaire@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Marsha E. Berry (BERRY_ME) Autoforward to: Remote Addressee (Marsha E. Berry@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Antony J. Blinken (BLINKEN_A) (NSC)
READ:16-APR-1997 17:17:05.67

TO: Lanny A. Breuer (BREUER_L) Autoforward to: Remote Addressee (Lanny A. Breuer@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Dennis Burke (BURKE_D) Autoforward to: Remote Addressee (Dennis Burke@eop@lngtwy@eopmrx) (OPD)
READ:NOT READ

TO: Phillip M. Caplan (CAPLAN_P) (WHO)
READ:NOT READ

TO: Laura Capps (CAPPS_L) Autoforward to: Remote Addressee (Laura Capps@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Joseph W. Cerrell (CERREL_J) Autoforward to: Remote Addressee (Joseph W. Cerrell@OVP@EOP@LNGTWY@EOPMRX (VPO)
READ:NOT READ

TO: Steven A. Cohen (COHEN_SA) Autoforward to: Remote Addressee (Steven A.
Cohen@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Michelle Crisci (CRISCI_M) (WHO)
READ:NOT READ

TO: Carolyn Curiel (CURIEL_C) Autoforward to: Remote Addressee (Carolyn
Curiel@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Cutler, Lynn (CUTLER_L) ()
READ:NOT READ

TO: Suzanne E. Dale (DALE_S) Autoforward to: Remote Addressee (Suzanne
Dale@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Lanny Davis (DAVIS_L) Autoforward to: Remote Addressee (Lanny J.
Davis@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Marilyn DiGiacobbe (DIGIACOBBE_M) Autoforward to: Remote Addressee (Marilyn
DiGiacobbe@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: James A. Dorskind (DORSKIND_J) (WHO)
READ:NOT READ

TO: Jennifer D. Dudley (DUDLEY_J) Autoforward to: Remote Addressee (Jennifer D.
Dudley@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Christopher A. Dwan (DWAN_C) Autoforward to: Remote Addressee (Christopher A.
Dwan@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Dorinda A. Salcido (Dorinda A. Salcido@eop@LNGTWY@EOPMRX)
READ:NOT READ

TO: James T. Edmonds (EDMONDS_J) Autoforward to: Remote Addressee (James T.
Edmonds@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Anne M. Edwards (EDWARDS_A) Autoforward to: Remote Addressee (Anne M.
Edwards@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Rahm Emanuel (EMANUEL_R) Autoforward to: Remote Addressee (Rahm
Emanuel@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: James L. Fetig (FETIG_J)

READ:NOT READ

TO: Karen E. Finney (FINNEY_K) Autoforward to: Remote Addressee (Karen E. Finney@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jay K. Footlik (FOOTLIK_J) Autoforward to: Remote Addressee (Jay K. Footlik@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Ben Freeland (FREELAND_B) Autoforward to: Remote Addressee (Ben A. Freeland@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Wayne Fuller (FULLER_W) (OA)
READ:NOT READ

TO: Jeremy M. Gaines (GAINES_J) Autoforward to: Remote Addressee (Jeremy M. Gaines@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Craig Gardenswartz (GARDENSWAR_C) Autoforward to: Remote Addressee (craig gardenswartz@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Michael A. Gill (GILL_M) Autoforward to: Remote Addressee (Michael A. Gill@OVP@EOP@LNGTWY@EOPMRX) (VPO)
READ:NOT READ

TO: Adam W. Goldberg (GOLDBERG_A) Autoforward to: Remote Addressee (Adam W. Goldberg@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jason S. Goldberg (GOLDBERG_JS) Autoforward to: Remote Addressee (Jason S. Goldberg@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Ricardo M. Gonzales (GONZALES_R) Autoforward to: Remote Addressee (Ricardo M. Gonzales@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: John Gribben (GRIBBEN_J) (OMB)
READ:11-APR-1997 14:22:13.54

TO: Donald Goldberg (Goldberg_D) Autoforward to: Remote Addressee (Donald Goldberg@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: LAWRENCE J. HAAS (HAAS_L) (OMB)
READ:12-APR-1997 15:32:00.65

TO: Richard Hayes (HAYES_R) Autoforward to: Remote Addressee (Richard Hayes@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Alexis M. Herman (HERMAN_A) (WHO)
READ:NOT READ

TO: Russell W. Horwitz (HORWITZ_R) Autoforward to: Remote Addressee (Russell W. Horwitz@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Erika Hovland (HOVLAND_E) (WHO)
READ:NOT READ

TO: Thomas D. Janenda (JANENDA_T) Autoforward to: Remote Addressee (Thomas D. Janenda@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Brian J. Johnson (JOHNSON_BJ) Autoforward to: Remote Addressee (Brian J. Johnson@eop@lngtwy@eopmrx) (CEQ)
READ:NOT READ

TO: David T. Johnson (JOHNSON_DT) (NSC)
READ:NOT READ

TO: Wayne C. Johnson (JOHNSON_WC) (OA)
READ:11-APR-1997 13:48:15.55

TO: Michele Jolin (JOLIN_M) (WHO)
READ:NOT READ

TO: James M. Teague (James M. Teague@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: David E. Kalbaugh (KALBAUGH_D) Autoforward to: Remote Addressee (David E. Kalbaugh@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: William R. Kincaid (KINCAID_W) Autoforward to: Remote Addressee (William R. Kincaid@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Angus S. King (KING_A) Autoforward to: Remote Addressee (Angus S. King@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Joshua A. King (KING_J) Autoforward to: Remote Addressee (Joshua A. King@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Nick B. Kirkhorn (KIRKHORN_N) Autoforward to: Remote Addressee (Nicholas B. Kirkhorn@eop@lngtwy@eopmrx (WHO)
READ:NOT READ

TO: Catherine T. Kitchen (KITCHEN_C) Autoforward to: Remote Addressee (Catherine T. Kitchen@eop@lngtwy@eopmrx (WHO)
READ:NOT READ

TO: James Kohlenberger (KOHLEN_J) Autoforward to: Remote Addressee (Jim Kohlenberger@OVP@EOP@LNGTWY@EOPMRX (VPO)
READ:NOT READ

TO: Heidi Kukis (KUKIS_H) Autoforward to: Remote Addressee (Heidi Kukis@OVP@EOP@LNGTWY@EOPMRX) (VPO)
READ:NOT READ

TO: Sara Latham (LATHAM_S) Autoforward to: Remote Addressee (Sara M. Latham@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: G. N. Lattimore (LATTIMORE_G) Autoforward to: Remote Addressee (G N. Lattimore@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Patricia F. Lewis (LEWIS_PF) Autoforward to: Remote Addressee (Patricia F. Lewis@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Cynthia J. Lizik (LIZIK_C) (OA)
READ:14-APR-1997 08:36:04.72

TO: Gordon Li (LI_G) Autoforward to: Remote Addressee (Gordon Li@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Michael D. Malone (MALONE_M) Autoforward to: Remote Addressee (Michael D. Malone@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Laura S. Marcus (MARCUS_LS) Autoforward to: Remote Addressee (Laura S. Marcus@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Doris O. Matsui (MATSUI_D) Autoforward to: Remote Addressee (Doris O. Matsui@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Andrew Mayock (MAYOCK_A) Autoforward to: Remote Addressee (Andrew J. Mayock@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Anne E. McGuire (MCGUIRE_A) Autoforward to: Remote Addressee (Anne E. McGuire@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Cheryl D. Mills (MILLS_C) Autoforward to: Remote Addressee (Cheryl D. Mills@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Julia Moffett (MOFFETT_J) (WHO)
READ:NOT READ

TO: Megan C. Moloney (MOLONEY_M) Autoforward to: Remote Addressee (Megan C. Moloney@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Elizabeth A. Montoya (MONTOYA_E) Autoforward to: Remote Addressee (Elizabeth A. Montoya@eop@lngtwy@eopmrx (WHO)
READ:NOT READ

TO: Kevin Moran (MORAN_K1) Autoforward to: Remote Addressee (Kevin Moran@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jonathan Murchinson (MURCHINSON_J) Autoforward to: Remote Addressee (Jonathan Murchinson@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Steven J. Naplan (NAPLAN_S) (NSC)
READ:11-APR-1997 15:18:17.19

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

TO: Carol Parmelee (PARMELEE_C) Autoforward to: Remote Addressee (Carole A. Parmelee@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Sally P. Paxton (PAXTON_S) Autoforward to: Remote Addressee (Sally P. Paxton@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jonathan M. Prince (PRINCE_J) Autoforward to: Remote Addressee (Jonathan Prince@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Peter O'Keefe (Peter O'Keefe@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Brian A. Reich (REICH_B) Autoforward to: Remote Addressee (Brian A. Reich@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Renee C. Riley (RILEY_R) (OA)
READ:NOT READ

TO: Virginia N. Rustique (RUSTIQUE_V) Autoforward to: Remote Addressee (Virginia N. Rustique@eop@lngtwy@eopmrx (WHO)
READ:NOT READ

TO: Thomas B. Samburg (SAMBURG_T) (OA)
READ:NOT READ

TO: Victoria L. Schaefer (SCHAEFER_V) (OMB)

READ:11-APR-1997 14:12:28.40

TO: Stuart Schear (SCHEAR_S) Autoforward to: Remote Addressee (Stuart Schear@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Jill A. Schuker (SCHUKER_J) Autoforward to: Steven J. Naplan (NAPLAN_S) (NSC)
READ:11-APR-1997 15:18:17.19

TO: Douglas S. Sheorn (SHEORN_D) Autoforward to: Remote Addressee (Douglas S. Sheorn@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Susan P. Shepard (SHEPARD_S) (OA)
READ:11-APR-1997 13:50:19.77

TO: David Shipley (SHIPLEY_D) Autoforward to: Remote Addressee (David Shipley@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

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

TO: Brian D. Smith (SMITH_B2) Autoforward to: Remote Addressee (Brian D. Smith@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Brian D. Smith (SMITH_BD) (OMB)
READ:NOT READ

TO: Craig T. Smith (SMITH_CT) Autoforward to: Remote Addressee (Craig T. Smith@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Richard Socarides (SOCARIDES_R) Autoforward to: Remote Addressee (Richard Socarides@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Douglas B. Sosnik (SOSNIK_D) Autoforward to: Remote Addressee (Douglas B. Sosnik@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Todd Stern (STERN_T) Autoforward to: Remote Addressee (Todd Stern@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Diane A. Stumpf (STUMPF_D) (DON)
READ:15-APR-1997 11:06:09.49

TO: Mike Sullivan (SULLIVAN_M) (WHO)
READ:11-APR-1997 15:26:17.91

TO: Sylvia M. Mathews (Sylvia M. Mathews@eop@LNGTWY@EOPMRX)

READ:NOT READ

TO: Lisa Jordan Tamagni (TAMAGNI_L) Autoforward to: Remote Addressee (Lisa Tamagni@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Virginia M. Terzano (TERZAN_V) Autoforward to: Remote Addressee (Virginia M. Terzano@ovp@eop@lngtwy@eopm (VPO)
READ:NOT READ

TO: Terri I. Tingen (TINGEN_T) Autoforward to: Remote Addressee (terri tingen@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Barry J. Toiv (TOIV_B) Autoforward to: Remote Addressee (Barry J. Toiv@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Jodie R. Torkelson (TORKELSON_J) Autoforward to: Remote Addressee (Jodie R. Torkelson@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: June G. Turner (TURNER_J) Autoforward to: Remote Addressee (June G. Turner@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Dag Vega (VEGA_D) (WHO)
READ:NOT READ

TO: Lorraine A. Voles (VOLES_L) Autoforward to: Remote Addressee (Lorraine A. Voles@ovp@eop@lngtwy@eopmrx (VPO)
READ:NOT READ

TO: Michael Waldman (WALDMAN_M) Autoforward to: Remote Addressee (Michael Waldman@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Angelina Walker (WALKER_L) Autoforward to: Remote Addressee (Angelina Walker@ovp@eop@lngtwy@eopmrx) (VPO)
READ:NOT READ

TO: Robert S. Weiner (WEINER_R) (DON)
READ:NOT READ

TO: Teresa Wildman (WILDMAN_T) Autoforward to: Remote Addressee (Teresa Wildman@eop@lngtwy@eopmrx) (WHO)
READ:NOT READ

TO: Natalie S. Wozniak (WOZNIAK_N) (NSC)
READ:11-APR-1997 14:47:50.23

TO: Remote Addressee (usia01@access.digex.com@INET)
READ:NOT READ

TO: Remote Addressee (1=US@2=WESTERN UNION@3=@5=ATT.COM@*ELN\62955104@MRX@EOPMRX)
READ:NOT READ

TO: Remote Addressee (62955104@eln.attmail.com@INET)
READ:NOT READ

TO: Remote Addressee (73030.21@compuserve.com@INET)
READ:NOT READ

TO: Manager Infomgt (INFOMGT) (SYS)
READ:NOT READ

TO: Remote Addressee (newsdesk@usnewswire.com@INET)
READ:NOT READ

TO: Remote Addressee (usnwire@access.digex.com@INET)
READ:NOT READ

TEXT:
PRINTER FONT 10_POINT_COURIER
BOTTOM ODD
MORE #332 - 3/26/97

PRINTER FONT 12_POINT_COURIER
THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release April 11, 1997

REMARKS BY THE PRESIDENT TO THE ANNUAL MEETING
THE AMERICAN SOCIETY OF NEWSPAPER EDITORS

J.W. Marriott Hotel
Washington, D.C.

12:17 P.M. EDT

THE PRESIDENT: Thank you very much. And, thank you, Bob, for reminding me of my best line from the speech last night. (Laughter.) George Bush got the last laugh. (Laughter.) Twelve thousand feet, not a scratch. I fell six inches, I'm hobbled for six months. (Laughter.)

I'm delighted to be here. I want to thank you for having me and congratulate this year's writing award winners. I missed last year and I'm sorry I couldn't come, but the Vice President told me all about it. And because he came here, I had to listen one more time and look one more time at all those pictures from his days as a long

-haired reporter for the National Tennessean.

(Laughter.)

This is what it's really like. I don't mind learning about global warming and high technology and everything, but I had to learn all about the newspaper business all over again. I hear that speech about once every three months from him. (Laughter.)

You know, times have changed remarkably since Will Rogers said, "All I know is what I see in the papers." Today, we live in a world with 500 channels, literally hundreds of thousands of web sites exploding all the time. We're trying to develop the Internet, too. But, still, the role that you play in informing and educating Americans and in helping them to make the right kind of choices is terribly important.

I want to talk today about one of those choices that will have a profound effect on all of our lives and the lives of our children in the next century, and that is the choices we must make to sustain America's leadership in the world.

Four years ago I came into office determined to renew our strength and prosperity here at home. But I also believe that in the global society of the 21st century, the dividing line between foreign and domestic policy was increasingly an artificial distinction. After all, our national security depends on strong families, safe streets, and world

-class education. And our success at home clearly depends on our strength and willingness and our ability to lead abroad.

The conviction that America must be strong and involved in the world has really been the bedrock of our foreign policy for the last 50 years. After World War II, a generation of farsighted BOTTOM EVEN
MORE #332 - 3/26/97
leaders forged NATO, which has given us a half century of security and played a strong role in ending the Cold War. They built the United Nations so that a hard

-won peace would not be lost. They launched the Marshall Plan to rebuild a Europe ravaged by war. They created the World Bank and other international financial institutions

BOTTOM EVEN
MORE
to pave the way for unprecedented prosperity for American people and others around the world. They did this throughout a half century, Republicans and Democrats together, united in bipartisan support for the American leadership that has been essential to the strength and security of the American people for half a century now.

Now we stand at the dawn of a new century and a new millennium -- another moment to be farsighted, another moment to guarantee America another 50 years of security and prosperity. We've largely swept away the blocks and barriers that once divided whole continents. But as borders become more open and the flow of information, technology, money, trade, and people across the borders are larger and more rapid, the line between domestic and foreign policy continues to blur.

And we can only preserve our security and our well

-being
at home by being strongly involved in the world beyond our borders. From fighting terrorism and drug trafficking, to limiting the proliferation of weapons of mass destruction, to protecting the global environment, we stand to gain from working with other nations, and we will surely lose if we fail to do so.

Just as American leaders of both political parties did 50 years ago, we have to come together to take new initiatives and revitalize and reform old structures so that we can prepare our country to succeed and win and make the world a better place in this new era.

You know, it is commonplace to say that since the end of the Cold War, America stands alone as the world's only superpower. That is clearly true, but it can be dangerously misleading because our power can only be used if we are willing to become even more involved with others all around the world in an increasingly interdependent world.

We must be willing to shape this interdependent world and to embrace its interdependence, including our interdependence on others. There is no illusory Olympus on which the world's only superpower can sit and expect to preserve its position, much less enhance it.

In my State of the Union address, I set out six key strategic objectives for America's prosperity, security, and democratic values in the 21st century. First, a Europe that is undivided, democratic, and at peace for the first time in its history. Second, strong and stable relations between the United States and Asia. Third, our willing continuation of America's leadership as the world's most important force for peace. Fourth, the creation of more jobs and opportunity for our people through a more open and competitive trading system that also helps others all around the world. Fifth, increasing cooperation in confronting new security threats that defy borders and unilateral solutions. And, sixth, the provision of the tools necessary to meet these challenges, from maintaining the world's strongest, most modern and most adaptable military, to maintaining a strong, fully funded, and comprehensive diplomacy.

On that last point, let me just point out that Secretary Albright often says that our whole diplomatic budget is only about one percent of the budget. We devote less of our resources to that than any other major country in the world and, yet, about half of America's legacy will be determined by whether we have the adequate resources to do that.

That's a very important thing, because I think most of
your readers don't know that. They think we spend more and get less out of our foreign policy investments when, in fact, we spend less and get more than almost any other area of public endeavor.

BOTTOM ODD
MORE

TOP ODD
- \p -

BOTTOM ODD
MORE

Each of these six goals is vital to realizing the
promise of our time and to guarding against its perils. Together, they provide a blueprint for our future, not just for the next four years but for the next half

-century.

In the next three months we'll face critical choices
that will determine whether we have the vision and will to pursue these objectives. We have to seize the opportunity to complete the mission America set out on 50 years ago and to push forward on the mission of the next 50 years.

We will begin by strengthening the foundation for
security and prosperity in our own hemisphere. In the first of my three trips to the Americas over the next year, I will meet with our closest neighbors in Mexico, Central America, and the Caribbean to help our democracies and economies grow together and to intensify our shared fight against crime, drugs, illegal immigration, and pollution.

Just before the 50th anniversary of the Marshall Plan, I
will hold a summit with the European Union to affirm our transatlantic ties even as we expand our global partnership.

I will host the world's leading industrial democracies
at what we used to call the G

-7 but now call the Summit of the Eight
in Denver, which will give us an opportunity to deepen our cooperation with Russia for peace and freedom and prosperity.

At the NATO summit in Madrid this July, we will continue
to adapt NATO to the demands of a new era and invite the first, but not the last new members to join history's most successful alliance.

And I will continue America's efforts to bring the
parties together at this very difficult moment for peace in the Middle East.

Like the larger agenda they support, each of these initiatives calls for American leadership that is strong and steadfast. The powerful trend toward democracy and free markets is neither inevitable nor irreversible. Sustaining it will take relentless effort. But leadership brings its rewards. The more America leads, the more willing others will be to share the risks and the responsibilities of forging the future we want.

In the last four years, we have seen that over and over again. We've seen it in Bosnia. We've seen it in Haiti. We've seen it in the Summit of the Americas and in the APEC Leaders Forum, where we have agreed with our partners to build a free and open trading system early in the next century.

Our leadership also faces two other pressing tests now and in the coming months: first, immediately ratifying the Chemical Weapons Convention; and then, giving the United States the means we need to continue our growth by making trade more open and fair in the global economy.

Let me deal with the first issue. For the last 50 years, Americans have lived under the hair

-trigger threat of mass
destruction. Our leadership has been essential to lifting that global peril, thanks in large measure to the efforts of my predecessors, and during the last four years also when we have remarkable progress.

The collapse of the Soviet Union left 3,400 nuclear warheads in Ukraine, Kazakhstan and Belarus. Today, there are none. North Korea was accumulating material for nuclear weapons when I became President. Now its nuclear program is frozen, under TOP EVEN
- \p -

BOTTOM EVEN
MORE
international supervision, and eventually will be dismantled.

We helped to win the indefinite extension of the Nuclear Nonproliferation Treaty, a powerful global barrier to the spread of nuclear weapons and their technology. We led in concluding the Comprehensive Test Ban Treaty, which will bring to life a decades

-old
dream of ending nuclear weapons testing.

President Yeltsin and I agreed in Helsinki to a roadmap through the START treaties to cut our nuclear arsenals over the next decade by 80 percent from their Cold War peaks, and actually to destroy the warheads so they can never be used for destructive ends.

Now America must rise to the challenge of ratifying the Chemical Weapons Convention, and doing it before it takes effect on

April 29th, less than three weeks from today.

This century opened with the horror of chemical warfare in the trenches of World War I. Today, at the dawn of a new century, we have the opportunity to forge a widening international commitment to begin banishing poison gas from the earth, even as we know it remains a grave, grave threat in the hands of rogue states or terrorist groups.

The Chemical Weapons Convention requires other nations to do what we decided to do more than a decade ago -- get rid of all chemical weapons. In other words, the treaty is about other nations destroying their chemical weapons. As they do so and renounce the development, production, acquisition, or use of chemical arms, and pledge not to help others acquire them or produce them, our troops will be less likely to face one of the battlefields most lethal threats. As stockpiles are eliminated and the transfer of dangerous chemicals is controlled, rogue states and terrorists will have a harder time getting the ingredients for weapons. And that will protect not only military forces, but also innocent civilians.

By giving us new tools for verification, enabling us to tap a global network for intelligence and information, and strengthening our own law enforcement, the treaty will make it easier for us to prevent and to punish those who seek to violate its rules.

The Chemical Weapons Convention reflects the best of American bipartisanship -- negotiated under President Reagan and President Bush, supported by a broad and growing number of Americans, including every chairman of the Joint Chiefs of Staff since the Carter administration. Last week at the White House, I was proud to welcome a remarkable cross

-section of these supporters, including former Secretary of State James Baker, General Colin Powell, other military leaders, legislators, arms control experts and representatives from small and large businesses, religious groups, and scientists.

I urge the Senate to do what is right and ratify this convention. If we fail to do it, we won't be there to enforce a treaty that we helped to write, leaving our military and our people more vulnerable to a silent and sudden killer. We will put ourselves in the same column with rogue nations like Libya and Iraq that reject this treaty, instead of in the company of those that set the norms for civilized behavior in this world. We will subject our chemical companies, among our leading exporters, to severe trade restrictions that could cost them hundreds of millions of dollars in sales, and cost many Americans good jobs. And perhaps most important, we will send a clear signal of retreat to the rest of the world at the very time when we ought to be sending the opposite signal.

America has led the effort to establish an international ban against chemical weapons. Now we have to ratify it and remain on the right side of history. If we do, there will be new momentum and moral authority to our leadership in reducing even more the dangers of weapons of mass destruction.

Within my lifetime we've made enormous strides. Stepping back from the nuclear precipice, from the bleak time of fallout shelters and air raid drills. But we have so much more to do. We have to strengthen the world's ability to stop the use of deadly diseases as biological weapons of war. We have to freeze the production of raw materials used for nuclear bombs. We must give greater bite to the global watchdogs responsible for detecting hidden weapons systems and programs. Continuing this progress demands constant work, nonstop vigilance, and American leadership.

There is a second matter that demands bipartisan cooperation in the coming months. For 50 years, our nation has led the world not only in building security but in promoting global prosperity. Now we have to choose whether to continue to shape the international economy so that it works for all our people, or to shrink from its challenges. The rapidly growing and ever

-changing
global economy is an inescapable fact of our time. In the last 50 years, global trade has increased ninety

-fold. Over the next decade,
it is expected to grow at three times the rate of the American economy. Nations once divided by great gulfs of geography and military rivalry are now linked by surging currents of commerce.

Now, the world marketplace does pose stiff challenges. But it offers us great opportunity. In each of the last three years, the United States has been ranked the world's most competitive economy. Our exports have surged to record levels, our budget deficit is now the smallest as a share of national income of any major economy in the world, basic industries have revived, our auto industry is number one in the world again for the first time since the 1970s. From semiconductors to biotech, to Hollywood, American firms lead the industries that are remaking the world. Our economy produced 11.5 million jobs in the last four years for the first time ever. Our unemployment today is 5.2 percent; that's 1.5 percent lower than the 25

-year average before I took office.

We can make the most of this new economic era. We do not need to be afraid of global trade. But in a world where we have only 4 percent of the population and where the fastest

-growing
markets for our products and services are Asia and Latin America, where export

-related jobs pay 13 percent to 16 percent more than other American jobs, we don't have a choice; we have to export.

To do that, we have to have higher skills, stronger productivity, deeper investment. That's why we have to balance the budget -- to keep our interest rates down, our investment up, and to keep the economy going.

We have to give our people the best education in the world. That's why we need the new national school standards. We must open the doors of college to all. We ought to pass the G.I. Bill for America's workers I've proposed that would give every unemployed and underemployed person a skills grant to use and get into training that he or she needs.

We must continue to expand research and development in both the public and private sectors. And in every opportunity, we have to press forward for more open international trade.

Our administration has concluded more than 200 separate trade agreements, each of which opens someone else's markets wider to American business. We fought for NAFTA, which created the free market with our neighbors, and today, in spite of its economic crisis, our exports to Mexico are up 37 percent over pre

-NAFTA
levels. We broke seven years of global gridlock and successfully negotiated the new round of GATT, which has lowered average tariffs on Americans goods around the world by one

-third. We have broken
down barriers and boosted exports to Japan -- up 41 percent since 1993 and 85 percent in the areas where we have negotiated specific trade agreements.

This is a record to build on, not to rest on. When the momentum for open market falters, the world can easily slide backward. And when America falters, our relative position will certainly slide backward. It is unacceptable for us to sit on the sidelines while other nations forge bonds of trade. Only American leadership can create the prosperity for our people and for the world in the next 50 years. And America cannot lead if we don't act.

And here's what the issue is: Every American President since 1974 -- Democrat and Republican alike -- has had the authority to negotiate new trade agreements, called fast

-track negotiating
authority, which permits the agreement to be presented in a package to the Congress to be approved up or down. Every time this has been extended with the support of members of Congress of both parties. That is how we have exercised our must fundamental economic leadership. That authority has expired, and today, I renew my call to Congress to give me the authority to negotiate new trade agreements that will create opportunities for our workers and our businesses in the global economy and will maintain our leadership in creating the kind of world we want the young people who are here in this audience to live in.

We have seen in the past six months what a strong trade agreement can do for our people and our businesses. The information technology agreement that we reached with 37 other nations in December will eliminate tariffs and unshackle trade on $500 billion of trade in computers, semiconductors, and telecommunications. This amounts to a $5 billion cut in tariffs on American products exported to other nations. It can lead to hundreds of thousands of high

-wage
jobs for Americans.

Now if Congress grants fast track authority, I can use it to open trade in areas where American firms are leading and where our future lies. We lead the world in high technology. In years to come, we must press to tear down barriers that keep that technology -- products like computer software, medical equipment, environmental technology out of other markets.

We lead the world in agricultural exports. We have to negotiate trade agreements to open even more markets. We will negotiate a comprehensive free trade agreement with Chile and follow through on our leadership to determine the future of trade in our own hemisphere with our own neighbors, all of whom but one are democracies. And we have to keep them that way and keep them strong.

We will press aggressively to open markets in Asia as well. We must also continue to open opportunities in the world's newest market economies. In particular, I urge Congress to support my new partnership for freedom, to expand trade and investment, entrench free markets in democracy, and promote stability in Russia and the new independent states.

If we don't seize these opportunities, our competitors surely will. Let me just give you one example. Last year, for the first time ever, Latin American nations had more trade with Europe than the United States. There is no reason to think that others will wait while we sit idle.

These nations in Latin America especially are our friends; they're our partners. They have done an enormously important thing in moving to freedom and democracy in the last few years -- all over Central and South America. We dare not let this opportunity pass us by.

I am determined that the new trade agreements we seek will be good for our working people. After all, we've got 11.5 million more jobs and 5.2 percent unemployment. We know we can make it good for the American people. And I am determined that they will be good for the environment. More and more, in the future, we will see nations negotiating environmental partnerships for the sake of their economies and the stability of their society and the future of their children.

I have asked the United States Trade Representative, Charlene Barshefsky, to work with members of Congress of both parties, with labor and business and environmental groups to try to reach consensus on these issues. But let me be clear: There is one consensus we cannot avoid. We cannot shrink from the challenges of leadership in the global economy.

Trade and communications are remaking our world. They're bringing it closer together, they're bringing a revolution in global trade -- because in the long run, we know that it's going to happen, we ought to lead it. We have to lead it. And if we do, it will increase our buying power and expand our exports. American workers and businesses, given the chance, can outcompete anyone, and I hope Congress will help me let them do just that.

The larger question we face is as old as America -- whether to turn inward or reach outward, whether to fear change embrace it. Over the past 50 years, over the past four years, I believe we've made the choices that have served America well.

Now we face another moment of choice. While we no longer face a single implacable foe, the enemy of our time is inaction. It is so easy to be inactive when things seem to be going well and so easy to believe a new choice will cause more trouble than it will do good. But we did not get where we are today by being inactive or by sitting on the sidelines. The decisions we make in the next few months will set America's course in the world for the next 50 years. We have to make them together, and they must be the right ones.

Thank you very much. (Applause.)

Q Mr. President, the Commission on Protection and Reduction of Government Secrecy -- the Moynihan Commission -- said last month that 3 million people have the authority to classify government secrets at a cost of more than $5.5 billion a year. The commission called this a form of government regulation not controlled by statute as is all regulatory power. And it said it should be subject to the same guidelines and oversight as other regulation. To provide a check on unrestrained discretion in creating secrets, the commission recommended a law to codify the principles as to what can be classified and what should not be classified and for how long it should be classified, and to create a national declassification center to provide annual reports on the progress in declassifying government records, and to require the President to set procedures and provide the resources for declassifying information.

Will you support enactment of such a law? If not, why not? If so, how hard will you push for it?

THE PRESIDENT: Well, first of all, let me say, the short answer to your question is: I think there has to be -- we have to do something about it to respond to the commission's report and to respond to the fact that there are too many people who can make too many things classified in the government. And we are reviewing the report. We have also started conversations with members of Congress about it. And I'm -- we're attempting to fashion what we think is the appropriate response. But let me remind you that I believe that we ought to unearth more documents and not keep so many secrets for so long.

I've worked very hard to open up documents since I've been President. We did it with the human radiation experiments. We have conducted a relentless effort to find out what really happened in the Gulf War, in terms of whether our people were or were not and to what extent exposed to dangerous chemicals. And in any number of other ways, I support the general thrust of the commission's report.

I have asked my staff to study it. I have not received a specific recommendation on the specific points in the report, but generally I think there is too much secrecy in the government and I think too many people have too much unfettered discretion just to declare documents secret, and I think that you will see some significant progress coming out of this.

Q Mr. President, my county of 70,000 people is at risk from 7 percent of the nation's stockpile of aging chemical weapons, the nerve agents it's referred to. We don't have the highways to evacuate -- we need to; we don't have the civil defense infrastructure. The disposal plan is behind the time line.

Two questions. As a political matter, wouldn't it make sense to bring even more intensive scrutiny to these sites? There are eight sites scattered across the country; our whole nation is at risk from the downside of the old chemical warfare. And as a moral matter, doesn't it make sense for your administration to step up the disposal and make sure that the highway infrastructure is in place for escape routes and civil defense?

THE PRESIDENT: You've asked me a question no one's ever asked me before, but I can tell you the answer to the first question is, does it make more sense to bring more attention to the country about it -- the answer to that is yes -- if, for no other reason, not just because of what your people may be exposed to, but because one of the reasons we decided to destroy all this before I ever came along -- my predecessors made that decision, it was the right one -

-is that you don't want even small amounts of these kinds of chemicals in the wrong hands -- can be used for very bad things.

And let me also say -- now, on the second question, I will have to go back and see what the facts are and see what we can do to accelerate it. I don't know enough now to give you a sensible answer, but you've asked a good question and I will get an answer and I'll get back to you. And let me just make one other point on this. Some of the opponents of the Chemical Weapons Convention say, well, you know, you can't protect everybody against everything. Well, if that were the standard, we'd never have any treaties and we wouldn't pass any laws.

You know, still, some people may be able to cook up chemical weapons in laboratories in their garages. But if you look at what happened to the Japanese people, for example, when the extremist sect unleashed the sarin gas in the Tokyo subway, it was a devastating thing.

Now, maybe they could or could not do that once the chemical weapons regime is fully in force and we have much tighter restrictions on what can cross national lines. But one thing we know for sure: Japan has already ratified this treaty because they have suffered through this and they know even if somebody who has got a half

-cocked idea and a home

-baked laboratory can go out and do something terrible like this, there will be fewer incidents like this if we pass the Chemical Weapons Convention.

And I think it's very interesting -- a lot of the objections that have been raised to this convention in America were totally dismissed out of hand in Japan, a country that has genuinely suffered from chemicals like this in the hands of terrorists. But that goes back to the question the gentleman from Alabama asked and it's one of the reasons we want to destroy our stockpiles as quickly as possible, because, in addition to the risks that people in the area are exposed to, we want to minimize the chances that anybody ever can get their hands on any of this for mischievous, evil purposes.

Q Mr. President, some opponents of the Chemical Weapons Convention are arguing that, indeed, it would let the fox into the henhouse; that is to say, a country, perhaps Iran, a signatory, would gain access to our development techniques for making chemical weapons, which are relatively simple, but more importantly, to those regarding defenses against chemical weapons in the fields. What is your response to that argument? And are you in any position to negotiate a change of any sort in the document if that were necessary to get the votes for ratification?

THE PRESIDENT: Well, first of all, it is -- let me answer the second question first, and then I'll go back. In general, obviously no one country can change the body of a treaty which has already been ratified by other countries; we can't do that, and lots of other countries have ratified it.

But every country is empowered to, in effect, attach a set of understandings as to what the treaty means, and as long as they're not plainly inconsistent with the thrust of the document and don't vitiate it, they can go forward. And one of the things we've been doing with a lot of the opponents and the skeptics of the treaty -- Senator Helms, for example, and others raised, I think, 30 different questions in the beginning, and we have reached agreement, I believe, in 20 of those 30 areas, and we've offered alternatives that we believe are reasonable in the other areas.

Let me just say for those of you who may not understand this, Iran is a signatory of the -- they have ratified the Chemical Weapons Convention. Iraq and Libya have not and will not. The concern is that if a country is attacked by chemical weapons and they are part of the treaty, that all the rest of us have pledged to do something to help them. And the concern would be -- well, what if Iran is attacked by Iraq and the United States and Germany, for example, give them a lot of sophisticated defense technology on chemical weapons and they turn around and use the chemical weapons against someone else. In other words, if they turned out to have lied about their promise in the treaty. That's the argument.

We have made it clear that, as regards other countries, we will not do anything to give them our technology -- not Iran, not anybody -- and that what our response will be -- will be limited to helping them deal with the health effects of the attack. We will help people in medical ways and with other things having to do with the health consequences.

So I believe that the compromise we have reached on that, once it becomes fully public and the language is dealt with, will be acceptable to at least most of those who have opposed the treaty on that ground.

Q Mr. President, we seem to be following a policy in Asia with communist countries like China and Vietnam of engagement and trade. Even with North Korea now, we seem to be on the verge of a breakthrough there -- possibly some aid because they're suffering famine. And I wonder, though, when we turn to our own hemisphere, we seem to follow a policy of embargo against -- we don't seem to, we are -- following a policy of embargo against Castro's Cuba. And I wonder, why is there an apparent difference in approach, and whether trying to open Cuba up for active trade wouldn't be in line with the kind of opening of market policies that you were suggesting a little while ago?

THE PRESIDENT: Well, I think, first of all, as a practical matter, with each of these countries, we do what we think is in our interest and what is most likely to further our interest.

Secondly, the other three countries you have mentioned have not murdered any Americans lately. We had a law that I strongly supported -- the Cuba Democracy Act. I strongly supported it. I thought it was absolutely the right policy. It strengthened the economic embargo but also gave us a chance to open up relations to Cuba and to take care of humanitarian problems, to facilitate travel, to do all kinds of things. And we were implementing that law. It gave the Executive requisite flexibility.

And in return for the Cuba Democracy Act, the Castro government illegally shot down two planes and murdered Americans. And so we changed our policy. Congress was outraged. They passed the Helms

-Burton law, and I signed it regretfully, but not reluctantly. And our policy toward Cuba, therefore today, is one that was dictated by Cuba, not by the United States. And until I see some indication of willingness to change, it's going to be very difficult to persuade me to change our policy. And I would have a different attitude toward China or Vietnam or North Korea if they murdered any Americans. And I would hope you would want me to have a different attitude toward them if they did.

Q Mr. President, my son, Cody, is here with me today and he's 11 years old, and his 5th grade class will be voting first in the presidential elections of 2004. I wonder if you could share with us a little bit of what you hope your legacy will be for him and his class, since you will be just leaving office then, and also what advice and suggestions you might give Cody's class and the other young people of America on what they can do now to prepare themselves to be productive citizens in the early next century.

THE PRESIDENT: Let me answer the second question first. I think the following things I would recommend to the 5th graders to prepare themselves for the 21st century. Number one, first and foremost, be a good student. Learn all you can. Learn the hard things as well as those that aren't hard for you. And stay out of trouble. Don't do something dumb, like get involved with drugs or alcohol or something that will wreck your life. Learn. Be a good student.

Secondly, get to know people who are your age but who are different from you, people of a different racial or ethnic group, people of a different religion. Because you're going to live in the most multi

-ethnic, multi

-racial, multi

-religious democracy in human history. And how we handle that will determine whether the 21st century is also an American century. Still somewhat of an open question, although I'm encouraged about it.

The third thing I would say is, learn as much as you can about the rest of the world, because it will be a smaller world and you will need to know more about it.

And the fourth thing I would say is, start to take the responsibilities of citizenship seriously and find some way -- even at the age of ten -- to be of service in your community, whether it's helping some student in your school that's not learning as well as he or she should or doing something on the weekends to help people who are unfortunate. I think that we need to build an ethic of citizen service into our young people.

Those are the four things I would advise him to do.

In terms of what I hope the legacy will be -- I hope people will look back on this period and say that while I was President, we prepared America for the 21st century basically in three ways: that we preserved the American Dream of opportunity for everybody who is willing to work for it; number two, that we preserved America's leadership for peace and freedom and prosperity in the world, and the world is a better place because of it; and number three, that Americans are living in greater harmony with one another as one America because we passionately advocated a respect for people's differences and respect for our shared values, and we made real progress in overcoming these divides and extremist hatreds that have not only weakened our democracy but are virtually destroying countries all around the world.

Or in a more pedestrian way, I hope at least people will say, well, after Bill Clinton was President, at least we had a new set of problems to deal with. (Laughter.)

In 1983, I was in Portland, Maine, at a governors conference. And the former Senator and former Secretary of State, Edmund Muskie, who recently passed away -- a remarkable man -- was there. And we were having a visit and he said, you know, I loved being a governor. In some ways I liked it even more than being a Senator of Secretary of State; I liked running something.

And I said, how did you keep score, Senator Muskie; how did you know whether you had succeeded or not? He said, I knew I had succeeded if my successor had a new set of problems. (Laughter.) And you think about it, we will always have problems; it's endemic to the human condition and to the nature of life. The way you define progress is if you get a new set of problems, and if you get over it.

And particularly on feel on this whole issue of how we deal with our racial diversity. It's something, of course, that's dominated my whole life because I grew up as a southerner. But it's a very different issue now. It's more than black Americans and white Americans. The majority of students in the Los Angeles County schools are Hispanic. And there are four school districts in America -- four -- where there are children who have more than 100 different racial, ethnic, or linguistic backgrounds within the school districts already.

So this is a big deal. And every issue that we debate, whether it's affirmative action or immigration or things that seem only peripherally involved in this, need to be viewed through the prism of how we can preserve one America, the American Dream, our shared values, and still accord people real respect and appreciation for their independent heritages. It will be a great, great challenge. It's a challenge that, by the way, I think the newspapers of the country can do a lot to help promote in terms of advancing dialogue, diversifying your own staffs, doing the things that will help America to come to grips with what it means not to be a country with a legacy of slavery and the differences between blacks and whites, but to have grafted on to that not only the immigration patterns of the early 20th century but what is happening to us now.

It is really potentially a great thing for America that we are becoming so multi

-ethnic at the time the world is becoming so closely tied together. But it's also potentially a powder keg of problems and heartbreak and division and loss. And how we handle it will determine, really -- that single question may be the biggest determinant of what we look like 50 years from now and what our position in the world is and what the children of that age will have to look forward to.

Q Mr. President, our region has been devastated by job losses, mainly because of downsizing in the military. Could you speak to the people of the Mohawk Valley, and perhaps other

TOP ODD
- \p -

BOTTOM ALL
communities like ours, on how your trade policies will help revive our stagnant economy and revive our spirits?

THE PRESIDENT: Well, let's talk about the downsizing of the military and the trade policy. The trade policy alone won't necessarily revive a place with a stagnant economy, because very often the trade policy increases jobs in the places that are already doing well -- because success will build on success. So the only way it can help is if the people in the Mohawk Valley can identify companies that are going to have to expand because of expanding trade and try to get the expansions to locate there.

But what I think is important -- and I believe the United States, first of all, has an extra obligation to communities that have been adversely affected by military downsizing. And we have worked very hard to accelerate the rate at which we work with communities that have had military downsizing, to give them back the resources that they can use to rebuild their communities. In many places we've had a lot of success; in some places we haven't.

Secondly, I think it's important that in areas like yours the United States gives greater economic incentives for new investment to diversify the economy. One of the things that I have asked the Congress to do in my balanced budget plan is to more than double the number of empowerment zones and enterprise communities from the numbers we have now in the new plan, so we can give real incentives for people to invest their money and to create good, stable, long

-term jobs in areas with high unemployment rates.

If there's anything else you can think of I can do, I'll be happy to do it. If there's anything we should have done in the defense downsizing to benefit your area that we haven't done, I'll be happy to look into that. But I think the main thing we have to do at the national level is to keep the economy strong and then to create extra incentives for people -- like people we're trying to move from welfare to work where I proposed some special incentives -- or for places with high unemployment rates, so that we can more uniformly spread economic opportunity.

When you see that America has a 5.2 percent unemployment rate, that's very misleading. We have a lot of states with unemployment rates below 4 percent now. We have within states a lot of communities with unemployment rates below 5.2 percent. But we still have places with unemployment rates of 7, 8, 9, 10, 12 percent. And so the trick is to create the economic incentives that will even out the investment patterns. And that's what I'm trying to do. And if you can think of anything specific I can do to help you, I hope you'll feel free to contact me and let me know.

Thank you very much. (Applause.)

END 1:03 P.M. EDT

ARMS Email System
RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: Dag_Vega@oa.eop.gov (Dag_Vega@oa.eop.gov [UNKNOWN])

CREATION DATE/TIME:21-APR-1997 08:50:29.00

SUBJECT: CBS: Face The Nation, 4/20/97

TO: Beverly_J._Barnes@oa.eop.gov (Beverly_J._Barnes@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Jordan_Tamagni@oa.eop.gov (Jordan_Tamagni@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Joseph_P._Lockhart@oa.eop.gov (Joseph_P._Lockhart@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Jonathan_Murchinson@oa.eop.gov (Jonathan_Murchinson@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Brenda_M._Anders@oa.eop.gov (Brenda_M._Anders@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: VOLES_L@a1.eop.gov (VOLES_L@a1.eop.gov [UNKNOWN]) (VPO)
READ:UNKNOWN

TO: TERZAN_V@a1.eop.gov (TERZAN_V@a1.eop.gov [UNKNOWN]) (VPO)
READ:UNKNOWN

TO: AMAN_S@a1.eop.gov (AMAN_S@a1.eop.gov [UNKNOWN]) (VPO)
READ:UNKNOWN

TO: STEPHANOPO_G@a1.eop.gov (STEPHANOPO_G@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: SILVERMAN_J@a1.eop.gov (SILVERMAN_J@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: SCHWARTZ_L@a1.eop.gov (SCHWARTZ_L@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: SCHAEFER_V@a1.eop.gov (SCHAEFER_V@a1.eop.gov [EOP]) (OMB)
READ:UNKNOWN

TO: ROBINSON_C@a1.eop.gov (ROBINSON_C@a1.eop.gov [EOP]) (OPD)
READ:UNKNOWN

TO: NAPLAN_S@a1.eop.gov (NAPLAN_S@a1.eop.gov [EOP]) (NSC)
READ:UNKNOWN

TO: MORAN_K1@a1.eop.gov (MORAN_K1@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: MELLODY_A@a1.eop.gov (MELLODY_A@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: MCHUGH_L@a1.eop.gov (MCHUGH_L@a1.eop.gov [EOP]) (WHO)
READ:UNKNOWN

TO: MARSHA_T@a1.eop.gov (MARSHA_T@a1.eop.gov [UNKNOWN]) (VPO)
READ:UNKNOWN

TO: LEWIS_PF@a1.eop.gov (LEWIS_PF@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: LATTIMORE_G@a1.eop.gov (LATTIMORE_G@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: KING_A@a1.eop.gov (KING_A@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: HOLSTEIN_E@a1.eop.gov (HOLSTEIN_E@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: GUNIA_D@a1.eop.gov (GUNIA_D@a1.eop.gov [OA]) (OA)
READ:UNKNOWN

TO: GOLDBERG_JS@a1.eop.gov (GOLDBERG_JS@a1.eop.gov [EOP]) (WHO)
READ:UNKNOWN

TO: GIBBONS_J@a1.eop.gov (GIBBONS_J@a1.eop.gov [EOP]) (STP)
READ:UNKNOWN

TO: FINNEY_K@a1.eop.gov (FINNEY_K@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: EMANUEL_R@a1.eop.gov (EMANUEL_R@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: CRISCI_M@a1.eop.gov (CRISCI_M@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: BLICKSTEIN_J@a1.eop.gov (BLICKSTEIN_J@a1.eop.gov [UNKNOWN]) (OMB)
READ:UNKNOWN

TO: ANDERSON_L@a1.eop.gov (ANDERSON_L@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: John_O._Sutton@oa.eop.gov (John_O._Sutton@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Jake_Siewert@oa.eop.gov (Jake_Siewert@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Jessica_B._Vogelson@oa.eop.gov (Jessica_B._Vogelson@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Megan_C._Moloney@oa.eop.gov (Megan_C._Moloney@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: WALDMAN_M@a1.eop.gov (WALDMAN_M@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: TOIV_B@a1.eop.gov (TOIV_B@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: TABERSKI_D@a1.eop.gov (TABERSKI_D@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: STOTT_D@a1.eop.gov (STOTT_D@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: SPERLING_G@a1.eop.gov (SPERLING_G@a1.eop.gov [EOP]) (OPD)
READ:UNKNOWN

TO: SENAN_J@a1.eop.gov (SENAN_J@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: SCHEAR_S@a1.eop.gov (SCHEAR_S@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: SALAZAR_R@a1.eop.gov (SALAZAR_R@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: ODONNELL_T@a1.eop.gov (ODONNELL_T@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: MUSCATINE_A@a1.eop.gov (MUSCATINE_A@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: MOFFETT_J@a1.eop.gov (MOFFETT_J@a1.eop.gov [EOP]) (WHO)
READ:UNKNOWN

TO: MCKIERNAN_K@a1.eop.gov (MCKIERNAN_K@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: MASON_J@a1.eop.gov (MASON_J@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: LI_G@a1.eop.gov (LI_G@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: LEWIS_P@a1.eop.gov (LEWIS_P@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: KUKIS_H@a1.eop.gov (KUKIS_H@a1.eop.gov [UNKNOWN]) (VPO)
READ:UNKNOWN

TO: HORWITZ_R@a1.eop.gov (HORWITZ_R@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: HILLIARD_B@a1.eop.gov (HILLIARD_B@a1.eop.gov [EOP]) (NSC)
READ:UNKNOWN

TO: GREEN_J@a1.eop.gov (GREEN_J@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: GLYNN_M@a1.eop.gov (GLYNN_M@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: GAINES_J@a1.eop.gov (GAINES_J@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: ENGSKOV_K@a1.eop.gov (ENGSKOV_K@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: EDWARDS_A@a1.eop.gov (EDWARDS_A@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: COHEN_SA@a1.eop.gov (COHEN_SA@a1.eop.gov [EOP]) (WHO)
READ:UNKNOWN

TO: BERNAL_D@a1.eop.gov (BERNAL_D@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: ABERNATHY_P@a1.eop.gov (ABERNATHY_P@a1.eop.gov [EOP]) (OPD)
READ:UNKNOWN

TEXT:
Message Creation Date was at 21-APR-1997 06:42:00

CBS ``FACE THE NATION"
WITH HOST: BOB SCHIEFFER
JOINED BY GLORIA BORGER, U.S. NEWS & WORLD REPORT
GUEST: HOUSE MINORITY LEADER RICHARD GEPHARDT (D-MO)
AIRTIME: SUNDAY, APRIL 20, 1997

MR. SCHIEFFER: And good morning again. I want to take a minute here at the beginning just to say welcome to Gloria Borger, who has often been a guest questioner here on our broadcast. Today she officially joins CBS News as a news analyst. She'll continue to write her column for U.S. News & World Report, but we expect to have her here most every Sunday. And welcome to you, Mr. Gephardt,
joining us this morning from your hometown in St. Louis.
Let me get right to the thing that everybody in Washington is talking about, and that is last week Bob Dole loaning Newt Gingrich $300,000 from his own personal fund to pay off this fine that Mr. Gingrich received from the House ethics committee. Let me just ask you flatly: In your opinion, is this a proper way for this to be handled?
REP. GEPHARDT: Well, I think it was right for the speaker to try to pay these funds out of his own fund. Obviously this is a little bit of an unusual arrangement, and the ethics committee, which has jurisdiction over all of this is going to have to review it and decide whether or not it

meets our rules. If it does, fine. If it doesn't, maybe they can get some adjustments in it.
MR. SCHIEFFER: Well, as I understand it, you can't buy a congressman a dinner any more without having to report it. There's a limit on that. This is
$300,000. Would this in your view be a gift?
REP. GEPHARDT: Well, I guess that's the question they have to look at. What you want in any loan to a member is commercial reasonability, and that's what they're going to have to look at. I've seen different opinions by bankers and others -- some say this is not what they would normally do for an ordinary citizen. Others say that it's within the realm of reasonability. I think this is something our committee has really got to look at and try to make a judgment about. I think it should be let to them. They're the ones that know the rules.
MR. SCHIEFFER: Well, at this point though you haven't come to any judgment about it?
REP. GEPHARDT: I haven't investigated all the terms, and I don't even think the committee has looked at the loan documents. I don't think they've actually been written or finally negotiated. So they've got to look at actually what the words say, and then they can make up their mind on whether it's right or wrong or in conformance with our rules.
MS. BORGER: Mr. Gephardt, now we are involved in watching these budget talks, which seem to go on and on and on. And at the end of this last week some folks were saying there was progress, some folks were saying there wasn't progress. Do you believe that these budget talks should go on, or should they just be cut off right now?
REP. GEPHARDT: Well, Gloria, the Republicans are way late on this budget. They don't seem to be able to do a budget. They are way out of time. They should have had a budget off the floor of both the House and the Senate by now. The truth is half the Republicans want to just give big tax breaks to the wealthiest Americans. The other half want to balance the budget by cutting Medicare and education and the environment too deeply. They are hopelessly split as to why they can't do a budget. They seem frozen. And I think the
president ought to just say to them, ``Bring us a budget."
This president has done more to try to get this done than you could ask any human being to do.
MS. BORGER: So cut off these talks and say to the Republicans, ``Come up with your own budget"?
REP. GEPHARDT: I think they ought to continue to try -- if the president feels he is making progress, then he ought to do that. But there's a point here where -- you know, every week we hear from John Kasich or someone, ``Well, we're going to get it done by the end of this week." Then we go another week. Now we are into a third week, and I heard him say on Friday it's going to take two more weeks. We're going to be in December and facing another government shutdown, which they say they don't want to do, but that's where we're headed, if they don't get a budget done. They should have had a budget off the floor by April the 15th.
MR. SCHIEFFER: You don't really think that the Republicans are going to let the government shut down again, do you, Mr. Gephardt, in light of the pounding they took the last time around when that happened?
REP. GEPHARDT: Bob, I didn't think they were going to do it a year and a half ago, and they did. There were many of us who said this is crazy, this shouldn't happen. They're going to be shutting down Social Security

offices and veterans offices and national parks. Yet they went ahead and did it. And I saw one of the Republicans say recently their biggest mistake was not carrying on with it.
MS. BORGER: Mr. Gephardt --
REP. GEPHARDT: So there's a body of opinion I'm afraid in their party that says, ``Let's do it again -- it worked well."
MS. BORGER: Let me get to some specifics with you, because today's Washington Post outlined some of the specifics that might be in a deal. And if you could very quickly tell us what you can live with and what you can't live with. Medicare cutbacks of up to $135 billion -- can you live with that?
REP. GEPHARDT: Gloria, the test on Medicare, and really all of these issues, is how does it affect people. The numbers aren't as important, it's what actually happens to real people.
MS. BORGER: But does that seem high to you? Is that in the ballpark? REP. GEPHARDT: It seems high to me. It seems high to me, because one you get above the levels where the president was in his budget, you really are in the area where you are starting to raise premiums, raise co-pays, raise deductibles -- things that you don't need to do to save Medicare, things that you don't need to do unless you have these huge tax cuts for the wealthiest Americans.
MS. BORGER: They're also talking about some slight adjustments in the cost-of-living index. So could you live with that, that being lowered a touch?
REP. GEPHARDT: Well, Gloria, you know what I believe about this. I think I've talked to you and others about it. I really think that if we are going to have integrity in government we have to let the agency in government that has always set this Consumer Price Index to do that, and not have a political fix for the sake of giving a tax cut to somebody, or doing something else in the budget. People need to believe that their government has integrity. And a Consumer Price Index is a scientific research project. Let's let the Bureau of Labor Statistics that has always done this do it. Let's not have some arbitrary fix because we can't figure out the budget somewhere else.
MR. SCHIEFFER: Mr. Gephardt, could you in any way go along with some kind of a cut in the capital gains tax, because that seems to be one of the things that the Republicans really want.
REP. GEPHARDT: Well, Bob, again, the test should be who does it help and how does it affect people. If to give a big capital gains tax cut, like cutting it in half, or as Newt Gingrich said getting rid of the tax altogether, you really then are having then to cut Medicare, education or other vital programs for the good of people in order to give a tax break to the wealthiest people in the country.
Now, if there is a way to focus, as I think the president is trying, a capital gains tax cut on middle-income Americans, for things like buying homes, then that's something you have to seriously consider. But, again, if all we're doing is getting people who are already at the top of the ladder making millions dollars a year, a huge $20,- to $30,000 a year tax cut, and we're having to cut Medicare and education to pay for it, it simply doesn't make good sense.
MR. SCHIEFFER: Let's talk about something else the Republicans are talking about, and that is a reduction in estate taxes, or what they call death taxes, the taxes a person has to pay when one of their relatives dies. Do you see any kind of help there for taxpayers?

REP. GEPHARDT: Well, Bob, Democrats and Republicans agree that we need to take a look at the estate tax and help small businesses and small farmers that are trying to pass their business from one generation to the other. But understand what the Republicans are talking about is simply getting rid of the estate tax. Let me tell you what that does. That would give $4.6 billion a year in tax relief to 1,700 of the wealthiest families in the country. And, again, you'd have to pay for this in the budget by cuttin g education or school lunches, or day-care programs or Medicare and Medicaid. You know, I -- it's outrageous. It absolutely takes my breath that Republicans could make suggestions like this when we are trying to balance the budget in good faith
and we are trying to do it by not taking it --
MS. BORGER: Mr. Gephardt?
REP. GEPHARDT: -- out of senior citizens and kids.
MS. BORGER: Mr. Gephardt, but it's not only Republicans. It's also your president. And what I am hearing is your little nervous in this in fact that your Democrats could revolt against any budget deal that the president might
sign onto. Are you worried about that?
REP. GEPHARDT: I'm really not. I have worked with this president for four years now. This is the fifth year we worked together. I think I know what he believes in and what he cares about, and I do not believe he is going to sign onto a budget deal that really cuts back on education and training, which he feels very strongly about, and he thinks should be a bipartisan issue, cuts back on Medicare and Medicaid in order to give tax cuts to the wealthiest Americans.
Now, understand, Gloria, he wants to get the budget done, and I admire him for reaching out and working as hard as he is to get it done, but he is not willing to be for a bad budget, and he's not willing to sacrifice these important principles.
MR. SCHIEFFER: All right, let's take a break here. We'll come back in a minute and talk about some other things in just a minute.
(Announcements.)
MR. SCHIEFFER: And we're back again with Congressman Dick Gephardt, the leader of the Democrats in the House of Representatives.
Let me ask you one question. We were told that when the president announced that he was ready to make another $18 billion in savings on Medicare that you and some of the Democrats told him that was simply too much and that you were a little upset that he had announced this without consulting with you. Is that or is that not true?
REP. GEPHARDT: There was a little miscommunication. We didn't get the information before it was actually released to the public and to the other members of Congress. But that's not a problem. These things happen. The president is trying to get a budget deal. I don't see anything in his proposal that really does the things that we're most worried about, which is doubling premiums and so on. So this is not a problem. This president is trying to get a budget deal, and that's what he ought to do.
MR. SCHIEFFER: All right, I guess the more important question to ask you then is: Are you going to be able to go along with him on that? You don't think he's gone too far?
REP. GEPHARDT: We haven't finished studying the proposal. It looks to me like it does not raise premiums on Medicare recipients or double co-pays and deductibles. It looks like we can make that work. But when you get beyond that figure you are then getting into really hurting Medicare. You

know, I talked to a Medicare recipient here in my district yesterday, and she said, ``Understand I can't pay my heating bill now, so anything you do on this is really going to affect me." You've got to keep those people in mind as you make these decisions.
MR. SCHIEFFER: Let me just ask you one other question, just because I was thinking about this. You know, when the Republicans announced their plans to scale back Medicare or to reap these savings in Medicare, you and the other Democrats really pounded them on that, and they said unfairly. You said that they were cutting Medicare -- they weren't making savings; they were cutting it. When the president announces $18 billion in savings, is that a cut or is
that something else? How do you describe that?
REP. GEPHARDT: Bob, there's a real distinction, and it's right to ask that question. The distinction is the Republican proposal really hurt people. It doubled premiums, co-pays, deductibles. Now, we are talking about senior citizens, many of whom will live on their Social Security alone, who can't pay their bills today, who would be severely impacted by that. And, again, it
wasn't needed to balance the budget. It wasn't needed save Medicare.
MR. SCHIEFFER: But you're saying that when the president announces it it's something different?
REP. GEPHARDT: The president's proposal takes the cuts away from providers of Medicare services -- hospitals and doctors. It's a very different proposal.
MR. SCHIEFFER: All right.
MS. BORGER: I just want to switch subjects a little bit if I might. The president is going to go to Mexico in May. You have been an opponent of NAFTA, which is something he's really pushed and promoted. You've been to Mexico -- is NAFTA a failure?
REP. GEPHARDT: NAFTA is not working the way we had all hoped it would. In my view, trade treaties, especially free trade treaties like this one is, need to be a force for progress. By that I mean moving Mexico's wages and environmental standards and enforcement up to us rather than us falling to lower levels.
MS. BORGER: So NAFTA has failed then?
REP. GEPHARDT: It's not working as well as it could and should. We need to fix it. We need to fix other treaties -- we do with other countries in the region, and that's what I am trying to get --
MS. BORGER: So you would not be for this so-called fast-track authority then? REP. GEPHARDT: I think we need to be honest and clear about what kind of
treaties we can and will support. And what I want to say in the fast track is that if we are going to have provisions on labor and environmental standards, let's put it in the core trade treaty itself and have trade sanctions to enforce it, as we do incidentally with intellectual and capital property, which businesses have always insisted be in trade treaties. We need the same for labor and the environment.
MR. SCHIEFFER: We should point out that what you're talking about when you talk about this fast track, this is on the question of whether to bring Chile,
the country of Chile --
REP. GEPHARDT: But, Bob --
MR. SCHIEFFER: -- into the NAFTA agreement.
REP. GEPHARDT: That's right. But the president is asking for general

authority to go -- and I assume and hope try to get free trade treaties with other countries in Central and South America, and maybe around the world. But
-- I'm not against that --
MR. SCHIEFFER: Yes.
REP. GEPHARDT: But I am against giving a general authority that doesn't clearly state what Congress wants in these treaties. We don't need to box ourselves into a situation, as I think we did with NAFTA, where we weren't clear about what we wanted to have in these treaties.
MS. BORGER: So you will oppose the president on -- you have opposed the president on NAFTA. Most-favored nation status --you still remain opposed to that?
MR. SCHIEFFER: In regard to China.
MS. BORGER: China.
REP. GEPHARDT: But, Gloria, we are trying to work to find a way we can get a fast track which reflects these concerns and has the right language in it. And I'm going to work hard to do that. If we can't do it, then I will oppose fast track. I voted against MFN for China last year. I think again we have got to send a very clear message that human rights and workers' rights are trade issues and they are inextricably intertwined.
MR. SCHIEFFER: How much does this come from the fact that you are thinking about running for president next time out, and clearly Vice President Gore would be your main opposition? Are you running for president, or when will you make that decision?
REP. GEPHARDT: Bob, these are positions and issues that are in front of us right now, and they are really important. I've had these positions for a long time. I feel very strongly about these things. The president and I agree on most of the things that come before the Congress. You are always going to have an occasional disagreement, and both of us will and need to stand and fight for what we believe in. But we work well together. We do not need to be talking about races way out in the future. We need to c oncentrate on what is in front of us.
MR. SCHIEFFER: You're spending a lot of time thinking about the year 2000, are you not?
REP. GEPHARDT: I'm not. I'm not.
MR. SCHIEFFER: You mean, you haven't even thought about maybe you might run for president?
REP. GEPHARDT: Bob, we've --
MR. SCHIEFFER: You'd be the only person in Washington who would say that if that were true.
REP. GEPHARDT: Bob, there's an obsession in the media --I'm not blaming anybody there. But there is an obsession with political races way out in the
future. What we need to --
MR. SCHIEFFER: But would you like to --
REP. GEPHARDT: -- obsess on in this country --
MR. SCHIEFFER: -- take yourself out of the race?
REP. GEPHARDT: -- what we need to work on -- what we need to work on are the issues that are in front of us -- education, health care for kids, trying to get this budget finished. Those are the things -- I'm out here in the district. I'm going door to door this afternoon. I'll bet you I will only hear about those issues.
MS. BORGER: Mr. Gephardt -- Mr. Gephardt -- okay, let's focus on some races that you are talking about. You would like to become speaker in 1998

--
REP. GEPHARDT: I'm for it.
MS. BORGER: Right? You need a net gain of 11 seats. And you are out there campaigning. How much of a drag is this Democratic fund-raising scandal?
REP. GEPHARDT: I don't hear it. Again, when you come into the country and talk to citizens they talk about the things that they're grappling with everyday that really have them concerned -- jobs, wages, education, health care, their pensions, the environment, crime -- those are the issues that people talk to you about. I'm not saying we shouldn't investigate all of this. But, you know, on campaign reform we shouldn't just look backwards. We ought to look forwards. And that's why we are trying to get the Rep ublicans to put this issue on the agenda and let the House vote on campaign reform in the next two months.
MS. BORGER: You're not worried that these hearings are going to focus so much on the Democratic Party that it could trickle down to your congressional candidates and your ability to recruit congressional candidates?
REP. GEPHARDT: The hearings should be fair, they ought to look at all the wrongs that were done on both sides of the aisle. I think there's plenty of blame to pass around. We ought to fix the problems that were there. But, most importantly, we ought to look to the future. We need to get campaign reform. I am very much for it. I think most of our Democratic members are for it. There are Republican members who are for it -- maybe a minority -- but a few. Let's get a bipartisan majority together, and let's once and for all get campaign reform that limits the amount of money that can be spent in campaigns. We have to do it.
MR. SCHIEFFER: All right, we're about out of time. But I want to go back to this one thing. I want to make sure I understood you right: You have not given any thought to running for president in the year 2000?
REP. GEPHARDT: Bob, I am really and honestly elected here in St. Louis to look at the problems that my constituents face. It would be counterproductive to be worrying about, thinking about, spending time on something else. This is the job that I am doing, and I am pleased and honored to have the chance to do it.
MR. SCHIEFFER: All right, thanks very much, Mr. Gephardt. We are going to leave it there.
END

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

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.

Collection: 2019-0151-F

Bucket: Default

Creation Date: 1997-05-01

Subject: 1997-05/01 BRIEFING ON MEXICO VISIT/BERGER/RUBIN/MCCAFFREY

Creator: Margaret M. Suntum SUNTUM_M WHO

ARMS Email System
RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: Dag_Vega@oa.eop.gov (Dag_Vega@oa.eop.gov [UNKNOWN])

CREATION DATE/TIME: 2-MAY-1997 09:06:04.00

SUBJECT: News Hour With Jim Lehrer, 5/1/97

TO: Susanne Bachtel (CN=Susanne Bachtel/OU=OSTP/O=EOP [OSTP])
READ:UNKNOWN

TEXT:
Message Creation Date was

NewsHour With Jim Lehrer: SOUTH OF THE BORDER
Aired on MAY 1, 1997

President Clinton is preparing to travel to Mexico, Costa Rica and Barbados intended to strengthen relations with Latin American allies. To preview the president's trip, Charlayne Hunter-Gault engages Mack McLarty, America's special envoy to the Amercias, in a Newsmaker interview.

CHARLAYNE HUNTER-GAULT: The President and his entourage embark on a three-stage trip next week. First stop is Mexico, then to Costa Rica for a meeting with leaders of Central American nations, and Barbados as the last stop for a meeting with Caribbean leaders. Here to talk with us about what !,s at stake for the United States in this trip is President Clinton !,s special envoy to the Americas, Mack McLarty. And thank you for joining us.

MACK McLARTY, Special Envoy for the Americas: Charlayne, I !,m delighted to be here, thank you.

CHARLAYNE HUNTER-GAULT: All right. Let !,s start with Mexico, your first stop. What is at stake there for the U.S.?

MACK McLARTY: Charlayne, Mexico is a neighbor. We share nearly a 2,000-mile border with Mexico. They are a partner and a major partner. They !,re our third largest trading partner. About 700,000 Americans are--jobs are directly linked to our exports with Mexico--

CHARLAYNE HUNTER-GAULT: 7000?

MACK McLARTY: 700,000.

CHARLAYNE HUNTER-GAULT: 700,000.

MACK McLARTY: Yes; 700,000 jobs directly linked with trade with Mexico. And those export jobs generally, on average, are much better paying jobs and are really in many ways the keys to our economic future. And finally, Mexico is our friend. We share a very rich cultural link with Mexico, and we see an increasing Hispanic population in our country and an increasing Hispanic influence in our leadership positions here. So it !,s a very important, critical relationship.

CHARLAYNE HUNTER-GAULT: But I understand that that relationship has suffered a little rocky road because of Mexico !,s failure to make any progress on the drug problem. Is the president taking a peace offering?

MACK McLARTY: I don !,t think I would quite--quite put it in that way. I think the relationship is a broad one, is a deep one, and is an increasingly maturing relationship that gives us an ability not only to talk about the opportunities but to talk about the complicated and difficult issues like immigration and to talk about problems that we share like narcotics and narcotics trafficking.

CHARLAYNE HUNTER-GAULT: So you !,ve gotten over whatever issues you had on that?

MACK McLARTY: Charlayne, I think the issue of drugs, which is both a supply and a demand problem. It is a very dark and a very evil force that affects the very fabrics of our society, both here in the United States and in Mexico. So I think first we will talk in a very serious way about identifying the problem, and then discuss how we can work together, make cooperation work against a very serious and negative force on both our societies.

CHARLAYNE HUNTER-GAULT: Let !,s move on to Central America. There !,s lots more to talk about with Mexico, but we got to run through this whole trip. What !,s it take in that region of seven countries, Central America?

MACK McLARTY: Charlayne, this is a time of great promise and hope in Central
America. I have been there twice in recent weeks. It is the first time we have seen
peace and stability in that region in 36 years. And with that, comes great promise of
economic development, and, of course, it is a beautiful part of our world and has some
of the most wonderful environmental sites and rain forest and other aspects of that type
literally in the world.

CHARLAYNE HUNTER-GAULT: So what are you pursuing there?

MACK McLARTY: Well, first of all, I think the agenda will
be, one, to establish a deeper and a broader partnership in a
region that is not only experiencing peace but is working much
more closely and cohesively together, fundamental trading and investment
relationships particularly now with stability in the
region. Secondly, there are a number of mutual projects,
particularly in the environmental area, that we will be working very closely with, the
Central Americans on this trip, and of course beyond.

CHARLAYNE HUNTER-GAULT: Well, you mentioned illegal immigration a few
moments ago in connection with Mexico. But in this whole region, three quarter of the
illegal immigrants who come to this country come from there. Is the President going
with some plan for that?

MACK McLARTY: I think immigration will be discussed on all three presidential visits
to the region, Charlayne. We, of course, in the United States are the most open
country. We are a nation of immigrants. But what we are talking about is enforcing the
laws that deal with illegal immigration. We want to continue to have legal immigration
that is the source of richness and culture and productivity in our country. But to do
that--but to do that we must enforce the laws--our current laws, which frankly tighten
the immigration laws in a very effective way.

CHARLAYNE HUNTER-GAULT: So you !,ll be discussing--

MACK McLARTY: On all three stops. But always enforcing those laws with respect
for human rights. That !,s part of our heritage and democratic principles as well.

CHARLAYNE HUNTER-GAULT: Although some

critics--columnists I !,ve read--have said that the U.S.
has
allowed the drug problem to overshadow human rights and democracy.

MACK McLARTY: I would not agree with that. I think the very key throughout this entire region when we !,ll be
traveling
to Latin America in the fall and then to Chile in 1998 for the convening
of the Summit
of the Americas--that !,s really been the President !,s consistent and
comprehensive
program here--and the key is to deepen these partnerships, to affirm
democracy, and
to make cooperation work, all the while building trade opportunities.

CHARLAYNE HUNTER-GAULT: Recently at a meeting in Atlanta, heads of state and former heads of state of the region urged that the President act
swiftly to pursue
getting the negotiating authority to expand free trade in a faster way.
What will you tell
them about that? They all want to be, you know, like Mexico, a part of
NAFTA, the
North American Free Trade Agreement.

MACK McLARTY: Well, the region is a very--a very expansive region in terms
of its
economic development, Charlayne. Our exports to Latin America are growing
at about
twice the rate of our exports to any other region in the world. It is a
natural market for
us, but it is not--it is not a market we can take for granted. We have
competition in the
region, and from both the Europeans, the Japanese, and other very
interested parties,
so it is essential--it is essential we move ahead with broad fast track
authority.

CHARLAYNE HUNTER-GAULT: Do you think the U.S. is in danger of losing out to those other countries because it hasn !,t moved on this?

MACK McLARTY: Economic integration is taking place in a global economy, and so we !,ll either lead or be led behind, but the real fundamental point here, it is in the fundamental interest of the hard-working men and women in this country for us to be able to open markets and provide jobs and good-paying jobs just like we talked about with the 700,000 jobs that are linked to our trade with Mexico.

CHARLAYNE HUNTER-GAULT: Well, what !,s the president prepared to say to them?

MACK McLARTY: Well, I think he !,s already set a firm foundation in place
in 1994,
when he convened the Summit of the Americas in Miami, and one of the real

fundamental successes of that meeting with the 34 democratically-elected heads of
state was the establishment of a goal of a free trade area by the year 2005.

CHARLAYNE HUNTER-GAULT: They want it now.

MACK McLARTY: No. I think they understand that this is a step-by-step process,
and it is also a reciprocal process, Charlayne, where they open their markets. Our
markets are the most open in the world. So I think the ten years to move to this free
trade area, all the while making progress, is essential.

CHARLAYNE HUNTER-GAULT: Finally, let !,s move to the Caribbean. What !,s at stake there, briefly?

MACK McLARTY: Well, the Caribbean, of course, is linked to our country both geographically and also culturally.
They
have a long history of democracy, but the real
fundamental
challenge here, it seems to me, is twofold. First of all, you have some smaller
economies in the world that are very close, and we !,re trying to integrate carefully and
orderly with the largest and most powerful economy in the world. Secondly, we have a
very direct interest in achieving a partnership in terms of how we fight narcotics and
particularly drug trafficking through the Caribbean region.

CHARLAYNE HUNTER-GAULT: Yeah, but they !,re all upset because the United States wouldn !,t support them in their efforts to support their banana crops which they
say they need so that they don !,t have to grow marijuana.

MACK McLARTY: Well, I think it !,s, No. 1, we have always been concerned about
the transition of those smaller economies. And you !,re right. In some cases the banana
crop is 50 percent of some of the smaller island economies. But the real heart of the
matter is certainly not, Charlayne, with the Caribbeans. The heart of the matter is the
discriminatory practices of some markets that simply do not let certain products in, not
just bananas but across the board. I was in Barbados, and I think we will make
substantial progress in this area.

CHARLAYNE HUNTER-GAULT: Well, we !,ll look forward to that.

MACK McLARTY: As will we.

CHARLAYNE HUNTER-GAULT: Thank you, Mack McLarty, for being with us.

MACK McLARTY: Charlayne, thank you.

ARMS Email System
RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: Susanne Bachtel (CN=Susanne Bachtel/OU=OSTP/O=EOP [OSTP])

CREATION DATE/TIME: 5-MAY-1997 10:17:33.00

SUBJECT: Update on video request for Chemical Manufacturers

TO: Susanne Bachtel (CN=Susanne Bachtel/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

TO: Timothy L. Newell (CN=Timothy L. Newell/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

TO: Gerald L. Epstein (CN=Gerald L. Epstein/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

TO: Rebecca Dittmar (CN=Rebecca Dittmar/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

TO: Bruce W. MacDonald (CN=Bruce W. MacDonald/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

TO: Jeffrey M. Smith (CN=Jeffrey M. Smith/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

TEXT:
Jerry - since Jeff Smith is assuming the Cong. Affairs/Media Relations post at OSTP, he should be in on these kinds of deliberations from now on - so am cc'ing him on your update. Thanks. Sue
---------------------- Forwarded by Susanne Bachtel/OSTP/EOP on 05/05/97 10:18 AM ---------------------------

Gerald L. Epstein
05/05/97 10:03:11 AM

Record Type: Record

To: Susanne Bachtel/OSTP/EOP, Timothy L. Newell/OSTP/EOP
cc: Kerri A. Jones/OSTP/EOP, Bruce W. MacDonald/OSTP/EOP, JoAnn Ward/OSTP/EOP
Subject: Update on video request for Chemical Manufacturers

UPDATE:
I contacted the Chemical Manufacturers Association to say that the President would not be able to travel to Greenbriar, WV to address the CMA's annual meeting on June 5, but that we were recommending that the President send videotaped greetings. I said we had not gotten approval for the video yet, but that I would like to get some information from them

on which to base the President's remarks assuming that we will get approval.

I spoke to Fred Webber, CMA's President today and found out that CMA is not interested in a video -- they have had poor success with them in the past (not further elaborated). If the President could not travel there, he said, they would love to have a 15-minute live hookup with him. He explained that there would be over 1000 CEOs from the worldwide chemical industry, from over 100 countries. When asked what they would like the President to talk about, he said in addition to serving as a Chemical Weapons Convention victory party, the meeting would provide the President an enthusiastic audience to hear about his trade policies. The chemical industry is a global one; the CMA members are strong fans of free trade in the Americas and fast track approval for trade agreements, which the President is requesting. They noted and appreciated Speaker Gingrich's recent comments supporting fast track authority.

If the President were able to do a video feed, Webber said that Senator Jay Rockfeller would introduce him. After the President's remarks, the program would go back to Rockefeller. If the President could not do the video feed, Rockefeller would give the keynote address.

I told Webber I would have to check with the President's schedulers. (I don't even know if he is in the country on the evening of June 5.)

WHAT HAPPENS NEXT:
I have already contacted Wendy Gray, in Tony Blinken's office at NSC, to explain this and have her withdraw the request for the video from the Scheduling office. (The request went to Scheduling from the NSC Executive Secretariat.) We agreed that neither OSTP nor NSC would be appropriate sponsors of a request to have the President give a live video feed. Nevertheless, it seems plausible that someone else in the White House might want to push for a Presidential live feed from the trade perspective.

Wendy will try to find someone in the Domestic Policy Council to run this by, and she will ask Tony Blinken when he comes up for air from a speech he is crashing on what other suggestions he has. Should we otherwise just bump this back to Scheduling, or should we ourselves try to find someone else in the White House to hand this over to? USTR? NEC?

ARMS Email System
RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: Gerald L. Epstein (CN=Gerald L. Epstein/OU=OSTP/O=EOP [OSTP])

CREATION DATE/TIME: 5-MAY-1997 15:44:57.00

SUBJECT: Update on video request for Chemical Manufacturers

TO: Jeffrey M. Smith (CN=Jeffrey M. Smith/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

CC: Bruce W. MacDonald (CN=Bruce W. MacDonald/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

TEXT:
Jeff, I think Susie Bachtel forwarded you this email, which I should have remembered to send you directly. By way of background, several months ago the CMA wrote the White House requesting that the President speak before their annual meting. Scheduling forwarded the request to us. In response, OSTP and NSC put in a request to Scheduling for a video from the President in lieu of a personal appearance. However, I just found out this morning that CMA is not interested in a video recording. As described below, they'd prefer a live video feed. Since (as described below) this is now more of a trade issue than a science or foreign policy on, do you have any suggestions as to who in the White House I should forward the Chemical Manufacturers Association request to?

Jerry
---------------------- Forwarded by Gerald L. Epstein/OSTP/EOP on 05/05/97 03:43 PM ---------------------------

Gerald L. Epstein
05/05/97 10:03:11 AM

Record Type: Record

To: Susanne Bachtel/OSTP/EOP, Timothy L. Newell/OSTP/EOP
cc: Kerri A. Jones/OSTP/EOP, Bruce W. MacDonald/OSTP/EOP, JoAnn Ward/OSTP/EOP
Subject: Update on video request for Chemical Manufacturers

UPDATE:
I contacted the Chemical Manufacturers Association to say that the President would not be able to travel to Greenbriar, WV to address the CMA's annual meeting on June 5, but that we were recommending that the President send videotaped greetings. I said we had not gotten approval for the video yet, but that I would like to get some information from them on which to base the President's remarks assuming that we will get approval.

I spoke to Fred Webber, CMA's President today and found out that CMA is not interested in a video -- they have had poor success with them in the past (not further elaborated). If the President could not travel there, he said, they would love to have a 15-minute live hookup with him. He explained that there would be over 1000 CEOs from the worldwide chemical industry, from over 100 countries. When asked what they would like the President to talk about, he said in addition to serving as a Chemical Weapons Convention victory party, the meeting would provide the President an enthusiastic audience to hear about his trade policies. The chemical industry is a global one; the CMA members are strong fans of free trade in the Americas and fast track approval for trade agreements, which the President is requesting. They noted and appreciated Speaker Gingrich's recent comments supporting fast track authority.

If the President were able to do a video feed, Webber said that Senator Jay Rockfeller would introduce him. After the President's remarks, the program would go back to Rockefeller. If the President could not do the video feed, Rockefeller would give the keynote address.

I told Webber I would have to check with the President's schedulers. (I don't even know if he is in the country on the evening of June 5.)

WHAT HAPPENS NEXT:
I have already contacted Wendy Gray, in Tony Blinken's office at NSC, to explain this and have her withdraw the request for the video from the Scheduling office. (The request went to Scheduling from the NSC Executive Secretariat.) We agreed that neither OSTP nor NSC would be appropriate sponsors of a request to have the President give a live video feed. Nevertheless, it seems plausible that someone else in the White House might want to push for a Presidential live feed from the trade perspective.

Wendy will try to find someone in the Domestic Policy Council to run this by, and she will ask Tony Blinken when he comes up for air from a speech he is crashing on what other suggestions he has. Should we otherwise just bump this back to Scheduling, or should we ourselves try to find someone else in the White House to hand this over to? USTR? NEC?

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

Collection: 2019-0151-F

Bucket: Default

Creation Date: 1997-05-07

Subject: 1997-05-07 President Remarks to Citizens of Mexico

Creator: Publications-Admin@Whitehouse.GOV Publications-Admin@Whitehouse.GOV [UNKNOWN]

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

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.

Collection: 2012-0661-F

Bucket: Default

Creation Date: 1997-05-07

Subject: 1997-5-7 McCurry Briefing complete

Creator: Margaret M. Suntum SUNTUM_M WHO

ARMS Email System
RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: Bruce W. MacDonald (CN=Bruce W. MacDonald/OU=OSTP/O=EOP [OSTP])

CREATION DATE/TIME: 8-MAY-1997 09:39:31.00

SUBJECT: Re: NEC Meeting Summary

TO: Gerald J. Hane (CN=Gerald J. Hane/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

CC: Susanne Bachtel (CN=Susanne Bachtel/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

TEXT:
Gerald,

Firewalls come in several shapes and sizes. In the past, the firewall between defense and non-defense allowed funding to be transferred from non-defense to defense, but not the other way around. I take it from your e-mail that the firewall now is the exact opposite -- that funds can be transferred from defense to non-defense, but not the other way around. Is this correct? If so ... my, how times have changed!

Bruce

Gerald J. Hane
05/08/97 08:58:26 AM
Record Type: Record

To: Susanne Bachtel/OSTP/EOP
cc: Kerri A. Jones/OSTP/EOP, Deanna M. Behring/OSTP/EOP, Bruce W. MacDonald/OSTP/EOP, Cathleen A. Campbell/OSTP/EOP
Subject: NEC Meeting Summary

Suzy,

I don't know how quickly you need a summary of the NEC meeting so I have provided one below. Would you like a formal memo for Dr. Gibbons or will this be satisfactory?

There were five items on the agenda.

1. Budget

Gene Sperling noted that although the broad guidelines were agreed to last Friday, important details remain to be negotiated. These include composition of the tax cuts, details on Medicare, and funding for project HOPE. There seemed to be satisfaction with the numbers for foreign operations, environment, and education. It is also expected that fire walls will be erected between the defense and nondefense accounts to protect the nondefense accounts (a change from the past.)

2. Comp Time

A bill is being introduced by Senator Ashcroft, apparently to allow comp time for working more than 80 hours over two weeks. There is some desire on his part to introduce this before Mother's Day. This was a short discussion and no bill details were given.

3. Fast Track/China MFN

Both are of high concern according to Tarullo. Although MFN status is supposed to be based on the allowance of emigration, Congress and the public bring in many other issues with respect to China: human rights, trade deficit, nuclear activities, treatment of Hong Kong, etc. The President's submission to allow MFN is due by June 3. A vote is likely before the August recess, but the prospects look tougher than in the past. The Christian Coalition and the AFL-CIO are both campaigning against granting MFN status.

Fast Track authority is caught up in this same environment. USTR has been actively briefing the Hill. Gephardt has a proposal that would require labor and environmental issues to be addressed in all agreements. Not a good approach from the Administration's view. Former President Carter has offered mediating services.

- Tarullo also raised problems with the Civil Aviation Negotiations with Japan. He noted that Japan is not honoring its agreements, raising new barriers as others are settled. He is recommending a separate meeting on this issue.

4. Product Liability

The President has given guidance to renegotiate this issue (he vetoed a bill last year) in a manner consistent with the reasons stated for vetoing that bill: he does not want to reverse those positions. A bill moving through Congress has many of the problems as last year's bill (e.g., cap on punitive damages, abolition of joint and several liability for non-economic damages, short time limit, etc). However, there appears to be more willingness by certain members to find a solution. An interagency group is working on this issue with Bruce Lindsay also apparently involved.

Another issue raised was the treatment of Tobacco overseas. The U.S. is being criticized for promoting a product that it limits domestically. There is particular concern about treatment of children overseas and targeted advertising (apparently a couple of years ago a U.S. Ambassador posed with Joe Camel at a press conference.) Guidance to embassies and commercial attaches was raised as an important issue.

5. Securities Litigation Reform.

This was a brief discussion regarding the interface of Federal and State courts.

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

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.

Collection: 2019-0142-F

Bucket: Default

Creation Date: 1997-05-09

Subject: PBS: News Hour With Jim Lehrer, 5/8/97

Creator: Dag_Vega@oa.eop.gov Dag_Vega@oa.eop.gov [UNKNOWN]

ARMS Email System
RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: Frances Sharples (CN=Frances Sharples/OU=OSTP/O=EOP [OSTP])

CREATION DATE/TIME:12-MAY-1997 09:11:57.00

SUBJECT: SC Action Vol. II #87

TO: Rosina M. Bierbaum (CN=Rosina M. Bierbaum/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

TEXT:
GREAT PIECE in this one about the SC's Friday rally and the delivery of their write-in results to none other than S. Katzen herself!

---------------------- Forwarded by Frances Sharples/OSTP/EOP on 05/12/97 09:14 AM ---------------------------

owner-sierraclub-action @ LISTS.SIERRACLUB.ORG
05/10/97 04:41:00 PM
Record Type: Record

To: Brian J. Johnson, Frances Sharples
cc:
Subject: SC Action Vol. II #87

SC Action #87
Defending the Environmental Agenda
May 9, 1997

"Democracy today is not possible without a politics that can control global economic forces, because without such control it won't matter who people vote for - corporations will rule."

-- Harvard Professor Michael Sandel

Sierra Club Legislative Hotline - 202-675-2394
Sierra Club National Headquarters - 415-977-5500
Sierra Club World Wide Web - http://www.sierraclub.org

White House Comment Line - 202-456-1111
White House Fax Line - 202-456-2461
Clinton's e-mail - president@whitehouse.gov
Gore's e-mail - vice-president@whitehouse.gov
White House Address - 1600 Pennsylvania Ave, Washington, DC 20500

US Capitol Switchboard - 202-224-3121

Contents:

FIX NAFTA: RADIO CALL-IN ACTION ALERT
STILL LOOKING FOR A GIFT - HOW ABOUT CLEAN AIR?
SPRAWL HURTS US ALL: A REPORT FROM VIRGINIA GLOBAL
WARMING: A DIFFERENT DIMENSION

FIX NAFTA: RADIO CALL-IN ACTION ALERT

Even though NAFTA has proven harmful to public health and the environment, Congress could vote this month to give the President "fast-track" authority to expand NAFTA to South America (and negotiate other trade deals). But the more noise we make now, the less likely it is there will be a vote!

Next week, you'll have a chance to tell radio listeners in 200+ cities that Congress should fix NAFTA, not expand it. Sierra Club book author Joel Simon appears next week, May 12 - 14, on two nation-wide and one Washington, DC call-in radio shows. In his book, "Endangered Mexico," Joel writes that NAFTA has worsened environmental problems that contribute to most of the tensions we have with Mexico including border pollution, industrial flight, immigration, and drugs.

TAKE ACTION: Call in to the radio programs listed below and ask Joel about NAFTA's environmental failures. Take a look at the sample questions below if you need inspiration or use the facts in them to write a letter to the editor explaining why we need to fix NAFTA rather than expand it.

Sample Questions / Comments
* "Joel, I heard that 150 Michigan school children got hepatitis A from eating Mexican strawberries. Under NAFTA we only inspect 1 percent of the food that comes across the border. And, we have to accept Mexico's food inspections in place of our own. I don't understand why Congress voted for a trade agreement that weakened our food safety laws."

* "The US gets half its winter fruits and vegetables from Mexico. But the Mexican growers who sell to US food companies often use pesticides that are banned in the United States and illegal in Mexico. Worker safety isn't enforced either. As a result, doctors see a lot of leukemia and pesticide poisoning in farm workers. Didn't the NAFTA environmental side agreement say that each country has to have strong environmental and worker safety laws?"

* "Joel, you say in your book that when logging companies cut down forests in the Sierra Madre, they open up new land that is now used to grow poppies for making heroin. Didn't Mexico just pass a new law to attract more foreign logging companies and does this mean more drugs?"

* "Hundreds of US companies like Zenith and GE have moved plants across the border to Mexico since NAFTA. Pollution is worse but NAFTA's border clean up plan has provided only about 1 percent of the promised money. Of course, the border is only the tip of the ice berg. When US companies can go global, they blackmail us to relax

environmental standards here in America. Hasn't trade policy created a "race toward the bottom" where corporations win, but everybody else loses?"

Call in Times/Stations/Phone Numbers:

5/12 2-3 p.m., EST, UBN Radio "Bay Buchanan Show" live interview, listener call-in, Washington DC, United Broadcasting Network, on 200 stations nationwide, call in # 800.825.5937

5/13 12-1 (may switch to 1-2), EST, WAMU Radio "Derek McGinty Show" live interview, listener call-in,, Washington, DC, nationwide/NPR, call in # 202.885.8850

5/14 11-12 WPFW "Dialogue with Dorothy Healy" live interview, Washington DC only, listener call-in # 202.588.0893

For more information, contact:
Dan Seligman
Sierra Club Responsible Trade Campaign
(202) 675-2387
dan.seligman@sierraclub.org

STILL LOOKING FOR A GIFT - HOW ABOUT CLEAN AIR?

Today, Sierra Club and the US Public Interest Research Group, held a Mother's Day event across from the White House where children with asthma, their mothers, politicians, environmentalist and concerned citizens all expressed the need for the new EPA proposed clean air standards.

Kyle Damitz, an eight year old severe asthmatic from Chicago, explained to the assembled crowd how much he likes playing outdoors, but can't do it as much as he would like due to the pollution in his area. His mother, Maureen, who participated in a March clean air debate against Citizens for a Sound Economy, explained the many restrictions by which Kyle must abide.

Also featured at today's conference was Toby Liebowitz from Barrington, Rhode Island, a mother of two children who suffer from asthma. Her youngest son, Gabriel has a severe case which prevents him from participating in sports because his condition is worsened by air pollution and he can't control when his attacks will come. But he loves riding his bicycle outdoors and does that whenever the air is clean enough. Ms. Liebowitz pleaded that, "..he deserves to breathe cleaner air every day."

Joan Willey, a mother of five and grandmother of five from Maryland also spoke on the importance of having stricter clean air standards. She and her oldest daughter both suffer health effects when the air is bad, particularly in the summer. They must stay indoors even when the alert only lists the air as "moderate " or level orange.

Ms. Willey went on to say, "In areas like Baltimore and Annapolis, it's not healthy for children to be outside on high air pollution days. Scientists tell us that children aren't little adults when it comes to their health. Their immune systems are still forming, they are outside for hours at a time, and they are exposed to more, not less, pollution per pound of body weight."

In addition, three elected officials - Sen. Joe Lieberman (D-CT); Louisiana state Rep. Melvin Holden and New Hampshire state Senator Russman - spoke of the importance of implementing the proposed standards so that children like Kyle and Gabriel can breathe cleaner air.

Vicki Rafel, a representative from the National Parent Teacher Association stressed the need to protect children's health. She stated, "On behalf of the 6.5 million members of the National PTA, I urge Congress and our policy makers to adopt the most protective air quality standards possible to assure a clean and healthy environment for our nation's children..."

Following the event, the thousands of postcards that were collected from Earth Day events around the country were delivered to White House official Sally Katzen.

Sierra Club Legislative Director, Debbie Sease, presented Ms. Katzen with three "Clean Air for Our Kids" t-shirts - for herself, the President and Vice President. Kyle Damitz asked Ms. Katzen if it would be possible if he could take a tour of the White House. Not only did she arrange a tour, but while on the tour they bumped into Mr. Gore himself and were able to present the Sierra Club t-shirt to him personally.

Congratulations to everyone who made this very successful event happen.

SPRAWL HURTS US ALL: A REPORT FROM VIRGINIA

An AP news service report earlier this week highlighted the Club's efforts to curb the problem of urban sprawl both in the northern Virginia suburbs of Washington, DC and on the Virginia coast. The article, which ran in the Fairfax Journal, concentrated on the Club's efforts to stop the King William reservoir proposal that, in addition to damaging wetlands and the Mattaponi river, would also contribute to the potential for sprawl in the Virginia cities of Newport News, Hampton, Williamsburg and the counties of James City, York, and New Kent.

Sierra Club Regional Representative, Glen Besa, was quoted saying, "It was clear that from Los Angeles to Atlanta, and from Minneapolis to Tampa, people were concerned with the uncontrolled growth that was just chewing up our countryside, increasing our air pollution and causing congestion."

The article continues, "Communities often believe new development will reduce tax rates only to find that the costs of new roads, sewer and water lines, schools and other services outweigh the tax benefits, he [Glen Besa] said."

GLOBAL WARMING: A DIFFERENT DIMENSION

As Global Warming Worsens, Our Planet Pays the Price

We live on a new planet, according to New York Times op-ed writer Bill McKibben. In the May 3rd edition of the Times he detailed how global warming pollution from automobiles, factories, power plants, and deforestation is rapidly altering the world we live in.

The evidence is overwhelming, concludes McKibben. The number of "extreme precipitation events" (rainfall of more than two inches in 24 hours) has jumped 20 percent. Spring comes a full week earlier in the Northern Hemisphere. Vegetation has increased 10 percent above the 45th parallel. The northern tundra may have warmed enough that in some years, it adds carbon to the atmosphere instead of soaking it up.

McKibben states "Understand this about these changes: They are enormous. They do not represent small shifts at the margin, the slow evolution that has always occurred on earth. Spring a week earlier; 20 percent more storms, 10 percent more vegetation since 1980. These studies are like suddenly discovering that most Americans are 7 feet tall. If we were looking through a telescope and seeing the same things happen on some other planet, we would find it bizarre and fascinating. If someone's watching us, they're doubtlessly bewildered."

According to McKibben, politician's efforts have been feeble at best, and even most environmentalists have not yet realized the dangers global warming poses. Current efforts aimed at reducing global warming are far too weak to solve the problem.

"Now negotiators are trying for an agreement with more teeth -- but the deadlines are far away and the targets modest. Instead of locking ourselves into a document that physics, biology and chemistry are rendering instantly outdated, it's probably better to convene the world's leaders on the crumbling edge of the West Antarctic Ice Sheet. Maybe then we'd get quick action."

"Eight years ago, James Hansen, the NASA scientist who has used his computer model of the climate to make the most prescient forecasts about global warming, predicted that by the late 1990's the effects of global warming would become apparent." McKibben states. "For eight years, I've believed this was true, and still this spring's flood of new data shocks and scares me. All those things that people said would happen if we didn't clean up our act? They're happening. This is a new planet, not the earth we were born on."

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

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IIPMBI8QHS00163W@PMDF.EOP.GOV>; Sat, 10 May 1997 16:40:13 -0500 (EST)
Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IIPMBH40G00029BN@PMDF.EOP.GOV>; Sat, 10 May 1997 16:40:12 -0500 (EST)
Received: from lists.sierraclub.org by gatekeeper.eop.gov;
(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA18995; Sat, 10 May 1997 16:40:10 -0400

Received: from diablo (10.1.3.2)
by diablo.sierraclub.org (LSMTP for Windows NT v1.1a)
with SMTP id <0.AD4CE450@diablo.sierraclub.org>; Sat,
10 May 1997 13:40:09 -0700
Received: from LISTS.SIERRACLUB.ORG by LISTS.SIERRACLUB.ORG
(LISTSERV-TCP/IP release 1.8c)
with spool id 146588 for SIERRACLUB-ACTION@LISTS.SIERRACLUB.ORG; Sat,
10 May 1997 13:40:04 -0700
Received: from sfsierra.sierraclub.org (207.90.163.1)
by diablo.sierraclub.org (LSMTP for Windows NT v1.1a)
with SMTP id <0.AA00EDA0@diablo.sierraclub.org>; Sat,
10 May 1997 13:40:03 -0700
Received: from ccMail by sfsierra.sierraclub.org (SMTPLINK V2.11)
id AA863296848; Sat, 10 May 1997 13:41:28 -0800 (PST)
================== END ATTACHMENT 1 ==================

ARMS Email System
RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: Dag_Vega@oa.eop.gov (Dag_Vega@oa.eop.gov [UNKNOWN])

CREATION DATE/TIME:13-MAY-1997 14:14:48.00

SUBJECT: CNN: Capital Gang Sunday, 5/11/97

TO: Beverly_J._Barnes@oa.eop.gov (Beverly_J._Barnes@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Jordan_Tamagni@oa.eop.gov (Jordan_Tamagni@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Joseph_P._Lockhart@oa.eop.gov (Joseph_P._Lockhart@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Jonathan_Murchinson@oa.eop.gov (Jonathan_Murchinson@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Brenda_M._Anders@oa.eop.gov (Brenda_M._Anders@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: VOLES_L@a1.eop.gov (VOLES_L@a1.eop.gov [UNKNOWN]) (VPO)
READ:UNKNOWN

TO: TERZAN_V@a1.eop.gov (TERZAN_V@a1.eop.gov [UNKNOWN]) (VPO)
READ:UNKNOWN

TO: AMAN_S@a1.eop.gov (AMAN_S@a1.eop.gov [UNKNOWN]) (VPO)
READ:UNKNOWN

TO: STEPHANOPO_G@a1.eop.gov (STEPHANOPO_G@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: SILVERMAN_J@a1.eop.gov (SILVERMAN_J@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: SCHWARTZ_L@a1.eop.gov (SCHWARTZ_L@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: SCHAEFER_V@a1.eop.gov (SCHAEFER_V@a1.eop.gov [UNKNOWN]) (OMB)
READ:UNKNOWN

TO: ROBINSON_C@a1.eop.gov (ROBINSON_C@a1.eop.gov [EOP]) (OPD)
READ:UNKNOWN

TO: NAPLAN_S@a1.eop.gov (NAPLAN_S@a1.eop.gov [EOP]) (NSC)
READ:UNKNOWN

TO: MORAN_K1@a1.eop.gov (MORAN_K1@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: MELLODY_A@a1.eop.gov (MELLODY_A@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: MCHUGH_L@a1.eop.gov (MCHUGH_L@a1.eop.gov [EOP]) (WHO)
READ:UNKNOWN

TO: MARSHA_T@a1.eop.gov (MARSHA_T@a1.eop.gov [UNKNOWN]) (VPO)
READ:UNKNOWN

TO: LEWIS_PF@a1.eop.gov (LEWIS_PF@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: LATTIMORE_G@a1.eop.gov (LATTIMORE_G@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: KING_A@a1.eop.gov (KING_A@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: HOLSTEIN_E@a1.eop.gov (HOLSTEIN_E@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: GUNIA_D@a1.eop.gov (GUNIA_D@a1.eop.gov [EOP]) (OA)
READ:UNKNOWN

TO: GOLDBERG_JS@a1.eop.gov (GOLDBERG_JS@a1.eop.gov [EOP]) (WHO)
READ:UNKNOWN

TO: GIBBONS_J@a1.eop.gov (GIBBONS_J@a1.eop.gov [EOP]) (STP)
READ:UNKNOWN

TO: FINNEY_K@a1.eop.gov (FINNEY_K@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: EMANUEL_R@a1.eop.gov (EMANUEL_R@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: CRISCI_M@a1.eop.gov (CRISCI_M@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: BLICKSTEIN_J@a1.eop.gov (BLICKSTEIN_J@a1.eop.gov [UNKNOWN]) (OMB)
READ:UNKNOWN

TO: ANDERSON_L@a1.eop.gov (ANDERSON_L@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: John_O._Sutton@oa.eop.gov (John_O._Sutton@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Jake_Siewert@oa.eop.gov (Jake_Siewert@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Jessica_B._Vogelson@oa.eop.gov (Jessica_B._Vogelson@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Megan_C._Moloney@oa.eop.gov (Megan_C._Moloney@oa.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: WALDMAN_M@a1.eop.gov (WALDMAN_M@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: TOIV_B@a1.eop.gov (TOIV_B@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: TABERSKI_D@a1.eop.gov (TABERSKI_D@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: STOTT_D@a1.eop.gov (STOTT_D@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: SPERLING_G@a1.eop.gov (SPERLING_G@a1.eop.gov [EOP]) (OPD)
READ:UNKNOWN

TO: SENAN_J@a1.eop.gov (SENAN_J@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: SCHEAR_S@a1.eop.gov (SCHEAR_S@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: SALAZAR_R@a1.eop.gov (SALAZAR_R@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: ODONNELL_T@a1.eop.gov (ODONNELL_T@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: MUSCATINE_A@a1.eop.gov (MUSCATINE_A@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: MOFFETT_J@a1.eop.gov (MOFFETT_J@a1.eop.gov [EOP]) (WHO)
READ:UNKNOWN

TO: MCKIERNAN_K@a1.eop.gov (MCKIERNAN_K@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: MASON_J@a1.eop.gov (MASON_J@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: LI_G@a1.eop.gov (LI_G@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: LEWIS_P@a1.eop.gov (LEWIS_P@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: KUKIS_H@a1.eop.gov (KUKIS_H@a1.eop.gov [UNKNOWN]) (VPO)
READ:UNKNOWN

TO: HORWITZ_R@a1.eop.gov (HORWITZ_R@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: HILLIARD_B@a1.eop.gov (HILLIARD_B@a1.eop.gov [EOP]) (NSC)
READ:UNKNOWN

TO: GREEN_J@a1.eop.gov (GREEN_J@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: GLYNN_M@a1.eop.gov (GLYNN_M@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: GAINES_J@a1.eop.gov (GAINES_J@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: ENGSKOV_K@a1.eop.gov (ENGSKOV_K@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: EDWARDS_A@a1.eop.gov (EDWARDS_A@a1.eop.gov [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: COHEN_SA@a1.eop.gov (COHEN_SA@a1.eop.gov [EOP]) (WHO)
READ:UNKNOWN

TO: BERNAL_D@a1.eop.gov (BERNAL_D@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: ABERNATHY_P@a1.eop.gov (ABERNATHY_P@a1.eop.gov [EOP]) (OPD)
READ:UNKNOWN

TEXT:
Message Creation Date was at 13-MAY-1997 14:03:00

Capital Gang Sunday:
Sealing The Balanced Budget Agreement

Aired May 11, 1997 - 7:00 p.m. ET

ANNOUNCER: Live from Washington, CAPITAL GANG
SUNDAY.

JIM GLASSMAN, "WASHINGTON POST" (on-camera):
Welcome to CAPITAL GANG SUNDAY. I'm Jim Glassman with Ruth Conniff of "The Progressive," syndicated columnist Mona Charen, Jeff Birnbaum of "Fortune"
Magazine and Howard
Fineman
of "Newsweek."

Even though a truce has been declared and both sides have
agreed
to agree on a budget deal, there is still hand-to-hand
combat over
the details -- take education, for instance. The Clinton
administration
claims Republican leaders agree that $35 will be set aside
of tuition

tax credits and a $10,000 tax deduction. House Ways and Means Chairman
Bill Archer insists that he is not bound by any
number.
The White House is positive they had a commitment.

(BEGIN VIDEO CLIP)

MIKE McCURRY, WHITE HOUSE PRESS SECRETARY
(on-camera): A deal's a deal and we're gonna make sure that
those
things that were in the agreement, the framework agreement
that
was put together by the White House and by congressional negotiators,
holds up in the end of the day.

(END VIDEO CLIP)

GLASSMAN: House Speaker Newt Gingrich is taking it all in stride. He hopes
to get a final budget agreement by the 4th
of July.

(BEGIN VIDEO CLIP)

NEWT GINGRICH (R) HOUSE SPEAKER (on-camera): When
you take a two-page agreement and you turn it into a
2,500-page
bill, there is inevitably a lot of argument. And I think
people should
just recognize that that's the normal legislative process,
nothing
unusual.

(END VIDEO CLIP)

GLASSMAN: So, Jeff, what happened to this deal? I thought everything was
signed, seal, delivered. It's all done.

JEFFREY BIRNBAUM, "FORTUNE" MAGAZINE (on-camera):
Well, signed and sealed. I think, really, it's all over but the shouting.
And there's going to be a lot of shouting, mind you, and a
lot of
elbows trying to push the deal around. And these details are important.
For example, they have about $90 billion worth of
tax
cuts promised than they have money to spend on them. That's
a bit
of a problem. But they're lucky. They have a set of
circumstances
that would get to balance in the year 2002 almost by itself,
basically,
and that's too much to pass up. There's going to be a deal.
It won't
happen this summer. It won't be finished. But it will happen eventually.
It's -- I think it's all but done.

GLASSMAN: You say it's all but done because of the economics?

BIRNBAUM: Right.

GLASSMAN: Things are going well and it's easier to get to a balanced budget.

BIRNBAUM: Revenue is basically pouring in.

GLASSMAN: But the essential question, Howard, is this a matter of a few little details that have to be straightened out? Or, is it big things? I mean, Clinton really wants this $35 billion in tax subsidies for education. And the chairman of the Ways and Means Committee said, "Oh, we didn't make a deal on that."

HOWARD FINEMAN, "NEWSWEEK" (on-camera): Yeah, and the chairman of the Ways and Means Committee wasn't in the room when they were making the deal. Well, he says not. And Bill Archer, you know, he's sort of like the joker who says wait 'til they get a load of me. Well, they're going to get a load of him, and he doesn't like what he's seen, so far, and as Jeff said, there are many more taxes promised than there is room for and there are philosophical disagreements on things like capitol gains tax, on Bill Clinton's big education tax cuts. Archer says he doesn't have to be bound by the deal.

RUTH CONNIFF, "THE PROGRESSIVE" (on-camera): Not enough of a philosophical disagreement, though, if you ask me. I mean, Clinton has basically reneged on the small amount of money he was going to put towards rebuilding the schools, the $5 billion. He's got a tax credit that goes to people who itemize their taxes, which means mostly the vast majority of people who make more than $30,000 a year. I mean, he rolled over on this deal. He said, "We're going to have a balanced budget. We're going to have big fat tax cuts at the same time. The poor are going to pay for it, and the wealthy are going to get a free ride."

GLASSMAN: Mona?

MONA CHAREN, SYNDICATED COLUMNIST (on-camera):
Ahh, if it were only true.

GLASSMAN: Well, you know, it is true that he did back down on this $5 billion to fix school roofs in various communities around the country. I don't know what that --.

CHAREN: Right. What an absurd -- is there a more absurd idea than that the federal government should be in charge of fixing school buildings that are breaking down around the country? I mean, you know, in a lot of these jurisdictions where there are breaking down buildings like New York City and Washington, D.C., you have the highest per pupil spending of anyplace in the country. The reason these buildings are falling apart is that local officials have made bad decisions about how to spend their money. It's not a federal role.

GLASSMAN: Let me ask you quickly because Ruth -- some people would her being somewhat on the left, I guess -- but you, maybe on the right. Do you like this -- she doesn't like this deal. Do you like this deal?

CHAREN: No. I don't like it. But I don't think it's the end of the world either. There will be another election in 1998 and another one in the year 2000. I think the conservatives who are pulling out their hair over this are overreacting a little bit.

CONNIFF: It ain't exactly the Great Society. I mean, this is a deal that says we're going to have capitol gains tax cuts, people, you know, here's a crime. People have more than $600,000 to leave to their children, should not have to pay taxes after that first $600,000 they leave. I mean --.

GLASSMAN: And a lot -- by, the way -- a lot of Democrats are in favor of increasing the exemption on the inheritance tax.

CONNIFF: That's right.

GLASSMAN: Well, it's a different kind of country.

CHAREN: But on the other side, look, this budget increases
funding
for Head Start, which even the founder of the program says
should
not be increased because most of the programs don't work and
we
don't know how to make them work, increases Medicare, Medicaid, subsidies
for SSI, things that we, that
Republicans ought
to have made a principle --

GLASSMAN: SSI?

CHAREN: -- Supplemental Security Income.

GLASSMAN: OK, let's get back to the problem, let's -- forget
the
substance -- let's get back to the politics. So, you're very
sanguine
about this thing actually going through?

BIRNBAUM: Oh yeah. I don't think there's any question.

GLASSMAN: So you just think all this is just a lot of talk.

BIRNBAUM: No, the details are very important, and there are
--
there's going to be a lot of fights along the way. I don't
believe,
though, that the fundamentals of this deal are going to fall apart.
There are disagreements on the left and right, but most of
that, in
Congress at least, is posturing to try to pull the deal back
to where it
is now.

GLASSMAN: Howard?

FINEMAN: Well, in the end, I think Jeff's right, not only
because of
the economy, because the Republicans still remember last
year and
in the end, they're going to want a deal just so they don't
get nailed
again for being obstructionist.

CHAREN: They're fearful, that's the problem.

GLASSMAN: Of course, the Republicans also have this really
neat
idea, the Republicans have this continuing resolution which

says that
if there's no budget deal, then you revert, it originally
was going to
be 98 percent of the last year's budget, now it's 100
percent. And
it's a way to sort of keep them from taking the blame.

CHAREN: Right. That would have been great, if they had the
sense
to do that.

GLASSMAN: Well, it's not clear whether that is going to go through or not.
It hasn't really been shot down yet. Yes?

CONNIFF: If the Republicans are fearful, I don't know what
you
would say about Bill Clinton. I mean, his idea that we have
not only
a balanced budget, but we're balancing our values. What a
nifty
idea. You know, you give up something you deeply believe in,
I give
up something I deeply believe in.

GLASSMAN: So, what do you deeply believe in that's not in
this
budget, that you would think a real Democratic president
would put
in?

CONNIFF: Well, I think this is an opportunity. I mean, we
have this
windfall, right? Gee, all of a sudden, $225 billion.

GLASSMAN: Windfall meaning taxes that people are going to pay.

CONNIFF: Well, we have more money than we thought we had.

CHAREN: Why don't we get to keep it?

CONNIFF: Mona, I suppose, would be for just sort of
allocating it
to each individual.

GLASSMAN: No, it's ours to start with.

CHAREN: I earn it. I earned it.

FINEMAN: Jim would be for a $1,0 per person.

GLASSMAN: Right.

CONNIFF: What I think Clinton might have done, which is,
since

he's no longer running for election, which is hard to tell,
I think that
he could actually do what he said he would do and invest it
in
education in this country for starters. I mean, we talk, we
give all this
lip service to this idea. And I don't agree with Mona that
schools
falling apart is just some bad management problem. I mean
there are
some really sorry, sorry situations.

GLASSMAN: She thinks it's a local problem. But we have to
wrap
it up. And when we come back, President Clinton deals with
the
wars in Central America ten years later.

(COMMERCIAL BREAK)

JIM GLASSMAN: Welcome back. President Clinton headed south of the border
last week. During a stop in Costa Rica,
leftover Cold
War issues heated up. During a Central American summit, the president
reassured leaders that the region was still
important to the
U.S., even though the battlefields of the eighties are quiet now.
Central Americans are specifically worried about a new
immigration
law that could prompt mass deportations of refugees who fled
to the
U.S. to avoid the wars. Mr. Clinton pledged to delay
enforcement
and ask for special consideration from Congress.

(BEGIN VIDEO CLIP)

PRESIDENT BILL CLINTON (on-camera): In these nations where democracy has
prevailed and we want to work with them
to
succeed, it seems to me we ought to be sensitive to the
disruptions
that were caused during those tough years, that we were
involved in
as a nation.

(END VIDEO CLIP)

GLASSMAN: So Ruth, does President Clinton really feel the Central
American's pain?

RUTH CONNIFF: That's a sarcastic question. But I thought it
was
really decent of Clinton to acknowledge that the United

States
played a shameful role in helping to fund and train the
torturers in
Latin America who killed tens of thousands of people during
the
death squad era, especially in Guatemala and El Salvador.
So, it
was a good --.

JEFFREY BIRNBAUM: Get a commercial in.

CONNIFF: It was a good --

GLASSMAN: You may not have noticed, but all of Central America, all of
Latin America, now has freely elected
democratic
governments for the first time in history.

CONNIFF: There are some, yeah, there's a lot of progress in
Latin
America, although there are some pretty corrupt regimes. For example, the
Mexican government, where Clinton spent a lot
of time
hanging out recently. But, yeah, I think that the wars of
the eighties
are over and for the most part, things are better. But we've
got the
fallout now. We've got all of these people who fled from some horrific
situations that we did help create there. And the
question is
what do we do for them.

GLASSMAN: So, what do we do for them? I mean, this deportation issue seems
to be fudged.

JEFFREY BIRNBAUM: Oh definitely. The Central American leaders wanted
amnesty for, I think there are about 300,000
of their
people in this country now. And Clinton told them in a very charming way,
"no." But he did offer them an olive branch.
He did
say that they could -- that the deportations would be put
off until
October and that he would jawbone Congress and try to loosen
it
up a little bit and also promised there would be no mass deportations,
case-by-case basis. So, he did charm the
Central
Americans. But at some point, I think this charm offensive
got a little
offensive.

HOWARD FINEMAN: He was even charming enough to admit that we were in part
responsible for the drug problem that

they have
to deal with there.

GLASSMAN: Right. Good point. I mean --.

FINEMAN: We consume more than half the world's drugs.

GLASSMAN: He said 5 percent of the population, half the
world's
drugs. The next logical stage would be why do we go through
this
stupid certification process every year with Mexico, when
it's really
our fault?

FINEMAN: Well, it's partly our fault though. But he didn't
hit hard
enough on the rest of the story. I think Bill Clinton's
charm has its
limitations and dealing with the drug issue in Latin America
is one of
them. We now find, after he's safely out of Mexico and
relaxing in
Barbados, that the Justice Department has been supervising a massive
investigation of money laundering and drug traffickin
g by
top Mexican officials. And this is very serious business. I
would like
to know if Bill Clinton raised that with Mexican leaders and
if so,
how and if so, why we weren't told about it.

GLASSMAN: Do you agree -- you know, President Clinton actually said -- he
didn't quite say that we caused all this
trouble in
Central America, as Ruth seems to believe, in the eighties.
But he
really -- it was almost kind of an apology.

MONA CHAREN: It was. It was too apologetic in tone, though I agree with
Howard. It's right to say that we are responsible
for the
drug problem, because it's our market. But when it comes to Central --
when it comes to what happened in Central America during the 1980s, it is
a cruel insult to suggest that the
United States
caused the problem. In point of fact, no thanks to Ruth and
her
friends, there was a very aggressive communist insurgency
that was
going on, funded by Cuba and the USSR during the 1980s.

GLASSMAN: By the way, Ruth did not personally have anything
to

do with it.

CHAREN: Given the opportunity, she might have. But, we -- but we thwarted it. If we had not, we probably would have seen something along the lines of the boat people who came here
from
Cuba and the -- and Southeast Asia. As it is, all of those
countries
are democratic now and we deserve credit for our role in
Latin
America.

GLASSMAN: OK. You get to respond to that.

CONNIFF: What about the El Masotae (ph) massacre? I mean, the fact that the CIA was actually directly involved in killing
all those
people, doesn't that bother you a little bit?

CHAREN: Do you want to talk about massacres? I mean, do you want to compare the records of free nations versus communist countries? Let's not get into that now. GLASSMAN: OK, no, we aren't going to talk about bananas. The other thing that
went on was
that -- another thorny issue is whether to extend NAFTA,
which is
our free trade agreement with, now with just Mexico and Canada.
Should it be extended to Central America? What did the
president
say there?

FINEMAN: Well, he wants to extend it.

GLASSMAN: Yeah, he wants to, but is he going to do anything about it?

FINEMAN: I don't know if he is going to do anything about it, because there are lots of problems involved in that also.

BIRNBAUM: No. In fact, he indicated, he downplayed that. He papered over that along with a lot of other things, like
drugs,
because it doesn't look like he's going to be able to get
the so called
fast track authority, which would allow trade, free trade to
whisk
through the Congress. I don't think it's going to happen. He
didn't
promise it. So, he sort of sidestepped it.

GLASSMAN: Yes, go ahead.

CHAREN: Let me make a point about the immigrants from Central America.

GLASSMAN: Yes.

CHAREN: They are incredibly hardworking people. This is not
an
easy issue, because they came here under a provision of the
law that
said if your home country is engaged in turmoil, you can
come in
temporarily until things calm down at home. Then we changed
the
law. And so, it really is kind of unfair to suddenly ship
all of these
300,000 people back, who are earning a good living here and they're
sending part of that money back home. It seems
unfair.

GLASSMAN: I completely agree with you. And when we come back, Mother's Day
in Washington, what politicians are
trying to do
with your kids.

(COMMERCIAL BREAK)

JIM GLASSMAN: Welcome back. It may be Mother's Day, but in Washington,
it's kids who are getting all the attention. The
House of
Representatives passed a tough juvenile crime bill, giving
states
incentive to try juveniles who commit violent crimes as adults.
President Clinton opposes the bill as he explained in his
weekly
radio address.

(BEGIN VIDEO CLIP)

PRESIDENT CLINTON: Perhaps most troubling, the House bill rejects my call
to cut off young people's access to guns,
now the
third leading cause of death for young people between the
ages of
13 and 24. We must begin with a simple precaution of child
safety
locks. REP. BOB LIVINGSTON (R-LA) (on-camera): I think the president's
just looking for a reason to oppose that bill.
The taking
of a life has to be dealt with and these kids know what
they're
doing, and I don't have any problem putting them in jail
just like
everybody else.

(END VIDEO CLIP)

GLASSMAN: What kids watch on TV has caught the eye of House Speaker Newt
Gingrich. He is calling on TV networks to make the first hour of prime

time, from eight to nine, more family-friendly.

(BEGIN VIDEO CLIP)

NEWT GINGRICH: We ought to have programming that is more appropriate for six, to nine, to ten, or 11-year-olds to watch. And it's an easy test. Are you comfortable watching a show with your child sitting next to you?

(END VIDEO CLIP)

GLASSMAN: Mona, happy Mother's Day. You're the only mother on the show.

MONA CHAREN: Thank you.

GLASSMAN: And so, do you think that Congress should get involved in this family TV issue? Is it a role for government?

CHAREN: Well, they should jawbone, yes. They should shame the networks in any way that they can into doing the right thing. I don't think they should pass a law on the subject. But I do think that they should make it clear that as a society, we believe that the cultural environment can be polluted just as the physical environment can be.

GLASSMAN: Do you watch TV between eight and nine with your kids?

CHAREN: No.

GLASSMAN: Other than CNN?

CHAREN: No. They don't stay up that late.

GLASSMAN: Uh-oh. Well, that's one way around it. So, is this a hot issue? I mean, it seems to me that when you get in trouble, you sort of do what Bob Dole did and attack the TV networks. I mean, not that they're not worth attacking.

JEFFREY BIRNBAUM: No, and if you do -- I do occasionally watch TV at that hour and a little bit later.

GLASSMAN: What's on?

BIRNBAUM: A lot of stuff that I am a little uncomfortable having my kids watch, for sure. But I agree with Mona that it's not

the
place of the Congress to legislate there. I think, if they
want to
legislate, maybe they should force the TV networks to have
some
free time for politicians and help.

GLASSMAN: Oh, between eight and nine? That would put the kids to sleep, right?

HOWARD FINEMAN: I don't think that's family-friendly.

GLASSMAN: OK, let's talk about juvenile --.

CHAREN: It would put the kids to sleep early.

GLASSMAN: Well, that's not a bad idea. But let's move back to juvenile crime. That's what we were talking about in the
beginning.
There's this juvenile crime bill which a lot of the
Democrats really
hate and, but President Clinton is attacking it because it
doesn't have
anything about guns in it.

FINEMAN: He wants the safety locks on the guns. I think this
is
one of those issues where people don't want to talk about
what's
really going on here. This is a race issue to a large
extent. I mean, I
think a lot of liberals and a lot of African-Americans and
others
think that if you start seeking adult punishment for 13 and
14 and
15-year-olds, it's going to weigh disproportionately on
people in
minority communities and that's the issue that Bill Clinton
doesn't
want to talk about, but he should be forced to address.

GLASSMAN: But, of course, the other problem is that many,
many
teenagers commit very terrible crimes. So the question is,
do you
treat them through the juvenile justice system, where, in
many cases,
in fact I think in all cases, they don't even get anything
on their
record. Or do you treat them as adults if they've committed
an adult
crime? What do you think, Ruth?

RUTH CONNIFF: Look, nobody believes that the adult prison system reforms criminals, right? Nobody believes that it corrects their behavior, that they come out better people. Up until very recently, we have sustained a commitment to the idea that there is such a thing as reform for juveniles. And so what we're really saying with this, we want you to throw them away. I mean, these kids aren't going to go away. They're going to be there in the prison system. They're going to be -- you know -- if this bill passes, they will be housed with adult criminals, and, you know, really it's a bill about giving up on kids.

CHAREN: There's nothing good you can do when you've created a 13-year-old killer. And the only way -- you can't do anything for that kid, frankly. You can't reform him. The only thing you can do is lock him up until he's too old to be interested in committing crimes, like when's 50. But, you do have to do something about, what John Delulio (ph) has called the criminogenic environment in which these kids are being raised. And the answer to that is, at least in the beginning, taking kids away from abusive parents much more aggressively than we currently do.

GLASSMAN: But you're agreeing with what Ruth is saying. So you're saying just sort of lock them up and send them away.

CHAREN: No, she wants to reform them. I don't even think you can.

GLASSMAN: Well, what should you do with a 13-year-old murderer or a 14-year-old, or a 15-year-old. Forget the 13, that makes it too low.

CONNIFF: I've met some 13 and 15-year-old murderers, actually, and I don't agree with you that they're hopeless.

GLASSMAN: Send them to reform school and keep it off their record, the fact they killed somebody?

CONNIFF: It's really hard to do much at that age. I agree with that. But I have actually met some kids who've been through programs that have had a profound effect on their lives. And I think

it is sick to
say that we should simply give up. But what's really hideous
about
this is, this is coming at a time when we are not making a commitment to
fund programs that could help kids at an early
age.

GLASSMAN: OK. Unfortunately, we're going to have to stop. And when we come
back, the Hall of Fame and the Hall of
Shame.
Who gets inducted and why.

(COMMERCIAL BREAK)

JIM GLASSMAN: It's time for the Hall of Fame and the Hall of
Shame. George W. Bush, governor of Texas, son of the
ex-president and a possible GOP presidential candidate in
the year
2000 himself, had a great idea, hire private companies like
IBM to
run a one-stop shopping center to service people on welfare.
Texas
could cut bureaucrats, save money, give better service. But
the
Clinton administration last week said, no way. Proof again
that
Democrats allow us to reinvent government, not at all,
unless we've
got that union seal of approval. Ruth.

RUTH CONNIFF: Thanks. Newt Gingrich wants to launch his own inquisition.
He would start by trying to make religious
converts out
of drug dealers. The government would step up surveillance of suspected
dealers. Those who get caught would go to a
religion
rehabilitation program. Forget separation of church and
state and
woe betide those who get caught a second time. To them
Gingrich
said, we're going to kill you. Now, that's old-fashioned persuasion.
Torquemado would be proud. Jeff.

JEFFREY BIRNBAUM: Republicans have been gleeful over the foreign campaign
contributions the Democrats have collected illegally and been forced to
return. But last week, roles
were
reversed and the Republicans said they would give back
$122,000
to Young Brothers USA, which really turned out to be Young Brothers Hong
Kong. Democrats still have the bigger problem,
of
course, but the GOP foreign connection isn't over. Look for
more

revelations soon. In the meantime, shame on them both. Howard.

HOWARD FINEMAN: This is an historic day. Just a few hours ago, a bunch of diodes and silicon named Deep Blue defeated
the
world's greatest chest champion, Gary Kasparov, in a
five-game
match. But I'm not one of those who minds that machines are becoming smarter than people. I say more power to them. Now, Deep Blue, a few new tasks. Make Dennis Rodman shy. Get Ellen DeGeneres to shut up. And no more O.J. books, ever. Mona.

MONA CHAREN: Most of the major notables of San Francisco were there, including Mayor Willie Brown, the district
attorney, and
the president of the board of supervisors. Where? A party for political consultant Jack Davis. The entertainment featured
male and
female strippers, topless dancers and inflatable rubber
penises. The
sadomachochistic finale featured a dominatrix with a whiskey
bottle
and a razor blade cutting a pentogram into the back of a so
called
satanic priest. There's more, but I can't mention it in the family hour. Quote, "Everyone enjoys total access to my administration," explained Mayor Brown. It's a brave new world.

GLASSMAN: And you were just on the West Coast, last week?

FINEMAN: I was not asked any questions.

GLASSMAN: You were not at that party. I knew you were not at that party.

CHAREN: Listen, I don't mind that Deep Blue won, but I'll be impressed when a computer can make a human being.

GLASSMAN: And OK, fine, on Mother's Day, it's quite appropriate. And hello to Jim Warren who's out in Idaho
watching
the show.

And that's it for CAPITAL GANG SUNDAY. Don't forget to join us again next week.

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

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.

Collection: 2017-1073-F

Bucket: Default

Creation Date: 1997-06-02

Subject: 1997-6-2 McCurry Briefing

Creator: SUNTUM_M@A1@CD

ARMS Email System
RECORD TYPE: FEDERAL (NOTES MAIL)

CREATOR: mike@eesi.org (mike@eesi.org [UNKNOWN])

CREATION DATE/TIME: 4-JUN-1997 20:01:56.00

SUBJECT: PULSE Mid-Week Update for June 5, 1997

TO: mike@eesi.org (mike@eesi.org [UNKNOWN])
READ:UNKNOWN

TEXT:

** EESI Publishing **
** Environment and Energy MID-WEEK UPDATE **
** June 5, 1997 **

The Most Effective Way to Track CONGRESS

Published every Thursday morning, the
Environment and Energy MID-WEEK PULSE
provides timely, objective and comprehensive
coverage of late-breaking Congressional
action on environmental, energy and natural
resource issues.

Questions or Comments? Contact Mike Medd by
phone at 1-888-884-EESI (3374) or (202)628-6500
locally, by fax at(202) 628-1825, or by e-mail
at pubs@eesi.org.

Visit us on the World Wide Web
-----www.eesi.org-----

Appropriations

No compromise in sight on emergency spending bill

Senate leaders yesterday (Wednesday) gave every indication that
the FY '97 emergency spending bill may not be signed into law for
weeks, even as a delegation of civic leaders from the

flood-ravaged Northern Plains warned of the narrow window of reconstruction opportunity there.

Senate Minority Leader Tom Daschle (D-S.D.) said at a morning press conference that he hoped for a breakthrough sometime this week but added, "I don't know when that will be."

"My expectation is this bill is going to go through loaded and it's going to be vetoed" and will be sent right back for further congressional work, Daschle said. "We seem to be on that track right now."

Senate Majority Leader Trent Lott (R-Miss.) told reporters later in the day that he felt no inclination to strip the bill of nettlesome provisions. House-Senate conferees at press time were working to complete a conference report on the supplemental.

Lawmakers are divided mostly over inclusion of continuing resolution language that guarantees continued federal government operation if FY '98 appropriations bills are not passed in time. Major differences also exist over language regarding census procedures and somewhat lesser ones over public lands rights-of-way and the Endangered Species Act.

Daschle went on to threaten a filibuster, saying he would keep the Senate in session all night if the House-Senate conference committee fails to finish up today.

"...We're not going to be enthusiastic about doing anything else until this is resolved," he said. "Nothing should have a higher priority."

Lott maintained that relief money is "in the pipeline," disputing claims that relief agencies are out of money and incapable of helping disaster victims. "I believe the record is very clear that [the money] is getting there," he said. "The only way disaster money will stop is if there is a government shutdown."
-- Tim Breen

Budget

Senate delays, House rushes budget resolution vote

Senate Majority Leader Trent Lott (R-Miss) said yesterday (Wednesday) the final budget resolution would not be voted on in his chamber until Tuesday, delaying again the process that must put 13 appropriations bills in place by Oct. 1.

At press time, a House-Senate conference was putting the final touches on the deal that charts a course to a balanced budget by 2002 in addition to setting FY '98 spending ceilings. The House and Senate approved their respective versions about two weeks ago but Democrats, angered over the stalled emergency spending bill, have not allowed procedural shortcuts that might have obviated the need for a full-fledged conference.

A spokesman for House Budget Committee ranking member John Spratt (D-S.C.), said the House still plans to go forward with a floor vote on the conference bill tomorrow morning. Lawmakers were expected to take the legislation before the Rules Committee early this evening, he said. -- Tim Breen

----

Energy Policy

House Commerce raises spending caps set by Science panel

The House Commerce Committee served another blow to the Science Committee yesterday by approving an energy research authorization bill, H.R. 1277, which raises the spending caps set by the science panel for FY '98 and FY '99 for certain research programs.

On May 22, the House Commerce Energy and Power Subcommittee showed its clout, ignoring H.R. 1277 as marked up by the Science Committee previously, and in its place approving a substitute presented by subcommittee Chairman Dan Schaefer (R-Colo.). H.R. 1277, voted out by the subcommittee, strips the funding for environmental restoration and waste management activities on the ground that the Science Committee has no jurisdiction over these programs.

At the markup of the legislation by the full committee yesterday, Rep. Michael Crapo (R-Idaho) proposed an amendment, which was adopted by voice vote, increasing the funding limit for the Department of Energy's field operations and the electrometallurgical research and development programs.

Crapo recommended spending caps for FY '98 and FY '99 at $100 million and $95 million for field operations as compared to some $93 million and $88 million approved by the science panel.

For nuclear energy research programs Crapo suggested $164 million for FY '98 and $146 million for FY '99 in lieu of the Science Committee limit of $152 million and $134 million.

Crapo's amendment restores the field operations account back to the administration's request while it provides the necessary funding for the electrometallurigical research and development project.

The Commerce Committee approval has cleared the way for the bill to move to the floor, but the question is whether the legislation will see floor action. With two versions existing, the Rules Committee would have to decide on which version should be brought to the floor.

Science Committee Chairman James Sensenbrenner (R-Wis.) has said that he hopes to resolve the differences with the Commerce Committee.

The Science Committee version of H.R. 1277, introduced by Rep. Ken Calvert (R-Calif.), was moved to the Rules Committee after it was voted out on April 16, but at the last minute the Commerce Committee claimed jurisdiction over some of the energy research programs. The Science Committee then sequentially referred the bill to the Commerce Committee, which had until June 6 to act on it.

In the fight over jurisdiction the controversial contents of the bill were sidelined. Energy efficiency and renewable industries had complained that their technology programs suffered cuts from the Science Committee.

The tug-of-war between the two committees has delayed the possibility of floor action for an R&D authorization bill. If enacted, the legislation might have some impact on appropriators, sources say. However, the Appropriations Committee has by now begun initiating the appropriations process and the tussle between the two committees has likely diminished the authorization bill's relevance, observers note. -- Manimoli Dinesh

----
Air Pollution

Chafee, Breaux seeking support for clean air letter to Clinton

Senate Environment and Public Works Committee Chairman John Chafee (R-R.I.) and Sen. John Breaux (D-La.) on Wednesday afternoon were still in search of signatures for a letter that is to be sent to President Clinton as soon as possible stating their opposition to a proposed rule by the Environmental Protection Agency to tighten emissions standards for ozone and particulate matter, said congressional sources. The letter does indicate, though, their apparent willingness to work toward a compromise, according to the sources.

Chafee and Breaux lend their support in the letter to EPA's plan to measure an ozone standard over an eight-hour period rather than the present one-hour period, but the senators do not believe there is enough scientific evidence to back the proposal's numerical ozone standard of .08 parts per million at this time, the sources said. The current ozone standard is .12 parts per million.

Chafee and Breaux also said they do not believe there is enough scientific evidence to back EPA's plan for a new fine particulate matter standard of 2.5 microns or smaller in concentrations of 15 micrograms per cubic meter annually, the sources said. The senators have said they would like for EPA to address particulate matter at a later time when more scientific studies on the pollutant are available.

Meanwhile, Reps. Dennis Kucinich (D-Ohio), Patrick Kennedy (D-R.I.) and House Government Reform and Oversight Committee ranking member Henry Waxman (D-Calif.) are among 43 House signatories to a letter sent Wednesday to Clinton supporting the EPA proposal. "Although some uncertainties remain," the letter said, "EPA has set forth an articulate rationale based on the evidence for moving forward to reduce the risks to our health and the health of our children." -- Neil Franz

----
Wildlife

House passes compromise wildlife management bill

With near unanimous approval, the House on Tuesday approved 407-1 a bill setting new management requirements for the nation's 509 wildlife refuges.

The widespread support for H.R. 1420, The National Wildlife Refuge System Improvement Act, derives from negotiations held earlier this spring to craft consensus legislation. Included in the negotiations were Resources Committee Chairman Don Young (R-Alaska), who originally introduced the legislation; Interior Secretary Bruce Babbitt; and Rep. George Miller (D-Calif.), ranking minority member of the Resources Committee.

The original legislation, introduced this winter as H.R. 511, was extremely controversial and faced a veto threat from the Clinton administration and faced loads of criticisms from several Democratic congressmen and wildlife groups.

These opponents of H.R. 511 said it placed recreational sports, such as hunting and fishing, with too much priority over wildlife conservation programs in the nations' 92 million acres of federal refuge lands that were established to protect and conserve wildlife.

But those opponents of H.R. 511 say the changes made in H.R. 1420 reaffirm the conservation purposes of refuges and put recreational activities in balance with conservation concerns.

Under H.R. 1420, conservation is elevated to the primary purpose of the nation's 509 wildlife refuges and the bill outlines management guidelines for the refuges. Also, the bill requires that recreational uses of refuges be "compatible" with the refuge. -- Colleen Schu

----
Utilities

Senate Banking to mark up PUHCA bill

The Senate Banking, Housing and Urban Affairs Committee will mark up a bill (S. 621) today that will replace the depression-era Public Utility Holding Company Act of 1935.

S. 621, sponsored by Banking Committee Chairman Alphonse D'Amato (R-N.Y.), repeals PUHCA of 1935 and puts in its place the Public Utility Holding Company Act of 1997, which has broad bipartisan support.

PUHCA of 1935, which was tailored to suit the depression era, is considered restrictive of the 15 registered electric and gas utility holding companies. S. 621, among other things, provides the Federal Energy Regulatory Commission (FERC) access to books and records of holding companies and their subsidiaries.

Changes to the bill are expected during the markup. At a hearing on the bill D'Amato expressed his willingness to revise the bill to make improvements.

Some witnesses sought a longer transition period before repealing PUHCA since a few state legislatures only meet biannually. A few senators also have voiced concern that S. 621 might not adequately protect consumers.

Senate Energy and Natural Resources Committee Chairman Frank Murkowski (R-Alaska), who is a co-sponsor of the bill, has endorsed the passage of the bill.

Murkowski, who is steering the utility deregulation debate in the Senate, supports stand-alone bills that would remove impediments to retail competition in the electricity industry. A similar bill, S. 1317, was approved by the Banking Committee in the last Congress, but failed to move beyond that. -- Manimoli Dinesh

----
Global Environment

Barshefsky defends fast track goal; consensus sought on environment

During a Tuesday hearing of the Senate Finance Committee, much to the dismay of Chairman William Roth (R-Del) and ranking member Patrick Moynihan (D-N.Y.), U.S. Trade Representative Charlene Barshefsky reconfirmed plans within the Clinton administration to hold up a pending proposal to reauthorize fast track trade negotiating authority until around September.

Barshefsky did not, however, indicate how Clinton will approach in the proposal the contentious issues of labor and the environment -- only saying that the two areas of debate constitute the main reason for delay. About 150 congressional members have met with Barshefsky to discuss fast track, she said, and Clinton is hoping to reach a bipartisan consensus on both labor and environment by the end of the summer.

While Roth and many other GOP panel members said they strongly object to such provisions being included in fast track, some Democrats only stressed that a bill should be both fair to the United States and, as Sen. Jay Rockefeller (D-W.Va.) said, include "appropriate" measures.

Referring to fast track as the "most critical trade issue," Roth said a bill must be limited to the original intention of fast-track authority. Sen. Phil Graham (R-Texas) warned that a bill would certainly not have a chance of passing through Congress this year if Clinton offers a proposal that uses fast track to enforce labor and environmental laws. Such matters should instead be dealt with separately, said Graham, where amendments can be added.

All of the members present doubted whether fast track could be completed this year if Clinton withholds the proposal until September. Barshefsky disagreed and said more than enough time would be available before the Senate is scheduled to recess for the year in mid-November.

Under fast track authority which expired in 1994, Congress has 60 legislative days to vote on a proposed trade agreement from the administration. After a maximum of 20 hours of floor debate, the vote can only be up or down (amendments prohibited).

Many environment groups believe Clinton is preparing a proposal that would side reference environmental concerns, instead of including fast track provisions that would enable the United States to enforce environmental agreements. Many Republicans believe, on the other hand, tough environmental provisions in fast track would make countries less willing to negotiate trade deals -- fearing Congress would amend already existing concessions. -- Neil Franz

----
Foreign Operations

State Department authorization bill goes to House floor

The House, at press time, was debating a bill (H.R. 1757) that would, aside from other provisions, structure the Agency for International Development under the administrative authority of the State Department.

The USAID shuffle was originally part of H.R. 1486, but that bill was stripped on Tuesday by the House Rules Committee to remove a $16 billion-per-year foreign aid package earlier approved by the International Relations Committee. H.R. 1757 -- authorizing USAID and a couple of similar agencies under State -- and a bill dealing with NATO are planned to be passed separately and then sent to the Senate together, said a House Rules Committee GOP aide.

Although H.R. 1757 was scheduled for floor action on Wednesday, a vote today (Thursday) was more likely, said congressional sources. -- Neil Franz