Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	arose@haas.berkeley.edu to Yellen_J at 22:36:00.00. Subject: The Happy Return (yours) (2 pages)	04/14/1997	Personal Misfile
002. email	arose@haas.berkeley.edu to Yellen_J at 15:07:00.00. Subject: Re: The Happy Return (Yours). (2 pages)	04/15/1997	Personal Misfile
003. email	arose@haas.berkeley.edu to [list] at 21:41:00.00. Subject: Fee at Last! Free at Last! (3 pages)	04/28/1997	Personal Misfile
004. email	Jeffrey A Frankel to Michele M. Jolin and Janet L. Yellen at 12:57:13.00. Subject: the Agriculture slot. (1 page)	05/02/1997	b(6)
005. email	arose@haas.berkeley.edu to Yellen_J at 13:09:48.00, Subject: Dick and I are Lunching with Barney Rocca this Wed (May 21) (1 page)	05/21/1997	Personal Misfile
006. email	arose@haas.berkeley.edu to Yellen_J at 12:28:44.00. Subject: I am out of town. (1 page)	05/23/1997	Personal Misfile
007. email	hermalin@haas.berkeley.edu to Yellen_J at 13:02:32. Subject: BCED Liason. (2 pages)	05/27/1997	Personal Misfile
008. email	Timothy J. Brennan to Janet L. Yellen at 12:43:31.00. Subject: Meeting on a new Member. (2 pages)	05/29/1997	b(6)
009. email	Janet L. Yellen to Jefrey A. Frankel at 20:09:08.00. Subject: Meeting a new Member. (2 pages)	05/29/1997	b(6)
010. email	Jeffrey A Frankel to Janet L. Yellen at 13:48:02.00. Subject: 3rd member. (1 page)	06/09/1997	b(6)
011. email	hermalin@haas.berkeley.edu to Yellen_J at 12:47:37.00. Subject: Re: Renewal of affiliat apps for Joe Farrell and Rich Gilbert (3 pages)	06/11/1997	Personal Misfile

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:

[04/03/1997 - 06/12/1997]

2013-0723-F
ab1269

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
012. email	Janet L. Yellen to Janet L. Yellen at 16:41:43.05. Subject: Appt. request - Akerlof, George. (partial) (1 page)	06/12/1997	b(6)
013. email	Mail Link Monitor to Janet L. Yellen at 16:48:39.19 Subject: Confirmation Appt. request for Yellen, Janet L.. (partial) (1 page)	06/12/1997	b(7)(C), b(7)(E), b(7)(F), b(6)

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:

[04/03/1997 - 06/12/1997]

2013-0723-F
ab1269

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b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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

CREATOR: Christopher J. Ruhm (RUHM_C) (CEA)

CREATION DATE/TIME: 3-APR-1997 15:06:37.15

SUBJECT: Symposium

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ: 3-APR-1997 15:52:26.87

TO: Jeffrey A. Frankel (FRANKEL_J) (CEA)
READ: 3-APR-1997 16:23:01.97

TO: Michele M. Jolin (JOLIN_M) (WHO)
READ: 3-APR-1997 17:01:52.58

TO: Mary A. Thomas (THOMAS_M) (WHO)
READ: 3-APR-1997 15:07:03.82

TO: Sarah J. Reber (REBER_S) (CEA)
READ: 3-APR-1997 15:11:37.24

TO: Cynthia K. Gustafson (GUSTAFSON_C) (WHO)
READ: 3-APR-1997 15:21:19.95

TEXT:
I will be at a symposium at the Urban Institute tomorrow morning (friday). I will be back in the office after lunch.

RECORD TYPE: PRESIDENTIAL (EXTERNAL MAIL)

CREATOR: Michael Waldman@EOP@LNGTWY@EOPMRX

CREATION DATE/TIME: 4-APR-1997 10:28:00.00

SUBJECT: DRAFT INSERT ON ECONOMIC STATISTICS FOR WOMEN'S ECONOMIC EVENT

TO: YELLEN_J (YELLEN_J@A1@CD) (CEA)
READ: 8-APR-1997 14:00:16.05

TO: Gene B. Sperling (Gene B. Sperling@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Franklin D. Raines (Franklin D. Raines@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: John Podesta (John Podesta@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Sylvia M. Mathews (Sylvia M. Mathews@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Donald A. Baer (Donald A. Baer@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Ann F. Lewis (Ann F. Lewis@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: John L. Hilley (John L. Hilley@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Douglas B. Sosnik (Douglas B. Sosnik@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Lawrence J. Haas (Lawrence J. Haas@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Rahm I. Emanuel (Rahm I. Emanuel@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Michael D. McCurry (Michael D. McCurry@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Bruce N. Reed (Bruce N. Reed@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: JOLIN_M (JOLIN_M@A1@CD) (WHO)
READ: 4-APR-1997 10:45:31.24

CC: Debbie B Bengtson (Debbie B Bengtson@OVP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Elisa Millsap (Elisa Millsap@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Kevin S. Moran (Kevin S. Moran@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: /OU=WHO/O=EOP (/OU=WHO/O=EOP@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Michelle Crisci (Michelle Crisci@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Jason S. Goldberg (Jason S. Goldberg@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: June G. Turner (June G. Turner@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Sara M. Latham (Sara M. Latham@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Julie E. Mason (Julie E. Mason@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Melissa Green (Melissa Green@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TEXT:
Message Creation Date was at 4-APR-1997 10:20:00

Let me begin by saying that today we have received some very encouraging news about our economy. Today the unemployment rate dropped to 5.2%. This is further evidence that our economy is continuing to grow, steady and strong. It has created nearly 12 million jobs since 1993. At the same time, the deficit has been reduced by 63 percent, investment in our people has increased, and inflation remains low.

This strong and steady growth is creating wider opportuntiy for all our people. We must keep our economy growing, by finishing the job of balancing the budget as we protect our values. I have proposed a balanced budgte plan that eliminates the deficit by 2002, while increasing investment in education and securing Medicare into the next decade. I am determined to work with the Republicana nd Democratic members of Congress to pass a bipartisan balanced budget plan -- one that can win the support of a majority of both parties in both houses. We have been working with people of goodwill over the last several weeks. We are ready to make progress. I believe that this year can be the year we finally balance the budget.

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

CREATOR: M. Catherine Fibich (FIBICH_M) (WHO)

CREATION DATE/TIME: 4-APR-1997 14:14:59.06

SUBJECT: Direction of Trade Statistics Yearbok - 1996

TO: Brian A. Amorosi (AMOROSI_B) (WHO)
READ: 7-APR-1997 09:16:34.88

TO: S. Lael Brainard (BRAINARD_L) (WHO)
READ: 4-APR-1997 14:16:55.27

TO: Lisa D. Branch (BRANCH_L) (WHO)
READ: 4-APR-1997 15:41:26.77

TO: Steven N. Braun (BRAUN_S) (WHO)
READ: 4-APR-1997 15:34:52.26

TO: Timothy J. Brennan (BRENNAN_T) (WHO)
READ: 7-APR-1997 08:40:04.70

TO: Susan P. Clements (CLEMENTS_S) (WHO)
READ: 7-APR-1997 12:07:41.57

TO: Sandra F. Daigle (DAIGLE_S) (WHO)
READ: 4-APR-1997 17:41:46.33

TO: William B. English (ENGLISH_W) (CEA)
READ: 4-APR-1997 14:40:06.32

TO: M. Catherine Fibich (FIBICH_M) (WHO)
READ: 4-APR-1997 14:15:09.80

TO: Jeffrey A. Frankel (FRANKEL_J) (CEA)
READ: 4-APR-1997 14:50:13.75

TO: Catherine H. Furlong (FURLONG_C) (WHO)
READ:NOT READ

TO: Jason L. Furman (FURMAN_J) (CEA)
READ: 4-APR-1997 15:09:13.94

TO: Gregory B. Garvin (GARVIN_G) (WHO)
READ:NOT READ

TO: Cynthia K. Gustafson (GUSTAFSON_C) (WHO)
READ: 4-APR-1997 16:11:00.18

TO: Michele M. Jolin (JOLIN_M) (WHO)
READ: 4-APR-1997 14:15:07.56

TO: Mary E. Jones (JONES_ME) (WHO)
READ: 4-APR-1997 15:05:59.45

TO: Elizabeth A. Kaminski (KAMINSKI_E) (WHO)
READ:NOT READ

TO: Ha Yan Lee (LEE_H) (CEA)
READ: 7-APR-1997 09:45:54.57

TO: Phillip B. Levine (LEVINE_P) (WHO)
READ: 4-APR-1997 14:48:06.49

TO: Mark J. Mazur (MAZUR_M) (WHO)
READ: 4-APR-1997 14:33:59.29

TO: Jennifer A. Meyers (MEYERS_J) (CEA)
READ: 9-APR-1997 09:59:07.80

TO: John D. Montgomery (MONTGOMERY_J) (CEA)
READ: 4-APR-1997 15:55:18.08

TO: Alicia H. Munnell (MUNNELL_A) (WHO)
READ:NOT READ

TO: Francine P. Obermiller (OBERMILLER_F) (WHO)
READ: 4-APR-1997 14:17:31.09

TO: R. Vickie Rasin (RASIN_R) (WHO)
READ: 8-APR-1997 11:44:44.15

TO: Sarah J. Reber (REBER_S) (CEA)
READ: 4-APR-1997 14:39:29.61

TO: Linda A. Reilly (REILLY_L) (WHO)
READ: 4-APR-1997 14:27:09.65

TO: Thomas A. Rhoads (RHOADS_T) (WHO)
READ: 7-APR-1997 07:32:53.80

TO: Katharine S. Rogers (ROGERS_K) (CEA)
READ:NOT READ

TO: Christopher J. Ruhm (RUHM_C) (CEA)
READ: 4-APR-1997 14:53:25.27

TO: Cristian J. Santesteban (SANTESTEBA_C) (CEA)
READ: 4-APR-1997 14:15:14.09

TO: Jason F. Shogren (SHOGREN_J) (WHO)
READ: 4-APR-1997 14:15:50.57

TO: Margaret L. Snyder (SNYDER_M) (WHO)
READ:NOT READ

TO: Charles F. Stone (STONE_CF) (WHO)
READ: 4-APR-1997 14:48:30.57

TO: David L. Sunding (SUNDING_D) (CEA)
READ: 4-APR-1997 14:39:48.48

TO: Mary A. Thomas (THOMAS_M) (WHO)
READ: 7-APR-1997 10:19:50.04

TO: Caroline M. Thompson (THOMPSON_CM) (WHO)
READ: 4-APR-1997 15:34:23.50

TO: Diane M. Whitmore (WHITMORE_D) (WHO)
READ: 4-APR-1997 15:11:15.68

TO: Alice H. Williams (WILLIAMS_A) (WHO)
READ: 4-APR-1997 18:38:01.49

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ: 8-APR-1997 14:00:00.72

TO: Jennifer H. Yoon (YOON_J) (CEA)
READ: 4-APR-1997 15:36:21.10

TEXT:
Have you seen this IMF Publication? Kitty received it in her office last summer, but it has been missing for some months. If you know its whereabouts, please let me know.

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

CREATOR: Jeffrey A. Frankel (FRANKEL_J) (CEA)

CREATION DATE/TIME: 8-APR-1997 19:07:14.74

SUBJECT: mtg. with VP 2:30 Wed., on phone access charges

TO: Michele M. Jolin (JOLIN_M) (WHO)
READ: 9-APR-1997 08:06:14.65

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:11-APR-1997 12:10:46.52

CC: Timothy J. Brennan (BRENNAN_T) (WHO)
READ: 9-APR-1997 09:14:26.15

CC: Francine P. Obermiller (OBERMILLER_F) (WHO)
READ: 9-APR-1997 09:12:26.67

TEXT:
Tim Brennan and I are meeting with the Veep, as arranged today by Kathy Wallman.
I think it is in his White House office. (Where is that?)
JF
=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 8-APR-1997 18:52:00.00

ATT BODYPART TYPE:E

ATT CREATOR: Melissa Green

ATT TO: BRENNAN_T (BRENNAN_T@A1@CD)

ATT TO: FRANKEL_J (FRANKEL_J@A1@CD)

ATT CC: OBERMILLER_F (OBERMILLER_F@A1@CD)

TEXT:
Message Creation Date was at 8-APR-1997 18:52:00

VPOTUS mtg that was scheduled for tomorrow at 2:45pm is now at 2:30. Thanks
================= END ATTACHMENT 1 =================

RECORD TYPE: PRESIDENTIAL (EXTERNAL MAIL)

CREATOR: Melissa Green@EOP@LNGTWY@EOPMRX

CREATION DATE/TIME:11-APR-1997 15:44:00.00

SUBJECT: NEC Principal Briefings

TO: MCLARTY_T (MCLARTY_T@A1@CD) (WHO)
READ:NOT READ

TO: YELLEN_J (YELLEN_J@A1@CD) (CEA)
READ:11-APR-1997 15:45:16.61

TO: Jason S. Goldberg (Jason S. Goldberg@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Sylvia M. Mathews (Sylvia M. Mathews@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: John Podesta (John Podesta@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Rahm I. Emanuel (Rahm I. Emanuel@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Douglas B. Sosnik (Douglas B. Sosnik@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Daniel K. Tarullo (Daniel K. Tarullo@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: John H. Gibbons (John H. Gibbons@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Bruce N. Reed (Bruce N. Reed@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Ron Klain (Ron Klain@OVP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Kathleen A. McGinty (Kathleen A. McGinty@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: John L. Hilley (John L. Hilley@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Kathleen M. Wallman (Kathleen M. Wallman@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Sally Katzen (Sally Katzen@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Dorothy Robyn (Dorothy Robyn@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: June G. Turner (June G. Turner@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Sara M. Latham (Sara M. Latham@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Anna M. Gomez (Anna M. Gomez@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Jonathan A. Kaplan (Jonathan A. Kaplan@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Jake Siewert (Jake Siewert@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Michelle Crisci (Michelle Crisci@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Molly Varney (Molly Varney@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: John O. Sutton (John O. Sutton@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Kristen E. Panerali (Kristen E. Panerali@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Cathy R. Mays (Cathy R. Mays@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Debbie B Bengtson (Debbie B Bengtson@OVP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Robert S. Kapla (Robert S. Kapla@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Elisa Millsap (Elisa Millsap@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Phyllis Kaiser-Dark (Phyllis Kaiser-Dark@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TEXT:
Message Creation Date was at 11-APR-1997 15:33:00

Please see attached. Thanks

=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE:11-APR-1997 15:44:00.00

ATT BODYPART TYPE:D

TEXT:
The following attachments were included with this message:

TYPE : FILE
NAME : nec7.wpd

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

==================== ATTACHMENT 2 ====================
ATT CREATION TIME/DATE:11-APR-1997 15:44:00.00

ATT BODYPART TYPE:p

ATT SUBJECT: nec7

TEXT:
Unable to convert OA$SHARA1404:ZWUGMHHSU.WPC to ASCII,
The following is a HEX DUMP:

April 11, 1997

MEMORANDUM

TO: NEC PRINCIPALS

FROM: GENE SPERLING

As mentioned at the NEC Principals' Meeting on Tuesday April 1, we have arranged briefings for you on two matters:

Clean Air Act Rules -- Particulate Matter (PM) and Ozone

Briefing by Sally Katzen, Administrator of the Office of Information and Regulatory Affairs
Tuesday, April 15 at 4:30 to 5:30 p.m.
Room 180 Old Executive Office Building

Electricity Restructuring

Briefing by Deputy Secretary Charles Curtis, Department of Energy
Friday, April 18 at 9:00a.m. to 10:00 a.m.
Room 180 Old Executive Office Building

Please let Melissa Green (456-5803) know whether you will attend either or both briefings. Thank you.

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	arose@haas.berkeley.edu to Yellen_J at 22:36:00.00. Subject: The Happy Return (yours) (2 pages)	04/14/1997	Personal Misfile

COLLECTION:
Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:
[04/03/1997 - 06/12/1997]

2013-0723-F
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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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

CREATOR: Christopher J. Ruhm (RUHM_C) (CEA)

CREATION DATE/TIME:15-APR-1997 14:31:48.43

SUBJECT: HCI Memo

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:15-APR-1997 15:50:53.95

TEXT:
Janet: Attached is a copy of Dan Newlon's memo to me. He has written this as a draft memo from me to you, hence some of the language written from CEA's point of view.
If you think this is a good idea, let me know and we can pursue it.
Alternatively, if you think it is going nowhere, you might want to talk with Dan or you could have me let him know in a diplomatic way that this is a non-starter (at least at the present time).

=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE:15-APR-1997 11:37:00.00

ATT BODYPART TYPE:E

ATT CREATOR: dnewlon

ATT SUBJECT: Draft memo

ATT TO: ruhm_C (ruhm_C@A1@CD)

TEXT:
Chris, The following is some suggested text that could be the "sow's ear" that you transform into a "silk purse" of a memo for Janet on HCI options. I'll send a draft of the memo to Daryl Chubin for his comments. Best regards, Dan

DATE:
TO:
FROM:
SUBJECT:

The following are some options that could be pursued to increase the visibility and impact of NSF's Human Capital Initiative (HCI).

Ongoing informal consultation with NSF on HCI.
The informal ongoing consultation among representatives of CEA, OSTP and NSF seems to work well. Valuable information was exchanged about past activities and current plans. We recommend that this be continued and that we ask Jonathan Gruber from Treasury to join us given his expertise and interest in human capital development. Do you have other suggestions? The purpose of continuing these meetings would be to discuss ways of increasing the benefits from this basic

research for the Administration's human resource goals.

Jointly sponsored HCI activities such as workshops or larger professional meetings.
The National Academy of Sciences is holding the first of two workshops on human capital related themes in June. One of the objectives of these workshops is to communicate the results of human capital research to interested government agencies and to provide feedback from the agencies about their research needs. Dan Newlon has requested that we jointly sponsor the first workshop to signal Administration interest in research results about the social and behavioral aspects of child development. The workshop is scheduled for June in order to complement the White House conference on children. In general, the CEA should help sponsor these activities if they're consistent with our mission and if we're confident in their quality. Since human capital development for children has a high Administration priority and the Academy has assembled some of the leading scholars in this area, we recommend that we endorse the conference. Any future requests should be accompanied by a detailed description of what is proposed and should be evaluated by CEA staff.

A formal intergovernmental working group on HCI .
We discussed establishing a more formal working group to coordinate government-wide basic and applied research in human resource areas. Given the large number of topics covered by the HCI agenda, the size of the government bureaucracy concerned with human resource issues, the modest size of NSF staff and budgets in this area, and the risks to CEA in becoming too visibly involved, we should pursue this option very cautiously if at all. Also there are a large number of government working groups concerned with education and other human capital related issues. We could revisit this issue after the June workshop.

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

=================== ATTACHMENT 2 ===================
ATT CREATION TIME/DATE:15-APR-1997 12:17:00.00

ATT BODYPART TYPE:D

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
 id <01IHQFU4H1FK001J15@PMDF.EOP.GOV> for ruhm_C@a1.eop.gov; Tue,
 15 Apr 1997 12:17:28 -0500 (EST)
Received: from storm.eop.gov (storm.eop.gov)
 by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IHQFU3KLEO001PNV@PMDF.EOP.GOV> for
 ruhm_C@a1.eop.gov; Tue, 15 Apr 1997 12:17:26 -0500 (EST)
Received: from mailman.nsf.gov ([128.150.11.2])
 by STORM.EOP.GOV (PMDF V5.1-7 #6879)
 with ESMTP id <01IHQFT9MXMM00154A@STORM.EOP.GOV> for ruhm_C@a1.eop.gov; Tue,
 15 Apr 1997 12:16:55 -0400 (EDT)
Received: from x2relay.nsf.gov (temp010.temp.nsf.gov [128.150.123.10])
 by mailman.nsf.gov (8.8.4/8.8.4) with SMTP id MAA24719 for

<ruhm_C@a1.eop.gov>; Tue, 15 Apr 1997 12:16:39 -0400
Received: from ccMail by x2relay.nsf.gov (SMTPLINK V2.11.01)
id AA861131780; Tue, 15 Apr 1997 11:37:51 -0500 (EST)
================== END ATTACHMENT 2 ==================

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. email	arose@haas.berkeley.edu to Yellen_J at 15:07:00.00. Subject: Re: The Happy Return (Yours). (2 pages)	04/15/1997	Personal Misfile

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:

[04/03/1997 - 06/12/1997]

2013-0723-F
ab1269

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

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

CREATOR: Jeffrey A. Frankel (FRANKEL_J) (CEA)

CREATION DATE/TIME:15-APR-1997 17:38:20.66

SUBJECT: OECD Ministerial May 26-27

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:16-APR-1997 13:45:02.98

CC: Michele M. Jolin (JOLIN_M) (WHO)
READ:15-APR-1997 17:38:48.14

CC: Alicia H. Munnell (MUNNELL_A) (WHO)
READ:16-APR-1997 14:03:02.81

TEXT:
Janet,

(1) I have looked into the possibility of using my frequent flyer mileage to upgrade for the May 26-27 Ministerial. It turns out not to be possible those days. (The airlines put aside just a few seats for upgrades, and one must typically reserve much further ahead than is the case for full-fare tickets.)
(2) I also talked to Jason. I got the sense that if I went, I wouldn't be expected to talk much anyway, beyond telling a journalist or two about European unemployment (which if I am still not confirmed by then I can't do anyway); unless I fought for more of a speaking role at the meeting. [If, e.g. next year, you want to consider the possiblity of doing the Ministerial, there is a bit more case for you going than for me (or Alicia/3rd member), namely that the CEA chair presents the EPC report.]
So all I can think of is suggesting to David Aron that Josh Gotbaum do it.
(Again, if you decide you want me to go, and if the Council is able to come up with all that air fare, then I am perfectly willing. But I suspect that we don't want me to go THAT much.)
JF

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

CREATOR: M. Catherine Fibich (FIBICH_M) (WHO)

CREATION DATE/TIME:16-APR-1997 17:36:03.73

SUBJECT: International Mail

TO: Brian A. Amorosi (AMOROSI_B) (WHO)
READ:16-APR-1997 17:58:35.09

TO: S. Lael Brainard (BRAINARD_L) (WHO)
READ:16-APR-1997 18:10:44.81

TO: Lisa D. Branch (BRANCH_L) (WHO)
READ:17-APR-1997 09:16:45.69

TO: Steven N. Braun (BRAUN_S) (WHO)
READ:16-APR-1997 20:19:09.55

TO: Timothy J. Brennan (BRENNAN_T) (WHO)
READ:16-APR-1997 17:36:13.50

TO: Susan P. Clements (CLEMENTS_S) (WHO)
READ:16-APR-1997 17:41:28.26

TO: Sandra F. Daigle (DAIGLE_S) (WHO)
READ:16-APR-1997 17:45:41.96

TO: William B. English (ENGLISH_W) (CEA)
READ:16-APR-1997 17:37:19.38

TO: M. Catherine Fibich (FIBICH_M) (WHO)
READ:16-APR-1997 17:36:11.90

TO: Jeffrey A. Frankel (FRANKEL_J) (CEA)
READ:16-APR-1997 19:47:15.41

TO: Catherine H. Furlong (FURLONG_C) (WHO)
READ:25-APR-1997 19:31:16.55

TO: Jason L. Furman (FURMAN_J) (CEA)
READ:16-APR-1997 21:29:50.27

TO: Gregory B. Garvin (GARVIN_G)
READ:NOT READ

TO: Cynthia K. Gustafson (GUSTAFSON_C) (WHO)
READ:16-APR-1997 17:59:30.20

TO: Michele M. Jolin (JOLIN_M) (WHO)
READ:16-APR-1997 18:05:49.68

TO: Mary E. Jones (JONES_ME) (WHO)
READ:17-APR-1997 09:32:35.02

TO: Elizabeth A. Kaminski (KAMINSKI_E)
READ:NOT READ

TO: Ha Yan Lee (LEE_H) (CEA)
READ:16-APR-1997 18:41:39.56

TO: Phillip B. Levine (LEVINE_P) (WHO)
READ:16-APR-1997 18:22:22.37

TO: Mark J. Mazur (MAZUR_M) (WHO)
READ:16-APR-1997 18:31:06.69

TO: Jennifer A. Meyers (MEYERS_J) (CEA)
READ:21-APR-1997 10:05:41.82

TO: John D. Montgomery (MONTGOMERY_J) (CEA)
READ:16-APR-1997 17:36:46.77

TO: Alicia H. Munnell (MUNNELL_A) (WHO)
READ:16-APR-1997 18:49:03.82

TO: Francine P. Obermiller (OBERMILLER_F) (WHO)
READ:16-APR-1997 17:36:10.46

TO: R. Vickie Rasin (RASIN_R) (WHO)
READ:16-APR-1997 18:47:22.12

TO: Sarah J. Reber (REBER_S) (CEA)
READ:16-APR-1997 17:59:05.70

TO: Linda A. Reilly (REILLY_L) (WHO)
READ:16-APR-1997 18:09:05.14

TO: Thomas A. Rhoads (RHOADS_T) (WHO)
READ:16-APR-1997 18:32:41.15

TO: Katharine S. Rogers (ROGERS_K)
READ:NOT READ

TO: Christopher J. Ruhm (RUHM_C) (CEA)
READ:17-APR-1997 08:51:50.67

TO: Cristian J. Santesteban (SANTESTEBA_C) (CEA)
READ:16-APR-1997 17:53:42.02

TO: Jason F. Shogren (SHOGREN_J) (WHO)
READ:16-APR-1997 17:36:24.15

TO: Margaret L. Snyder (SNYDER_M)
READ:NOT READ

TO: Charles F. Stone (STONE_CF) (WHO)
READ:16-APR-1997 18:48:56.05

TO: David L. Sunding (SUNDING_D) (CEA)
READ:16-APR-1997 17:36:20.48

TO: Mary A. Thomas (THOMAS_M) (WHO)
READ:17-APR-1997 09:09:33.63

TO: Caroline M. Thompson (THOMPSON_CM) (WHO)
READ:16-APR-1997 17:36:43.36

TO: Diane M. Whitmore (WHITMORE_D) (WHO)
READ:16-APR-1997 18:11:52.46

TO: Alice H. Williams (WILLIAMS_A) (WHO)
READ:NOT READ

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:22-APR-1997 08:42:08.32

TO: Jennifer H. Yoon (YOON_J) (CEA)
READ:18-APR-1997 09:09:40.66

TO: Praveen Rangnath (RANGNATH_P) (CEA)
READ:17-APR-1997 09:17:02.61

TEXT:
CEA just had a piece of international mail returned for insufficient postage. It went through the postage meter and was processed as domestic mail. I brought this to the attention of the mail room, and it has been suggested that we put a post-it on any international mail, calling attention to the staff that operates the postage meter that it is international. They process a lot of outgoing mail every day and feel that will help them make fewer errors.

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

CREATOR: Francine P. Obermiller (OBERMILLER_F) (WHO)

CREATION DATE/TIME:17-APR-1997 14:13:17.79

SUBJECT: APRIL 23-BREAKFAST MEETING

TO: Brian A. Amorosi (AMOROSI_B) (WHO)
READ:21-APR-1997 09:05:55.32

TO: S. Lael Brainard (BRAINARD_L) (WHO)
READ:18-APR-1997 09:09:41.02

TO: Lisa D. Branch (BRANCH_L) (WHO)
READ:17-APR-1997 14:14:21.59

TO: Steven N. Braun (BRAUN_S) (WHO)
READ:17-APR-1997 15:00:32.11

TO: Timothy J. Brennan (BRENNAN_T) (WHO)
READ:17-APR-1997 15:14:08.26

TO: Susan P. Clements (CLEMENTS_S) (WHO)
READ:18-APR-1997 10:17:43.13

TO: Sandra F. Daigle (DAIGLE_S) (WHO)
READ:17-APR-1997 18:10:15.28

TO: William B. English (ENGLISH_W) (CEA)
READ:17-APR-1997 14:13:44.41

TO: M. Catherine Fibich (FIBICH_M) (WHO)
READ:17-APR-1997 16:07:07.37

TO: Jeffrey A. Frankel (FRANKEL_J) (CEA)
READ:17-APR-1997 17:01:20.94

TO: Catherine H. Furlong (FURLONG_C) (WHO)
READ:18-APR-1997 09:23:43.88

TO: Jason L. Furman (FURMAN_J) (CEA)
READ:17-APR-1997 14:13:29.18

TO: Gregory B. Garvin (GARVIN_G)
READ:NOT READ

TO: Cynthia K. Gustafson (GUSTAFSON_C) (WHO)
READ:17-APR-1997 14:42:30.86

TO: Michele M. Jolin (JOLIN_M) (WHO)
READ:17-APR-1997 15:09:58.26

TO: Mary E. Jones (JONES_ME) (WHO)
READ:17-APR-1997 14:15:57.37

TO: Elizabeth A. Kaminski (KAMINSKI_E)
READ:NOT READ

TO: Ha Yan Lee (LEE_H) (CEA)
READ:17-APR-1997 14:46:30.78

TO: Phillip B. Levine (LEVINE_P) (WHO)
READ:17-APR-1997 14:14:10.63

TO: Mark J. Mazur (MAZUR_M) (WHO)
READ:17-APR-1997 14:42:03.78

TO: Jennifer A. Meyers (MEYERS_J) (CEA)
READ:21-APR-1997 10:14:08.24

TO: John D. Montgomery (MONTGOMERY_J) (CEA)
READ:17-APR-1997 15:05:06.40

TO: Alicia H. Munnell (MUNNELL_A) (WHO)
READ:NOT READ

TO: Francine P. Obermiller (OBERMILLER_F) (WHO)
READ:17-APR-1997 14:13:34.39

TO: R. Vickie Rasin (RASIN_R) (WHO)
READ:17-APR-1997 14:49:25.75

TO: Sarah J. Reber (REBER_S) (CEA)
READ:17-APR-1997 14:18:46.52

TO: Linda A. Reilly (REILLY_L) (WHO)
READ:17-APR-1997 16:43:06.63

TO: Thomas A. Rhoads (RHOADS_T) (WHO)
READ:17-APR-1997 14:22:32.02

TO: Katharine S. Rogers (ROGERS_K)
READ:NOT READ

TO: Christopher J. Ruhm (RUHM_C) (CEA)
READ:17-APR-1997 14:41:27.15

TO: Cristian J. Santesteban (SANTESTEBA_C) (CEA)
READ:17-APR-1997 14:59:55.28

TO: Jason F. Shogren (SHOGREN_J) (WHO)
READ:17-APR-1997 15:58:45.43

TO: Margaret L. Snyder (SNYDER_M)
READ:NOT READ

TO: Charles F. Stone (STONE_CF) (WHO)
READ:18-APR-1997 09:08:08.80

TO: David L. Sunding (SUNDING_D) (CEA)
READ:17-APR-1997 14:17:30.10

TO: Mary A. Thomas (THOMAS_M) (WHO)
READ:17-APR-1997 14:15:20.51

TO: Caroline M. Thompson (THOMPSON_CM) (WHO)
READ:17-APR-1997 15:03:04.25

TO: Diane M. Whitmore (WHITMORE_D) (WHO)
READ:17-APR-1997 14:13:26.28

TO: Alice H. Williams (WILLIAMS_A) (WHO)
READ:18-APR-1997 14:58:24.16

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:22-APR-1997 08:44:06.56

TO: Jennifer H. Yoon (YOON_J) (CEA)
READ:18-APR-1997 09:10:40.09

TO: Praveen Rangnath (RANGNATH_P) (CEA)
READ:18-APR-1997 09:05:47.23

TEXT:
JEFF FRANKEL AND ALICIA MUNNELL INVITE YOU TO THEIR WEDNESDAY BREAKFAST MEETING ON APRIL 23, 8:00AM, THE OLD EOB, ROOM 324.
MR. JOSEPH FARRELL, CHIEF ECONOMIST AT THE FEDERAL COMMUNICATIONS COMMISSION, WILL GIVE A PRSENTATION ON: "TELECOMM REGULATION AND DEREGULATION." HIS PAPER WILL BE AVAILABLE AT THE BREAKAST.

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

CREATOR: Sandra F. Daigle (DAIGLE_S) (WHO)

CREATION DATE/TIME:18-APR-1997 08:57:37.55

SUBJECT: GREAT NEWS

TO: Brian A. Amorosi (AMOROSI_B) (WHO)
READ:21-APR-1997 09:07:36.93

TO: S. Lael Brainard (BRAINARD_L) (WHO)
READ:18-APR-1997 09:12:49.88

TO: Lisa D. Branch (BRANCH_L) (WHO)
READ:18-APR-1997 09:09:46.64

TO: Steven N. Braun (BRAUN_S) (WHO)
READ:21-APR-1997 09:15:11.14

TO: Timothy J. Brennan (BRENNAN_T) (WHO)
READ:18-APR-1997 08:59:28.92

TO: Susan P. Clements (CLEMENTS_S) (WHO)
READ:18-APR-1997 09:01:07.59

TO: Sandra F. Daigle (DAIGLE_S) (WHO)
READ:NOT READ

TO: William B. English (ENGLISH_W) (CEA)
READ:18-APR-1997 09:08:13.17

TO: M. Catherine Fibich (FIBICH_M) (WHO)
READ:18-APR-1997 09:08:11.49

TO: Jeffrey A. Frankel (FRANKEL_J) (CEA)
READ:18-APR-1997 11:40:27.58

TO: Catherine H. Furlong (FURLONG_C) (WHO)
READ:18-APR-1997 09:24:53.94

TO: Jason L. Furman (FURMAN_J) (CEA)
READ:18-APR-1997 09:04:09.30

TO: Gregory B. Garvin (GARVIN_G)
READ:NOT READ

TO: Cynthia K. Gustafson (GUSTAFSON_C) (WHO)
READ:21-APR-1997 08:58:01.74

TO: Michele M. Jolin (JOLIN_M) (WHO)
READ:18-APR-1997 10:31:58.64

TO: Mary E. Jones (JONES_ME) (WHO)
READ:18-APR-1997 09:50:32.42

TO: Elizabeth A. Kaminski (KAMINSKI_E)
READ:NOT READ

TO: Ha Yan Lee (LEE_H) (CEA)
READ:18-APR-1997 09:42:52.08

TO: Phillip B. Levine (LEVINE_P) (WHO)
READ:18-APR-1997 08:57:49.83

TO: Mark J. Mazur (MAZUR_M) (WHO)
READ:18-APR-1997 12:57:59.77

TO: Jennifer A. Meyers (MEYERS_J) (CEA)
READ:21-APR-1997 10:15:01.11

TO: John D. Montgomery (MONTGOMERY_J) (CEA)
READ:18-APR-1997 09:17:50.03

TO: Alicia H. Munnell (MUNNELL_A) (WHO)
READ:18-APR-1997 10:06:34.93

TO: Francine P. Obermiller (OBERMILLER_F) (WHO)
READ:18-APR-1997 09:00:45.12

TO: R. Vickie Rasin (RASIN_R) (WHO)
READ:18-APR-1997 10:23:25.51

TO: Sarah J. Reber (REBER_S) (CEA)
READ:18-APR-1997 09:54:03.24

TO: Linda A. Reilly (REILLY_L) (WHO)
READ:18-APR-1997 09:55:41.16

TO: Thomas A. Rhoads (RHOADS_T) (WHO)
READ:18-APR-1997 09:29:04.54

TO: Katharine S. Rogers (ROGERS_K)
READ:NOT READ

TO: Christopher J. Ruhm (RUHM_C) (CEA)
READ:18-APR-1997 10:53:56.18

TO: Cristian J. Santesteban (SANTESTEBA_C) (CEA)
READ:18-APR-1997 10:14:29.82

TO: Jason F. Shogren (SHOGREN_J) (WHO)
READ:18-APR-1997 09:03:28.81

TO: Margaret L. Snyder (SNYDER_M)
READ:NOT READ

TO: Charles F. Stone (STONE_CF) (WHO)
READ:18-APR-1997 09:08:32.19

TO: David L. Sunding (SUNDING_D) (CEA)
READ:18-APR-1997 09:49:21.26

TO: Mary A. Thomas (THOMAS_M) (WHO)
READ:21-APR-1997 13:40:46.15

TO: Caroline M. Thompson (THOMPSON_CM) (WHO)
READ:18-APR-1997 09:29:20.09

TO: Diane M. Whitmore (WHITMORE_D) (WHO)
READ:18-APR-1997 09:49:09.97

TO: Alice H. Williams (WILLIAMS_A) (WHO)
READ:NOT READ

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:22-APR-1997 08:46:30.97

TO: Jennifer H. Yoon (YOON_J) (CEA)
READ:18-APR-1997 09:11:18.22

TO: Praveen Rangnath (RANGNATH_P) (CEA)
READ:18-APR-1997 09:06:20.46

TEXT:
We heard last night that Jeff has been confirmed as CEA Member!!!

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

CREATOR: John D. Montgomery (MONTGOMERY_J) (CEA)

CREATION DATE/TIME:20-APR-1997 17:58:21.04

SUBJECT: Preparations for Japanese visit

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:22-APR-1997 08:46:02.56

TO: Jeffrey A. Frankel (FRANKEL_J) (CEA)
READ:20-APR-1997 18:48:25.75

TO: Michele M. Jolin (JOLIN_M) (WHO)
READ:21-APR-1997 08:52:29.93

CC: Caroline M. Thompson (THOMPSON_CM) (WHO)
READ:21-APR-1997 10:16:47.86

TEXT:
A representative from the Japanese embassy is visiting me tomorrow (Monday) afternoon to discuss what the Japanese Minister of Trade and Investment might want to discuss in his visit to Janet next week. (This is the first I've heard of this.) Any guidance on this would be appreciated. Otherwise I will mainly utter bland generalities and provide a sympathetic ear.

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

CREATOR: John D. Montgomery (MONTGOMERY_J) (CEA)

CREATION DATE/TIME:21-APR-1997 12:45:42.77

SUBJECT: NEC principals meeting on Japan economic policy

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:22-APR-1997 08:45:06.51

TO: Jeffrey A. Frankel (FRANKEL_J) (CEA)
READ:21-APR-1997 12:53:15.30

TO: Michele M. Jolin (JOLIN_M) (WHO)
READ:21-APR-1997 13:30:14.88

CC: Alicia H. Munnell (MUNNELL_A) (WHO)
READ:NOT READ

CC: Caroline M. Thompson (THOMPSON_CM) (WHO)
READ:21-APR-1997 12:58:58.05

TEXT:
Dan Tarullo's staff is organizing a principals meeting on Japan Economic Policy, and Janet should be invited. It will probably take place tomorrow (Tuesday). We may want to meet beforehand. I will provide some briefing material and talking points (with Jeff's approval).
cc: Alice Williams

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

CREATOR: Michele M. Jolin (JOLIN_M) (WHO)

CREATION DATE/TIME:21-APR-1997 12:24:49.94

SUBJECT: Joe Aldy

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:22-APR-1997 08:45:26.06

TO: Alicia H. Munnell (MUNNELL_A) (WHO)
READ:21-APR-1997 14:19:22.14

TO: Jeffrey A. Frankel (FRANKEL_J) (CEA)
READ:21-APR-1997 12:26:56.02

TO: David L. Sunding (SUNDING_D) (CEA)
READ:21-APR-1997 12:26:23.88

TO: Jason F. Shogren (SHOGREN_J) (WHO)
READ:21-APR-1997 16:00:31.58

TEXT:
Joe Aldy, the Presidential Management Intern from AG, has gotten the sign-off from his superiors to come to the CEA for a 6 month rotation. He is busy on a project until late June. SO, he is planning to start here in early July. If he finishes his project early, he will come to the CEA earlier.

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

CREATOR: John D. Montgomery (MONTGOMERY_J) (CEA)

CREATION DATE/TIME:23-APR-1997 11:39:32.00

SUBJECT: TPRG on GSP

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:24-APR-1997 14:28:59.75

TO: Alicia H. Munnell (MUNNELL_A) (WHO)
READ:23-APR-1997 17:44:05.04

TO: Jeffrey A. Frankel (FRANKEL_J) (CEA)
READ:23-APR-1997 11:46:51.03

TO: Michele M. Jolin (JOLIN_M) (WHO)
READ:23-APR-1997 11:40:26.59

TO: Caroline M. Thompson (THOMPSON_CM) (WHO)
READ:23-APR-1997 11:41:05.92

TEXT:
I have just returned from a meeting of the interagency Trade Policy Review Group, chaired by Deputy USTR Lang. The subject was whether to take some action on Generalized System of Preferences (GSP) benefits to Indonesia and Thailand. (GSP grants dutyfree access to imports from developing countries in many product categories.)
The Department of Labor advocates denying certain GSP waivers because of worker rights problems in those two countries. These waivers are waivers of provisions in the GSP law that would otherwise have the benefits taken away in certain products when a country has too high of a share of total imports in the product.

The State Department advocated granting the waivers, but in the case of Indonesia (where the infractions of worker rights are more serious) initiating a high-profile dialogue aimed at improving the decision, with the option to take further GSP action next year.
USTR's position is to grant all waivers for Thailand, and to grant some waivers for Indonesia, but to deny a few on low-volume products, to convey a signal. Without taking a strong stand, I supported State on Indonesia, arguing that we should take actions that have a chance of being effective at changing labor standards, not just to provide an excuse to remove trade benefits.
USTR is attempting to have State concede on Indonesia and Labor on Thailand, but the issue is not yet resolved.

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

CREATOR: Timothy J. Brennan (BRENNAN_T) (WHO)

CREATION DATE/TIME:24-APR-1997 14:48:58.81

SUBJECT: Smoking and social costs

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:25-APR-1997 11:20:44.77

TO: Alicia H. Munnell (MUNNELL_A) (WHO)
READ:25-APR-1997 17:34:34.97

TO: Jeffrey A. Frankel (FRANKEL_J) (CEA)
READ:24-APR-1997 17:09:54.37

TO: Christopher J. Ruhm (RUHM_C) (CEA)
READ:24-APR-1997 19:29:17.41

TO: Phillip B. Levine (LEVINE_P) (WHO)
READ:25-APR-1997 08:43:58.95

TO: Charles F. Stone (STONE_CF) (WHO)
READ:24-APR-1997 14:49:40.53

TEXT:
Forgive me for beating a horse that I have no intention of reviving, and thanks in advance for indulging in my thinking through the issues in how to interpret savings in public Medicare and Social Security expenses when smokers die early.
1) The main point I wanted to make was one based on a completely naive exercise in revealed preference. From such a very naive perspective, the fact that we spend money on Medicare and Social Security suggests that there is a benefit we are getting which is worth more to us than that expense. The fact that we do not get that benefit when we lose the opportunity to spend money on Medicare and Social Security on smokers because of their premature deaths would need to be incorporated in the calculation.
2) One reason this is naive is that preferences as 'revealed' through public policy choices may not reflect the preferences of the public in any reasonable sense, economic or otherwise, because of the usual distortions in policy making.

3) A more subtle problem is that the outcome if we did not spend on Medicare and Social Security would not be more premature death as in smoking, but a more impoverished existence for elderly who did not die from smoking. It could be, I suppose, that we don't care whether or not one lives long, but if one does live long, that they not be impoverished or lack some modicum of medical care. That could be the basis for treating avoided Social Security and Medicare payments as a benefit from premature death from smoking, but I'm not sure whether such preferences would be consistent with other social preferences we may have.
4) One argument that came up in the meeting is that people ought to have a right to determine their own fates, and that anything else involves imposing an ethical judgment on them. This argument, could, I think be turned around. There may be an external benefit conferred by keeping people alive, but that we

have made an ethical judgment that preserving autonomy is more important. The point I want to make here should be the unsurprising one that ethics are unavoidable, if one is making prescriptive claims. There is not a choice between a pristine economic judgment and an assertion grounded in murky ethics. It's ethics either way (think of the positive/normative separation).

5) Finally, the slippery slope: I recall reading some time ago an article by Sidney Hook, in which he made the simple but perfectly valid point that the "slippery slope" threat is specious, because it's our job (and sometimes duty) to make responsible judgments as to when one goes too far. To say we should tax nothing, e.g., smoking, because we would be on a slippery slope leading to taxes on red meat, surfing, riding roller coasters, or whatever ignores our capacity for reasoned judgment. The same argument would say that we should do nothing about any pollution, because we couldn't stop ourselves from taxing anything with the slightes pollutive effect. Oops -- bad example?

I'd hoped this would be a bit more succinct. Thanks for the indulgence.

Tim

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. email	arose@haas.berkeley.edu to [list] at 21:41:00.00. Subject: Fee at Last! Free at Last! (3 pages)	04/28/1997	Personal Misfile

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:

[04/03/1997 - 06/12/1997]

2013-0723-F
ab1269

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

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

CREATOR: Jason L. Furman (FURMAN_J) (CEA)

CREATION DATE/TIME:30-APR-1997 12:11:06.31

SUBJECT: No news to report from Katherine Abraham's testimony

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:14-MAY-1997 14:31:43.34

TO: Alicia H. Munnell (MUNNELL_A) (WHO)
READ:30-APR-1997 12:14:01.53

TO: Jeffrey A. Frankel (FRANKEL_J) (CEA)
READ:30-APR-1997 16:54:43.60

TO: Steven N. Braun (BRAUN_S) (WHO)
READ:30-APR-1997 12:50:56.74

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

CC: Alice H. Williams (WILLIAMS_A) (WHO)
READ:30-APR-1997 12:30:26.10

CC: Lisa D. Branch (BRANCH_L) (WHO)
READ:30-APR-1997 12:48:12.11

CC: Francine P. Obermiller (OBERMILLER_F) (WHO)
READ:30-APR-1997 12:59:37.39

TEXT:
I attended Katherine Abraham's testimony to the Subcommittee on Human Resources, part of the House Committee on Government Reform and Oversight this morning. Essentially she said little if anything that is new:
(1) The prepared statement was a slightly revised version of previous prepared statements.
(2) She said that the partial adoption of geometric aggregation at the lower level would "lower the growth of the CPI by somewhere between 0 and 0.25 percentage point per year." She said an announcement of which categories would get geometric treatment would likely come in Dec 1997 or Jan 1998 and that the changes would go into effect in Jan 1999. She thought it would be a "grave error" to try an accelerate this timetable by making a faster decision or not giving users enough advance notice of the change.
(3) In response to budget questions and other rumors she consistently said that she would not presume to advise users on what they should do with her information and that most of what she knew about the budget negotiations came from contradictory rumors she has read about in the newspapers.
(4) She did, however, state that she has talked to officials from the executive and legislative branches and that she has informed them:
--what BLS is doing and the range of impact it might have on the CPI

--what biases (presumably upper-level substitution) it is not possible to address in the monthly CPI. She offered to provide BLS estimates of these biases.

(5) Charles Hulten, Dean Baker, Kurt Karl, and Matthew Shapiro are all testifying later today. Their testimony sticks closely to previously published statements. I am making photocopies of these for all of you.

Jason

RECORD TYPE: PRESIDENTIAL (EXTERNAL MAIL)

CREATOR: Ellen S. Seidman@EOP@LNGTWY@EOPMRX

CREATION DATE/TIME: 1-MAY-1997 11:17:00.00

SUBJECT: Financial services modernization meeting

IND_TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:15-MAY-1997 20:18:09.11

TEXT:
Message Creation Date was

The financial services modernization principals meeting will take place on THURSDAY, not Monday. We're working on a time. A draft memo will be out shortly. I would like comments back by Monday morning, so we might actually be able to give the principals some time to read the memo before the meeting.
ellen

RECORD TYPE: PRESIDENTIAL (EXTERNAL MAIL)

CREATOR: Ellen S. Seidman@EOP@LNGTWY@EOPMRX

CREATION DATE/TIME: 1-MAY-1997 12:03:00.00

SUBJECT: Draft financial services modernization memo

IND_TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:14-MAY-1997 14:30:50.86

TEXT:
Message Creation Date was

This is a draft memo for Thursday's meeting. It is also being sent to appropriate staff at Treasury, Justice, Commerce and SBA. Please have comments back to me by Monday morning so we can turn it around and give the principals a chance to review a final well in advance of Thursday's meeting. ellen
=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 1-MAY-1997 12:04:00.00

ATT BODYPART TYPE:D

TEXT:
The following attachments were included with this message:

TYPE : FILE
NAME : FINSERN3.WPD

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

=================== ATTACHMENT 2 ===================
ATT CREATION TIME/DATE: 1-MAY-1997 12:04:00.00

ATT BODYPART TYPE:p

ATT SUBJECT: FINSERN3

TEXT:
Unable to convert OA$SHARA2169:ZWVAH9K3C.WPC to ASCII,
The following is a HEX DUMP:

October 9, 2014

MEMORANDUM FOR NEC PRINCIPALS

FROM: GENE SPERLING
ELLEN SEIDMAN

SUBJECT: **Financial Services Modernization - Part III**

On Thursday, May 8, we will have a principals meeting to develop a recommendation to the President concerning Treasury's financial services modernization proposal. Attached to this memorandum at Tab A is a draft memo to the President (that was never sent) that reflects the state of play as of the end of our last meeting on March 20. It is quite similar to the memo we sent you on March 17 in preparation for the March 18 and 20 meetings, and is a good refresher for the upcoming meeting.

EVENTS SINCE MARCH 20: Following our March 20 meeting, Treasury decided to have a further series of discussions with both members of congress and interested parties concerning their positions on various aspects of the proposal, particularly the most contentious: the degree to which commercial (i.e., non-financial) firms could affiliate with banks. (See issue 1 of Tab A, pages 4-6.) This issue, in turn, implicates the question of the nature and extent of holding company regulation and the role of the Fed. (See issue 2 of Tab A, pages 6-9.)

Based on those discussions -- which delayed transmission of Treasury's report to Congress beyond the March 31 statutory deadline -- Treasury is now recommending that it submit to Congress not legislation for introduction, but rather a report with legislative language including two distinct alternative ways of dealing with the banking and commerce (and related) issue. Treasury has also done further work on the nature and extent of holding company regulation, and has finished drafting the consumer protection provisions of the bill. Treasury's position with respect to the Community Reinvestment Act (see issue 3 of Tab A, pages 9-10) has not changed: the proposal would extend CRA to Wholesale Financial Institutions, but no further.

Treasury would like to have Administration clearance of its proposal in time to submit and/or testify on it on May 21.

1. AFFILIATIONS BETWEEN FINANCIAL AND NONFINANCIAL FIRMS

Treasury Alternative A: Alternative A is in essence the previous Treasury proposal of allowing a "basket" of non-financial activities within a holding company structure that includes a bank.

Treasury's proposal as of March 20 was 25% of the combined entity's business. The current proposal varies in several critical respects from the March 20 proposal:

- The methodology for calculating the basket would be specified as gross revenues.
- The legislative language would be submitted **without** a percentage specified.
- Banking/non-financial affiliations would be further limited in that none of the largest 1000 non-financial firms (by asset size) would be allowed to affiliate with a bank.[1]

Treasury has also clarified that: (i) while banks could engage in non-bank financial activities in subsidiaries of the bank, all non-financial activities would have to be done in holding company subsidiaries and (ii) [as is currently the case with thrift holding companies], there would be a total ban on any extension of credit by a bank to or for the benefit of a non-financial affiliate.

Although not fully discussed in the earlier memos, a critical element of Treasury's initial proposal, now Alternative A, is the abolition of the thrift charter and the conversion of all thrifts to banks (together with the merger of the Office of Thrift Supervision with the Office of the Comptroller of the Currency). Certain elements of the thrift structure -- most notably that **any** type of firm, including a non-financial firm, can own a thrift as long as it owns only one thrift -- are more "lenient" than even the basket proposal. Treasury proposes to grandfather the right of all 515[2] such unitary thrift holding companies to affiliate with any type of firm, but the grandfathering would not survive a change in control of the holding company (i.e., the expanded franchise could not be sold). As far as we can tell (and the data are far from perfect), only 29 thrifts are part of holding companies that engage in non-financial businesses. (Approximately 45 others are engaged in real estate development, investment and management, which is regarded as "financial" by OTS but not by the Fed.) Abolition of the thrift charter meets the explicit requirements of the "Frist Amendment," which prohibits merger of the BIF (bank) and SAIF (thrift) insurance funds until the charters are merged.

[1] This would probably be expressed in terms of the maximum size of firm that could affiliate with a bank, but the size would be chosen to approximate the 1000 firm level.

[2] Numbers relating to thrift holding companies are as of 12/31/96.

Treasury Alternative B: As noted above, unitary thrift holding companies can currently affiliate with any type of institution. Furthermore, the thrift charter has recently been altered to permit (i) unlimited consumer lending and (ii) up to 10% of assets to be commercial loans and an additional 10% to be small business loans -- thus making the charter very similar to the actual asset mix of approximately 60% of the commercial banks.[3] Alternative B would approach the banking and commerce issue by leaving the existing thrift charter, holding company structure and regulatory system intact and in essence offering any diversified financial holding company that includes non-financial activities the opportunity to get into retail "banking" by buying a thrift. Alternatively, such an institution could get into wholesale banking (only non-insured deposits over $100,000) by establishing a "Wholesale Financial Institution" (WFI or WOOFIE), which would not be subject to the Bank Holding Company Act. The Bank Holding Company Act would be amended to allow any **financial** firm to affiliate with a **bank** and to allow any bank to buy, establish or otherwise affiliate with, any other type of financial firm including, in particular, an insurance or securities underwriter. (Under certain circumstances, as when a large non-bank owns a small bank, Fed regulation would be limited. See Issue 2, below.) Under Alternative B, the Frist Amendment would simply be statutorily deemed to be satisfied, on the theory that its real purpose was to ensure the opportunity of banks to expand into insurance and securities and that this has been accomplished.

Discussion: As revised, Alternative A has generated some interest from Chairman Leach, as moving closer to his minimalist approach to banking and commerce. However, it has not generated much other interest, and Senator Sarbanes is still not convinced. Proponents of full banking and commerce, particularly Mr. Baker, have voiced their displeasure. Within the Administration, Chairman Yellen has expressed her concern that the extent of the grandfathering of unitary thrift holding companies is far too broad, and should be limited to those unitaries that are actually using their authority to engage in non-financial activities to an extent in excess of whatever basket is established. For a discussion of other issues related to this approach see pages 4-6 of Tab A.

Treasury has been able to keep Alternative B from leaking, so it is unclear how it will be received. The issues that will potentially arise are: (i) banks might assert that the Frist amendment has **not** been satisfied and therefore the conditions for merging the funds have not been met[4]; (ii)

[3] While it is difficult to tell precisely from publicly available data, it appears unlikely that many of the largest banks could qualify as thrifts, mainly because of their commercial lending and investments in non-mortgage securities. However, it is possible that one or more of the large banks with a heavily consumer orientation (e.g., NationsBank) might so qualify, and could, therefore, make a choice to become a thrift to take advantage of the commerce "opportunity." In the past, banks such as Wells Fargo that have considered moving to a thrift charter have ultimately rejected the idea.

[4] In general, banks don't much care about merging the funds; that is a good government and a thrift issue. But, understanding the interest of others in merging the funds, banks view merger as leverage to enable them to get "paid" for agreeing to take on part of the FICO obligation as part of the BIF/SAIF recapitalization last year.

diversified financial holding companies that have non-financial affiliates might not view the thrift option as sufficient (ITT for example, which now owns Hartford, once owned a thrift but sold it); (iii) banking/commerce opponents may view the proposal as something of an "in your face" offer, in that it would inform the world of the long-standing existence of a banking/commerce "loophole" some might have missed; and (iv) there may be serious concern about the ability of OTS to effectively regulate a large number of powerful new unitary thrift holding companies.

2. HOLDING COMPANY REGULATION, AND THE ROLE OF THE FED

Treasury proposal: Treasury's latest proposal, which has not been vetted with the Fed, would apply to either Alternative A or Alternative B. Under this scheme, the Fed would regulate all bank holding companies (but not unitary thrift holding companies under Alternative B, which would be regulated by OTS). Holding companies engaging in activities that cannot be done directly in the bank (including, for example, securities or insurance underwriting) would be required to provide the Fed an undertaking to maintain the capital of the subsidiary banks at the "well-capitalized" level[5]. If the bank's capital falls below that level (in which case it would probably still be "adequately capitalized") the holding company would be required to either (i) bring the capital level back up to well capitalized and maintain it at that level; or (ii) divest the bank in a manner that results in the bank being well capitalized upon divestiture (e.g., by shrinking the balance sheet or by getting the buyer to add capital as part of the transaction). The Fed would be responsible, as part of its normal supervisory process, for continuously evaluating the holding company's ability to make good on the guarantee.

Although bank holding companies would be subject to Fed regulation under the Bank Holding Company Act, the Fed's authority to establish holding company capital requirements[6] would be limited to the following situations:

- A subsidiary bank's capital has remained below the well capitalized level for more than 180 days;
- Banking assets constitute more than 90% of the assets of the holding company **and imposition of holding company capital requirements is necessary to avoid a threat to the safety and soundness of the bank**; or
- On a case-by-case basis if the holding company has assets in excess of some relatively large number (e.g., $100 billion) and owns a bank with assets in excess of

[5] Bank (and thrift) capital levels are set by statute at "well-capitalized", "adequately capitalized," "undercapitalized" (which subjects the bank to regulatory sanctions), "significantly undercapitalized" (regulatory sanctions required), and "critically undercapitalized" (bank subject to being placed in receivership). Current law in effect requires a holding company to guarantee to maintain the bank or thrift at the adequately capitalized level.

[6] Although the Fed assets it has such authority under current law, it is unclear whether the assertion would survive legal challenge.

about $5 billion[7] **and imposition of holding company capital requirements is needed to avert systemic risk to the economy or a threat to bank safety and soundness.**

[7] As of 9/30/96, 127 commercial banks had assets in excess of $5 billion, as did 31 thrifts.

The Treasury's proposal would not impose similar requirements on unitary thrift holding companies (under Alternative B), nor does current law.

Discussion: With respect to the holding company guarantee, the issues likely to be raised are (i) the ability of the Fed adequately to monitor the effective strength of the guarantee when it is not in a position to fully examine the holding company or its non-bank subsidiaries (a concern Director Raines has raised) and (ii) the extent to which the difference between "well capitalized" and "adequately capitalized" provides a sufficient cushion in capital and time so that a bank that falls below the well capitalized level really can be recapitalized or sold before it is truly in trouble (a concern Chairman Yellen and Director Raines have both raised).

On the issue of Fed capital standards, the major substantive question, raised by Chairman Yellen, is whether these standards amount to attempting to close the barn door after the horse is out. In particular, if the Fed can impose capital standards in the case of a holding company that owns one of the 127 largest banks only **after** finding a threat of systemic risk, will the capital standards be effective in preventing the risk from materializing? Chairman Yellen also believes that defining a holding company that is primarily bank-related as one in which the bank accounts for 90% of the assets is too lax: moving sufficient assets out of the bank to fall below the 90% level would be fairly painless. She would support a lower threshold. An additional substantive question is whether, whatever system is proposed to allow the Fed to set holding company capital standards, a similar system should be proposed with respect to OTS' regulation of unitary thrift holding companies under Alternative B.

Treasury's current proposal is an attempt to provide for holding company capital requirements where the strength of the holding company really would be needed to protect the safety and soundness of the banking system, while keeping the Fed out of this business -- particularly with respect to diversified financial holding companies -- under normal circumstances. Whether this will prove (i) too little to satisfy the Fed and its supporters or (ii) too much to satisfy the diversified holding companies is unclear.

3. CONSUMER PROTECTION

Treasury proposal: Treasury would establish that federal bank and securities regulators have an obligation, with respect to retail sales of non-deposit investment products by depository institutions, to avoid customer confusion about the applicability and scope of FDIC and SIPC insurance; to prevent improper disclosure of confidential customer information; and to avoid conflicts of interest and other abuses.

Treasury's proposal would direct the bank regulators, in consultation with the SEC, to adopt regulations for sales of non-deposit investment products by insured depository institutions that are not registered securities brokers covering the following areas: advertising, disclosure, sales practices, qualifications and training of sales personnel, compensation of sales personnel, and the circumstances under which transactions and referrals occur. With respect to non-deposit investment products that are securities (including mutual funds) or annuities, the bank regulators would be required to adopt regulations comparable to those adopted by the SEC. The SEC would be required (to the extent such rules are not already in place) to adopt similar rules concerning sales of non-deposit investment products by brokers or dealers who are or are affiliated with a depository institution. The major new item the SEC would have to consider is the disclosure of the financial interest of the depository institution or securities subsidiary or affiliate with respect to referrals or transactions.

The regulations adopted by the banking regulators and the SEC would be required to "encourage the use of disclosure that is simple, direct, and readily understandable," (model language would be included) and to encourage oral as well as written disclosure. (Studies have shown that oral disclosure is more effective, but it is, of course, more difficult to monitor, particularly in face-to-face, rather than telephone, conversations.) The National Council on Financial Services, on which both the federal banking regulators and the SEC would sit, could establish more stringent regulations than those adopted by the individual regulators.

The Treasury's proposal would prohibit affiliates within a bank holding company from sharing **with any depository institution** in the holding company family non-public customer information, including in particular evaluations of creditworthiness, unless the customer received "clear and conspicuous disclosure" that such information might be shared and had an opportunity to direct that it not be shared. As a practical matter, customers would probably be given an opportunity to make this choice for all classes of information upon the opening of an account, rather than on an event-by-event basis.

Finally, Treasury would require the National Council of Financial Services to biennially review, starting on June 30, 2001, the regulations adopted pursuant to these requirements to determine whether they carry out the purposes.

Treasury's bill would also, by adopting a greater degree of functional regulation of securities activities than is currently the case, impose more consumer-protective requirements on bank activities relating to securities sales and work for investment companies than is currently the case.

Discussion: Treasury's proposal is designed to be at least as protective of consumer concerns as proposals currently being considered in the House, but to do so in a manner that hardwires fewer requirements into statute and requires more of the regulators. However, the requirement for simple disclosure and model language goes further than other proposals. In contrast to current law, bank regulators would have to adopt **regulations**, not guidelines, regarding the sale of non-deposit investment products.

The consumer groups are not likely to be fully satisfied with this approach for three reasons: (i) they are skeptical of the bank regulators' ability and willingness to adopt strong and effective regulations in this area and they would therefore prefer to hardwire more into the statute; (ii) the proposal would not provide consumers with a direct cause of action against a depository institution that caused harm by violating the regulations; and (iii) the proposal would not explicitly deal with "implicit" tying, under which a consumer gets the impression, by the mere fact that insurance is offered before a loan is approved, that approval of the loan is contingent on purchase of insurance from the bank. Conversely, financial institutions will be concerned that this proposal -- particularly the information disclosure portion -- may severely limit their ability to cross-sell, which they regard as one of the benefits to both consumers and institutions of allowing greater affiliations among financial institutions.

4. COMMUNITY REVINESTMENT ACT

Treasury's proposal with respect to CRA has not changed since March 20; what follows is from the memo at Tab A. The only external developments since March 20 are that (i) Senator D'Amato has evinced skepticism that expanding CRA to WFIs will not put CRA "in play" and (ii) the companies that are likely to create WFIs have -- with one exception -- said they will have no objection to expansion of CRA to such institutions. We may also want to consider whether the fact that Treasury proposes sending up a report with legislative language rather than a bill changes the dynamic of what can and should be included.

*"Treasury Proposal:*** Apply CRA to Wholesale Financial Institutions -- banks that do not accept accounts under $100,000 and thus do not have insured deposits, but avoid putting CRA "in play" by proposing an expansion of CRA coverage to nonbanking firms. In addition, the Secretary's speech announcing any proposal -- and all subsequent statements from the Administration -- would state explicitly that we will tolerate no weakening of CRA.

Discussion: One of the hallmarks of this Administration has been its recognition that access to credit and other financial services is essential to the vitality and growth of communities. Bank regulators have been directed to make the Community Reinvestment Act work to generate "performance, not paperwork." The regulators -- working through an unprecedented series of hearings and other outreach efforts -- responded effectively: new CRA regulations, which are just coming into effect, have been praised as effective without being burdensome. As a result of this Administration's efforts in this area (including not only CRA, but also effective enforcement of non-discrimination laws, and the National Homeownership Strategy), over $90 billion in CRA commitments have been made and the number of mortgages made in low- and moderate-income communities is up 22% and to minorities 33% between 1993 and 1995 (compared with an overall increase in number of mortgages of 10%). In the 104th Congress, the Administration stood strong against any cutback in CRA in the context of banking regulatory relief regulation -- and succeeded in fending off all challenges.

It is quite clear that, notwithstanding continued strong bank profitability, assets and lending are flowing out of the banking system. Through 1980, the bank share of assets held by financial institutions was about 40%. Today it is barely 22%. And the share of non-farm, non-financial debt supplied by US banks to the corporate sector declined from 20% in 1979 to 15% in 1994; banks now write barely half of the short- and medium-term business loans in the United States, down from three quarters 30 years ago. The question is the pace at which the outflow will continue, and in particular whether financial services modernization will significantly accelerate the pace.

The power of CRA and related statutes and the regulators to get results is beyond anything community groups have been able to accomplish in the remainder of the financial services industry, where the best they get is philanthropy, some social investing, and purchases of municipal bonds. So anything that diminishes the reach of the banking regulators, and of CRA, is troublesome to these groups. Their concern is exacerbated by what they see as the lack of benefit to consumers -- particularly poor consumers -- from changes, such as interstate banking, that have already occurred in the system.

Whatever support CRA has among community groups and some Congressmen (including in particular Senator Sarbanes), it is strongly disliked by many banks, most Republican members of Congress and many pro-business Democrats. In fact, it is probably fair to say that, with the potential [important] exception of Senator D'Amato, almost no one strongly in favor of financial services legislation is strongly in favor of CRA. And the securities and insurance industries (backed by, e.g., Senator Dodd) are unalterably opposed to any expansion. Moreover, even many CRA proponents (such as Senator Sarbanes) believe that any attempt to expand CRA as a price for modernization legislation will lead either to no legislation (a result to which they would not object) or a frontal assault on CRA by opponents such as Senators Shelby and Mack, with the result that -- if it went anywhere at all -- the entire financial services debate would become a fight about CRA, and it is very likely the Administration would be called upon to veto the resulting bill.

It should be noted that the Treasury proposal would make CRA applicable to the new Wholesale Financial Institutions. They believe this change will not generate the kind of CRA firefight other expansions might because (i) WFI's are banks that take deposits; (ii) they have access to the payment system; and (iii) to create WFIs without CRA would open the way for an immediate contraction of CRA coverage as such wholesale banks as Bankers Trust and JP Morgan -- now subject to CRA -- became WFIs. Treasury admits, however, that it is not clear this distinction will satisfy CRA opponents, and the expansion only to WFIs is certain not to satisfy CRA supporters."

4. WHETHER TO GO FORWARD, AND IN WHAT FORM

Treasury proposal: Treasury proposes to release, on or about May 21, a brief statement by Secretary Rubin, covering draft legislative language containing the two alternatives discussed above.

Discussion: After a lengthy series of discussions with both members of Congress and interested parties, Treasury came to the conclusion that the best way to both (i) respond to the statutory directive that it report on the merger of the bank and thrift charters by March 31 and (ii) move the financial services debate forward is to send forth a legislative proposal that is complete and defensible, but that provides alternative ways to deal with the most contentious issue.

Sending alternatives rather than a legislative proposal may lead some to question both the Administration's purposes and its strength of commitment to financial services modernization. And the result may be that the debate does not proceed or the Administration is marginalized. On the other hand, it is quite clear that taking the position on banking and commerce that is most likely to move the debate quickly -- the basket approach with a fairly large basket -- will seriously offend critically important Democratic Senators such as Senator Sarbanes. One lesson of last Congress' unsuccessful discussion of this issue is that even if there is no legislation, the ball moves: there no longer is a serious debate about whether to repeal Glass-Steagall or whether to allow banks to affiliate with insurance companies, rather the debate is how. For the Administration to be a serious player in this session's discussions, and to protect our interests (particularly with respect to CRA and the role of the OCC), almost certainly requires that Treasury fulfill its report obligation reasonably quickly and do so in a manner that indicates we have been considering the issues seriously and have cogent proposals to put on the table, even if we have two of them.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. email	Jeffrey A Frankel to Michele M. Jolin and Janet L. Yellen at 12:57:13.00. Subject: the Agriculture slot. (1 page)	05/02/1997	b(6)

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:

[04/03/1997 - 06/12/1997]

2013-0723-F
ab1269

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
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b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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

CREATOR: Jeffrey A. Frankel (FRANKEL_J) (CEA)

CREATION DATE/TIME: 2-MAY-1997 18:55:49.45

SUBJECT: I've now offered Fuglie the Ag job

TO: Michele M. Jolin (JOLIN_M) (WHO)
READ: 2-MAY-1997 18:56:07.45

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:13-MAY-1997 10:02:59.18

TO: Alicia H. Munnell (MUNNELL_A) (WHO)
READ: 6-MAY-1997 09:24:41.99

TEXT:
contingent on USDA agreeing to pay (which he said he thought was a pretty sure bet; that his superior had virtually already agreed).
So we need:
(1) Michele to check this out with USDA early next week, then
(2) a message, which can (at least initially) be by e-mail, to go from Janet to Hubert Zandstra, Director General, International Potato Center, Peru (H.ZANDSTRA@CGNET.COM),
saying the President needs Keith Fuglie here, and can he please be spared for a year.
JF

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

CREATOR: Jeffrey A. Frankel (FRANKEL_J) (CEA)

CREATION DATE/TIME: 2-MAY-1997 15:34:10.87

SUBJECT: Fuglie for Ag.

TO: Jeffrey A. Frankel (FRANKEL_J) (CEA)
READ: 2-MAY-1997 15:45:48.68

TO: Michele M. Jolin (JOLIN_M) (WHO)
READ: 2-MAY-1997 17:31:26.98

TO: Janet L. Yellen (YELLEN_J) (CEA)
READ:14-MAY-1997 14:29:00.24

TO: Alicia H. Munnell (MUNNELL_A) (WHO)
READ: 6-MAY-1997 09:24:21.32

TEXT:
Fuglie called. He delayed his trip to Thailand for one day in the hopes of getting an answer from us on a job offer. I have his office and home numbers. If we thought we were able to decide this today, we could tell him before he leaves, and increase the chances of getting him.

RECORD TYPE: PRESIDENTIAL (EXTERNAL MAIL)

CREATOR: Ellen S. Seidman@EOP@LNGTWY@EOPMRX

CREATION DATE/TIME: 6-MAY-1997 17:53:00.00

SUBJECT: Financial services modernization - memo to principals for Thurs

TO: WEINSTEIN_P (WEINSTEIN_P@A1@CD) (OPD)
READ:NOT READ

TO: YELLEN_J (YELLEN_J@A1@CD) (CEA)
READ: 9-MAY-1997 09:17:38.03

TO: ENGLISH_W (ENGLISH_W@A1@CD) (CEA)
READ: 6-MAY-1997 17:56:54.44

TO: Gene B. Sperling (Gene B. Sperling@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Kathleen M. Wallman (Kathleen M. Wallman@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Jason S. Goldberg (Jason S. Goldberg@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: John Podesta (John Podesta@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: John L. Hilley (John L. Hilley@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Daniel C. Tate (Daniel C. Tate@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Paul R. Carey (Paul R. Carey@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Ron Klain (Ron Klain@OVP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Franklin D. Raines (Franklin D. Raines@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Rebecca R. Culberson (Rebecca R. Culberson@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Michael Deich (Michael Deich@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Alan B. Rhinesmith (Alan B. Rhinesmith@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Alice Veenstra (Alice Veenstra@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Bruce N. Reed (Bruce N. Reed@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Daniel K. Tarullo (Daniel K. Tarullo@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TO: Kristen E. Panerali (Kristen E. Panerali@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Anna M. Gomez (Anna M. Gomez@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Russell W. Horwitz (Russell W. Horwitz@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Melissa Green (Melissa Green@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Jonathan A. Kaplan (Jonathan A. Kaplan@EOP@LNGTWY@EOPMRX)
READ:NOT READ

CC: Wendy J. Einhellig (Wendy J. Einhellig@EOP@LNGTWY@EOPMRX)
READ:NOT READ

TEXT:
Message Creation Date was at 6-MAY-1997 22:43:00

The document named "finsern3.wpd" is the memo to the principals for Thursday's meeting. The document named "finserpo.wpd" is Tab A to the memo to the principals. Tab B, which are Treasury documents, will be sent by hard copy (together with a set of these two documents) tomorrow.

If you have any questions, please call me, on 65359.

Ellen
=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 6-MAY-1997 17:55:00.00

ATT BODYPART TYPE:D

TEXT:
The following attachments were included with this message:

TYPE : FILE
NAME : FINSERN3.WPD

TYPE : FILE
NAME : FINSERPO.WPD

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

==================== ATTACHMENT 2 ====================
ATT CREATION TIME/DATE: 6-MAY-1997 17:55:00.00

ATT BODYPART TYPE:p

ATT SUBJECT: FINSERN3

TEXT:
Unable to convert OA$SHARA2291:ZWVFPLQ9N.WPC to ASCII,
The following is a HEX DUMP:

October 9, 2014

MEMORANDUM FOR NEC PRINCIPALS

FROM: GENE SPERLING
ELLEN SEIDMAN

SUBJECT: Financial Services Modernization - Part III

On Thursday, May 8, we will have a principals meeting to develop a recommendation to the President concerning Treasury's financial services modernization proposal. Attached to this memorandum at Tab A is a draft memo to the President (that was never sent) that reflects the state of play as of the end of our last meeting on March 20. It is quite similar to the memo we sent you on March 17 in preparation for the March 18 and 20 meetings, and is a good refresher for the upcoming meeting. At Tab B are (i) a Treasury outline of its current proposal and (ii) a chart showing critical elements of the banking/commerce alternatives.

EVENTS SINCE MARCH 20: Following our March 20 meeting, Treasury decided to have a further series of discussions with both Members of Congress and other interested parties concerning their positions on various aspects of the proposal, particularly the most contentious: the degree to which commercial (i.e., non-financial) firms could affiliate with banks. (See issue 1 of Tab A, pages 4-6.) This issue, in turn, implicates the question of the nature and extent of holding company regulation and the role of the Fed. (See issue 2 of Tab A, pages 6-9.)

Based on those discussions -- which delayed transmission of Treasury's report to Congress beyond the March 31 statutory deadline -- Treasury is now recommending that it submit to Congress not legislation for introduction, but rather a report with legislative language including two distinct alternative ways of dealing with banking and commerce and related issues. Treasury has also done further work on the nature and extent of holding company regulation, and has finished drafting the consumer protection provisions of the bill. Treasury's position with respect to the Community Reinvestment Act (see issue 3 of Tab A, pages 9-10) has not changed: the proposal would extend CRA to Wholesale Financial Institutions, but no further.

Treasury would like to have Administration clearance of its proposal in time to submit and/or testify on it on May 21.

1. Affiliations Between Financial and Nonfinancial Firms

Treasury Alternative A: Alternative A is in essence the previous Treasury proposal of allowing a "basket" of non-financial[1] activities within a holding company structure that includes a bank. Treasury's proposal as of March 20 was 25% of the combined entity's business. The current proposal varies in several critical respects from the March 20 proposal:

- The measure for calculating the basket would be specified as gross revenues.
- The legislative language would be submitted **without** a percentage specified.
- Banking/non-financial affiliations would be further limited in that none of the largest 1000 non-financial firms (by asset size) would be allowed to affiliate with a bank.

Treasury has also clarified that: (i) while banks could engage in non-bank financial activities in subsidiaries of the bank, all non-financial activities would have to be done in holding company subsidiaries and (ii) as is currently the case with thrift holding companies, there would be a total ban on any extension of credit by a bank to or for the benefit of a non-financial affiliate.

Although not fully discussed in the earlier memos, a critical element of Treasury's initial proposal, now Alternative A, is the abolition of the thrift charter and the conversion of all thrifts to banks (together with the merger of the Office of Thrift Supervision with the Office of the Comptroller of the Currency). Abolition of the thrift charter meets the explicit requirements of the "Frist Amendment," which prohibits merger of the BIF (bank) and SAIF (thrift) insurance funds until the charters are merged.

[1] "Financial" would be defined in the statute to include banking and any activity currently authorized for a bank, the activities of bank operating subsidiaries, and all activities that can be performed by securities, commodities and insurance companies. The National Council on Financial Services could add to the definition. All other activities would be deemed non-financial.

A major complication with the thrift charter conversion, however, is how to handle differences in the affiliation powers of bank holding companies and unitary thrift holding companies (companies that own one and only one thrift). Currently, unitary thrift holding companies can engage in nonfinancial activities with virtually no limits.[2] As far as we can tell (and the data are far from perfect), only 29[3] thrifts are part of holding companies that engage in non-financial businesses. (Approximately 45 others are engaged in real estate development, investment and management, which is regarded as "financial" by OTS but not "related to banking" by the Fed.) Treasury proposes to grandfather the right of all 515 existing unitary thrift holding companies to engage in nonfinancial activities without regard to the basket. The grandfather rights would not survive a change in control of the holding company (i.e., the expanded franchise could not be sold), but would not otherwise be limited in duration.

Treasury Alternative B: Alternative B would approach the banking and commerce issue by leaving the existing thrift charter, holding company structure and regulatory system intact. As noted above, unitary thrift holding companies can currently affiliate with any type of institution. Furthermore, the thrift charter has recently been altered to permit (i) unlimited consumer lending and (ii) up to 10% of assets to be commercial loans and an additional 10% to be small business loans -- thus making the charter very similar to the actual asset mix of approximately 60% of the commercial banks.[4]

Alternative B in essence offers any diversified financial holding company that includes non-financial activities the opportunity to get into retail "banking" by buying a single thrift. Alternatively, such an institution could get into wholesale banking (only non-insured deposits over $100,000) by establishing a "Wholesale Financial Institution" (WFI, pronounced "WOOFIE"), which would not be subject to the Bank Holding Company Act. The Bank Holding Company Act would be amended to allow any **financial** firm to affiliate with a **bank** and to allow any bank to buy, establish or otherwise affiliate with, any other type of financial firm including, in particular, an insurance or securities underwriter. Under Alternative B, the Frist Amendment would simply

[2] The initial purchase must be approved by OTS (which must approve holding company management) and OTS can impose limitations on safety and soundness grounds. Informally, OTS has indicated that they would look skeptically on, e.g., purchase of a thrift by a company a significant portion of whose business was gambling. Multiple thrift holding companies (companies that own more than one thrift, but no banks) are basically limited to activities permitted to bank holding companies, although they may engage in real estate development, investment and management.

[3] Numbers relating to thrift holding companies are as of 12/31/96.

[4] While it is difficult to tell precisely from publicly available data, it appears unlikely that many of the largest banks could qualify as thrifts, mainly because of their commercial lending and investments in non-mortgage securities. However, it is possible that one or more of the large banks with a heavily consumer orientation (e.g., NationsBank) might so qualify, and could, therefore, make a choice to become a thrift to take advantage of the commerce "opportunity." In the past, banks such as Wells Fargo that have considered moving to a thrift charter have ultimately rejected the idea.

be statutorily deemed to be satisfied, on the theory that its real purpose was to ensure the opportunity of banks to expand into insurance and securities and that this has been accomplished.

Discussion: As revised, Alternative A has generated some interest from Chairman Leach, as moving closer to his minimalist approach to banking and commerce, and still commands support from those, such as Rep. Roukema, who supported the basket approach in the first place. However, Senator Sarbanes is still not convinced. Proponents of full banking and commerce, particularly Mr. Baker, have voiced their displeasure. Within the Administration, Chairman Yellen has expressed her concern that the extent of the grandfathering of unitary thrift holding companies is far too broad, and should be limited to those unitaries that are actually using their authority to engage in non-financial activities to an extent in excess of whatever basket is established. Treasury responds that not cutting back on thrift powers is critical to maintaining thrift support for legislation, which in turn is critical for legislation to move forward. For a discussion of other issues related to this approach see pages 4-6 of Tab A.

Treasury has been able to keep Alternative B from leaking, so it is unclear how it will be received. The issues that will potentially arise are: (i) banks might assert that the Frist amendment has **not** been satisfied and therefore the conditions for merging the funds have not been met[5]; (ii) diversified financial holding companies that have non-financial affiliates might not view the thrift option as sufficient; (iii) banking/commerce opponents may view the proposal as unsatisfying since it preserves, and publicizes, an existing banking/commerce "loophole"; and (iv) there may be serious concern about the ability of OTS to effectively regulate a large number of powerful new unitary thrift holding companies.

2. HOLDING COMPANY REGULATION AND THE ROLE OF THE FED

Treasury proposal: Treasury's latest proposal, which has not been vetted with the Fed, would apply to either Alternative A or Alternative B. Under this scheme, the Fed would regulate all bank holding companies (but under Alternative B not thrift holding companies, which would be regulated by OTS). Holding companies engaging in activities that cannot be done directly in the bank (including, for example, securities or insurance underwriting) would be required to provide the Fed an undertaking to maintain the capital of the subsidiary banks at the "well-capitalized" level[6]. If the bank's capital falls below that level the holding company would be required to bring

[5] In general, banks don't much care about merging the funds; that is a good government and a thrift issue. But, understanding the interest of others in merging the funds, banks view the BIF/SAIF merger as leverage to enable them to get "paid" for agreeing to take on part of the FICO obligation as part of the SAIF recapitalization last year.

[6] Bank (and thrift) capital levels are set by statute at "well-capitalized," "adequately capitalized," "undercapitalized" (which subjects the bank to regulatory sanctions), "significantly undercapitalized" (regulatory sanctions required), and "critically undercapitalized" (bank subject to being placed in receivership). Current law in effect requires a holding company to guarantee to maintain the bank or thrift at the adequately capitalized level.

the capital level back up to well-capitalized and maintain it at that level. If, within 180 days, the holding company were unable to bring bank capital back up to the well-capitalized level, the holding company would be required to **either** (i) divest the bank in a manner that results in the bank being well-capitalized upon divestiture (e.g., by shrinking the balance sheet or by getting the buyer to add capital as part of the transaction); or (ii) cease engaging within the holding company in any activity the bank could not engage in directly (including, for example, most insurance and securities underwriting). If the bank got seriously in trouble so quickly that the FDIC were forced to put it into receivership or conservatorship, the holding company's guarantee of the bank's well-capitalized status would be enforceable by the FDIC.

The Fed would be responsible, as part of its normal supervisory process, for continuously evaluating the holding company's ability to support the bank's capital at the well-capitalized level, and would be able to examine bank holding companies and their nonbank subsidiaries if there were reason to suspect those entities were engaged in activities that could pose a significant threat to a subsidiary bank.

Although bank holding companies would be subject to Fed regulation under the Bank Holding Company Act, the Fed's authority to establish holding company capital requirements[7] would be limited to the following situations:

- A subsidiary bank's capital has remained below the well-capitalized level for more than 180 days;
- Banking assets constitute more than 90% of the assets of the holding company **and imposition of holding company capital requirements is or may be necessary to avoid a threat to the safety and soundness of the bank**; or
- On a case-by-case basis if the holding company has assets in excess $100 billion and owns a bank with assets in excess of about $5 billion[8] **and imposition of holding company capital requirements is or may be needed to avert systemic risk to the economy or a threat to bank safety and soundness.**

The Treasury's proposal would not impose similar requirements on thrift holding companies (under Alternative B), nor does current law.

Discussion: With respect to the holding company guarantee, the issues likely to be raised are (i) the ability of the Fed adequately to monitor the effective strength of the guarantee when it is neither authorized or set up to regularly and fully examine the holding company or its non-bank subsidiaries (a concern Director Raines has raised) and (ii) the extent to which the difference between "well-capitalized" and "adequately capitalized" provides a sufficient cushion in capital

[7] The Fed asserts it has such authority under current law. However, it is unclear whether the assertion would survive legal challenge.

[8] As of 12/31/96, 134 commercial banks had assets in excess of $5 billion. As of 9/30/96, 31 thrifts had assets in excess of $5 billion..

and time so that a bank that falls below the well-capitalized level can be recapitalized or sold before it is truly in trouble (a concern Chairman Yellen and Director Raines have both raised).

On the issue of Fed capital standards, the major substantive question, raised by Chairman Yellen, is whether these standards amount to attempting to close the barn door after the horse is out. In particular, if the Fed can impose holding company capital standards during the first 180 days when a bank falls below the well-capitalized level only **after** finding a threat or likelihood of threat to the bank or of systemic risk, will the capital standards be effective in preventing the risk from materializing? Chairman Yellen also believes that defining a holding company that is primarily bank-related as one in which the bank accounts for 90% of the assets is too lax: moving sufficient assets out of the bank to fall below the 90% level would be fairly painless. She would support a lower threshold. Director Raines has also expressed concern in the past that capital requirements that are discretionary with regulators may pose "forebearance risk": the risk that capital standards will not be imposed when needed because regulators and the regulated can convince each other that the situation will be resolved without the imposition of standards.
Treasury responds that: (i) holding company capital regulation is in fact an extremely minor part of the entire bank regulatory structure that, with the post-1990 rules concerning prompt corrective action, would ensure the security of the deposit insurance funds; (ii) providing the Fed with **any** degree of explicit holding company capital authority is more than the Fed has now; and (iii) since the goal of holding company capital regulation in the case of a holding company that is predominantly a bank is to prevent "double-leveraging"[9] in order to protect the deposit insurance fund, it does not matter that a holding company could avoid the capital requirements by moving assets out of the bank. An additional substantive question is whether, whatever system is proposed to allow the Fed to set holding company capital standards, a similar system should be proposed with respect to OTS' regulation of thrift holding companies under Alternative B.

Treasury's current proposal is an attempt to provide for holding company capital requirements where the strength of the holding company really would be needed to protect the safety and soundness of the banking system, while keeping the Fed out of this business -- particularly with respect to diversified financial holding companies -- under normal circumstances. Whether this will prove (i) too little to satisfy the Fed and its supporters or (ii) too much to satisfy the diversified holding companies is unclear.

3. CONSUMER PROTECTION

Treasury proposal: Treasury would establish that federal bank and securities regulators have an obligation, with respect to retail sales of non-deposit investment products by depository

[9] Double leveraging occurs when a holding company issues debt that is then used to capitalize the bank. The result is that the bank nominally has equity, but it is under pressure to dividend profits to the holding company to pay the debt service. This can result in the bank holding less capital (e.g., little in excess of the minimum amount required -- in the case of a bank in a diversified holding company, the well-capitalized level) than would otherwise be the case. In contrast, if the bank itself has raised the equity, there is no debt service, and so less pressure to pay holding company dividends.

institutions, to avoid customer confusion about the applicability and scope of FDIC and SIPC insurance; to prevent improper disclosure of confidential customer information; and to avoid conflicts of interest and other abuses.

Treasury's proposal would direct the bank regulators, in consultation with the SEC, to adopt regulations for sales of non-deposit investment products by insured depository institutions that are not registered securities brokers. Such regulations would be required to cover the following areas: advertising, disclosure, sales practices, qualifications and training of sales personnel, compensation of sales personnel, and the circumstances under which transactions and referrals occur. With respect to non-deposit investment products that are securities (including mutual funds) or annuities, the bank regulators would be required to adopt regulations comparable to those adopted by the SEC. The SEC would be required (to the extent such rules are not already in place) to adopt similar rules concerning sales of non-deposit investment products by brokers or dealers who are depository institutions (in the case of brokers) or are affiliated with a depository institution. The SEC would have to consider one major new item, namely the disclosure by depository institution subsidiaries and affiliates of the financial interest of the depository institution or securities subsidiary or affiliate with respect to referrals or transactions.

The regulations adopted by the banking regulators and the SEC would be required to "encourage the use of disclosure that is simple, direct, and readily understandable" (model language would be included), and to encourage oral as well as written disclosure. (Studies have shown that oral disclosure is more effective, but it is, of course, more difficult to monitor, particularly in face-to-face, rather than telephone, conversations.) The National Council on Financial Services, on which both the federal banking regulators and the SEC would sit, could establish more stringent regulations than those adopted by the individual regulators.

The Treasury's proposal would prohibit non-depository institution affiliates within a bank holding company from sharing **with any depository institution** in the holding company non-public customer information, including in particular evaluations of creditworthiness, unless the customer received "clear and conspicuous disclosure" that such information might be shared and had an opportunity to direct that it not be shared. As a practical matter, customers would probably be given an opportunity to make this choice for all classes of information upon the opening of an account, rather than on an event-by-event basis.

Treasury would require the National Council on Financial Services to biennially review, starting on June 30, 2001, the regulations adopted pursuant to these requirements to determine whether they carry out the purposes.

Finally, Treasury's bill would, by adopting a greater degree of functional regulation of securities activities than is currently the case, impose more consumer-protective requirements on bank activities relating to securities sales and work for investment companies than is currently the case.

Discussion: Treasury's proposal is designed to be at least as protective of consumer concerns as proposals currently being considered in the House, but to do so in a manner that hardwires fewer requirements into statute and requires more of the regulators. However, the requirement for simple disclosure and model language goes further than other proposals. In contrast to current law, bank regulators would have to adopt **regulations**, not guidelines, regarding the sale of non-deposit investment products.

The consumer groups are not likely to be fully satisfied with this approach for three reasons: (i) they are skeptical of the bank regulators' ability and willingness to adopt strong and effective regulations in this area and they would therefore prefer to hardwire more into the statute; (ii) the proposal would not provide consumers with a private cause of action against a depository institution that caused harm by violating the regulations; and (iii) the proposal would not explicitly deal with "implicit" tying, under which a consumer gets the impression, by the mere fact that insurance is offered before a loan is approved, that approval of the loan is contingent on purchase of insurance from the bank. Conversely, financial institutions will be concerned that this proposal -- particularly the information disclosure portion -- may severely limit their ability to cross-sell securities and investment products, which they regard as one of the benefits to both consumers and institutions of allowing greater affiliations among financial institutions.

4. COMMUNITY REVINESTMENT ACT

Treasury's proposal with respect to CRA has not changed since March 20. The only external developments since March 20 are that (i) Senator D'Amato has suggested that expanding CRA even to WFIs will put CRA "in play" and (ii) the companies that are likely to create WFIs have -- with one exception -- said they will have no objection to expansion of CRA to such institutions. We may also want to consider whether the fact that Treasury proposes sending up a report with legislative language rather than a bill, changes the dynamic of what can and should be included.

Treasury Proposal: Apply CRA to Wholesale Financial Institutions -- banks that do not accept accounts under $100,000 and thus do not have insured deposits, but avoid putting CRA "in play" by proposing an expansion of CRA coverage to nonbanking firms. The Secretary's speech announcing any proposal -- and all subsequent statements from the Administration -- would state explicitly that we will tolerate no weakening of CRA.

Discussion: One of the hallmarks of this Administration has been its recognition that access to credit and other financial services is essential to the vitality and growth of communities. Bank regulators have been directed to make the Community Reinvestment Act work to generate "performance, not paperwork." The regulators -- working through an unprecedented series of hearings and other outreach efforts -- responded effectively: new CRA regulations, which are just coming into effect, have been praised as effective without being burdensome. As a result of this Administration's efforts in this area (including not only CRA, but also effective enforcement of non-discrimination laws, and the National Homeownership Strategy), over $90 billion in CRA commitments have been made and the number of mortgages made in low- and moderate-income communities rose 22% and the number to minorities rose 33% between 1993 and 1995 (compared with an overall increase in number of mortgages of 10%). In the 104th Congress, the Administration stood strong against any cutback in CRA in the context of banking regulatory relief regulation -- and succeeded in fending off all challenges.

It is quite clear that, notwithstanding continued strong bank profitability, assets and lending are flowing out of the banking system. While much of the asset loss in the last few years is attributable to large businesses (who are unlikely to rely on CRA for access to capital) directly accessing the capital markets, the movement of deposits from banks to mutual funds has put a strain on both the theory and practice of CRA.

The power of CRA and related statutes and the regulators to get results is beyond anything community groups have been able to accomplish in the remainder of the financial services industry, where the best they get is philanthropy, some social investing, and purchases of municipal bonds. So anything that diminishes the reach of the banking regulators, and of CRA, is troublesome to these groups. Their concern is exacerbated by what they see as the lack of benefit to consumers -- particularly poor consumers -- from changes, such as interstate banking, that have already occurred in the system. They have strongly urged the Administration, as a condition of financial services modernization, to expand CRA coverage to all financial institutions affiliated with a bank or at least to all bank-eligible products (such as mortgage loans) no matter where in the holding company they are offered.

Treasury believes that, notwithstanding the concerns of the community groups, CRA expansion beyond WFIs[10] should not be included in the proposal. There are two basic reasons: practical and political. On the practical side, Treasury notes the difficulty of defining the geographic service area -- a critical CRA concept -- for securities firms and mutual funds, and the difficulty of imposing federal CRA regulation on state-regulated insurance companies and unregulated finance companies. They note that, while the OCC currently takes the activities of non-bank subsidiaries into account in evaluating the CRA performance of a national bank, in general the subsidiaries are small in relation to the bank. If, in an attempt to avoid imposing CRA directly on securities firms, insurance companies and finance companies affiliated with banks, one were to impose on a relatively small bank the community obligations of all affiliated companies, the most likely result would be a sharp decrease in the interest of anyone in affiliating with a bank.

As a political matter, whatever support CRA has among community groups and some Congressmen (including in particular Senator Sarbanes), it is strongly disliked by many banks, most Republican members of Congress and many pro-business Democrats. In fact, it is probably fair to say that, with the potential [important] exception of Senator D'Amato, almost no one strongly in favor of financial services legislation is strongly in favor of CRA. And the securities and insurance industries (backed by, e.g., Senator Dodd) are unalterably opposed to any expansion. Moreover, even many CRA proponents (such as Senator Sarbanes) believe that any attempt to expand CRA as a price for modernization legislation will lead either to no legislation (a result to which they would not object) or a frontal assault on CRA by opponents such as Senators Shelby and

[10] Treasury would expand CRA to WFIs because: (i) WFIs are banks that take deposits; (ii) they have access to the payment system; and (iii) to create WFIs without CRA would open the way for an immediate contraction of CRA coverage as such wholesale banks as Bankers Trust and JP Morgan -- now subject to CRA -- became WFIs.

Mack, with the result that -- if it went anywhere at all -- the entire financial services debate would become a fight about CRA, and it is very likely the Administration would be called upon to veto the resulting bill.

4. WHETHER TO GO FORWARD, AND IN WHAT FORM

Treasury proposal: Treasury proposes to release, on or about May 21, a brief statement by Secretary Rubin, covering draft legislative language containing the two alternatives discussed above.

Discussion: After a lengthy series of discussions with both members of Congress and interested parties, Treasury came to the conclusion that the best way to both (i) respond to the statutory directive that it report on the merger of the bank and thrift charters by March 31 and (ii) move the financial services debate forward is to send forth a legislative proposal that is complete and defensible, but that provides alternative ways to deal with the most contentious issue.

Sending alternatives rather than a legislative proposal may lead some to question both the Administration's purposes and its strength of commitment to financial services modernization. And the result may be that the debate does not proceed or the Administration is marginalized. On the other hand, it is quite clear that taking the position on banking and commerce that is most likely to move the debate quickly -- the basket approach with a fairly large basket -- will seriously offend critically important Democratic Senators such as Senator Sarbanes. One lesson of last Congress' unsuccessful discussion of this issue is that even if there is no legislation, the ball moves: there no longer is a serious debate about whether to repeal Glass-Steagall or whether to allow banks to affiliate with insurance companies, rather the debate is how. For the Administration to be a serious player in this session's discussions, and to protect our interests (particularly with respect to CRA and the role of the OCC[11]), almost certainly requires that Treasury fulfill its report obligation reasonably quickly and do so in a manner that indicates we have been considering the issues seriously and have cogent proposals to put on the table, even if we have two of them.

[11] As described in footnote 5 of the memo at Tab A, an important aspect of Treasury's proposal is that banks would be allowed to do non-bank financial activities in **either** a subsidiary or an affiliate of the bank. In contrast, the Fed is insisting that such activities be done only in a bank affiliate (a subsidiary of a bank holding company rather than of a bank). As footnote 5 points out, whatever the substantive issues involved, there are clear jurisdictional implications: national banks and their subsidiaries are regulated by the OCC, a bureau of the Treasury, whereas bank holding companies (including holding companies of national banks) are regulated by the Fed.

March __, 1997

MEMORANDUM FOR: THE PRESIDENT

FROM: GENE SPERLING

SUBJECT: TREASURY'S PROPOSED FINANCIAL SERVICES MODERNIZATION LEGISLATION

ACTION-FORCING EVENT: The Treasury seeks to propose legislation that would increase competition among providers of financial services by repealing the Depression-era Glass-Steagall Act, allowing a broader range of affiliations between banks and other companies (including both other financial companies and commercial and industrial companies), and merging the regulation of banks and savings institutions. This proposal would satisfy a statutory requirement that the Secretary of the Treasury report to Congress by March 31, 1997 (which will probably be delayed until April 7 when Congress returns from recess), on how to harmonize and integrate the regulation of banks and thrifts. The proposal would also respond to Congressional requests for the Administration to set forth a plan for modernizing financial services regulation, including requests for Secretary Rubin to testify before the House Banking Committee in April.

On March 18 and 20, the NEC principals and relevant White House offices met to discuss the Treasury proposal. Although the group concluded that the Administration should go forward with the Treasury proposal with limited modifications, we also concluded that prior to authorizing the Treasury to proceed, you should be aware of signficant substantive and political concerns raised by the principals. This memorandum outlines the case for financial services modernization, the essential parameters of the Treasury proposal, and the issues that raise the most questions and concerns.

BACKGROUND: Current law restricts affiliations between banks and other companies (i.e., it prevents them from owning one another or being under common ownership). The Glass-Steagall Act generally prohibits affiliations between banks and securities firms. The Bank Holding Company Act of 1956 generally restricts companies that control banks (bank holding companies) to activities closely related to banking, and specifically prohibits such companies from underwriting or selling insurance. These laws essentially sought to limit competition by segmenting different types of financial and other services from one another, and thus reinforce the traditional distinctions among banks, securities firms, insurance companies, and other financial institutions.

But technological and financial innovation, together with market pressures to offer consumers a wider array of services, have rendered this segmentation untenable. Different types of financial products have converged with one another. No longer is there a sharp practical distinction between a syndicated loan and privately placed commercial paper, between a security and a financial future, between a checking account and a money-market mutual fund, or between a mutual fund and a variable-annuity insurance policy. Derivative financial instruments even challenge such fundamental distinctions as those between debt and equity or between dollars and drachmas.

In the face of these developments -- this proliferation of new types of financial products -- the old distinctions among financial institutions are eroding. Banks and thrifts are now practically indistinguishable (although thrifts -- but not banks -- can form affiliations with any company, financial or nonfinancial). Banks offer insurance, mutual fund shares, and brokerage services, and underwrite a wide range of securities, directly or through affiliates. Securities firms make or syndicate commercial loans, and offer money-market accounts with check-writing privileges. Securities markets constitute the largest source of home-mortgage financing. A wide range of nonfinancial companies own banks that offer credit cards.

Yet the old statutory restrictions remain on the books -- imposing needless regulatory and management costs, and impeding competition, innovation and consumer choice. Allowing financial firms of all types to affiliates holds promise that consumers will benefit as fair competition -- less hindered by regulatory restrictions -- will drive firms to achieve and pass savings on to consumers. For example, for many years a very limited group of savings banks, mainly in the northeast, has be allowed to offer savings bank life insurance, an extremely reasonably-priced product attractive to people (such as young married couples with children) whose income and capacity to purchase insurance make them inefficient prospects for the higher-cost insurance agent distribution channel. Expanding the ability of banks to offer insurance products should, on the basis of this experience, make insurance more widely available, at reduced prices. Similarly, securities firms have clearly proven their ability to offer highly attractive savings vehicles at greater yields than available from banks -- witness the fact that last year for the first time more money was in mutual funds than in bank deposits. Providing securities firms the opportunity to more directly offer their efficiencies to bank depositors may well enhance yields available to small savers on insured deposits.

In addition to providing benefits to consumers, greater affiliation among financial institutions should reduce the operating costs of the institutions, which, whether passed on to consumers, employees or shareholders, will almost certainly will increase the institutions' productivity and should have similar benefits economy-wide. Increased affiliation will increase intra-firm diversification, which will almost certainly reduce the risk of institutional failure. And finally, by aligning what our financial firms can do in the United States with what they can do abroad and with what foreign financial firms can do in the United States, allowing increased affiliations should increase the international competitiveness of US firms.

For these reasons, there has been a growing agreement that the restrictions against affiliations among financial institutions have become outdated. Over the years, both Congressional Banking Committees have approved legislation to repeal the Glass-Steagall Act, and the Senate passed such a bill in 1988 by a vote of 94-2. Yet such legislation has repeatedly foundered on inter-industry conflicts (e.g., between banks and securities firms, insurance companies, and insurance agents), most recently during the last Congress.

During the past year, however, trade associations representing a wide range of market participants have made significant progress toward bridging the gaps that have traditionally divided them. The Alliance for Financial Modernization -- a coalition of 10 bank, thrift, securities, insurance, and diversified-company trade associations -- has agreed on legislation (the Alliance, or Roukema/Vento, bill) that would permit any company to affiliate with a bank if it has at least 75 percent of its business in financial institutions or financial activities.[1] Thus the Alliance bill would remove existing constraints on affiliations among different types of firms that concentrate in financial services, and give these financial firms latitude to conduct nonfinancial activities of significant, but not overwhelming, scale.

[1] This provision encouraged the securities and insurance industries -- which have always been allowed to affiliate with non-financial companies and did not wish to divest such companies as the price for access to banking -- to join together with banks to support modernization legislation. The bill has been introduced in the House, and there have been initial hearings. While it has attracted some support, there has also been much skepticism, mainly on the banking and commerce issue, to a lesser extent on consumer and community concerns. In addition, at least one Alliance member -- America's Community Bankers (the thrift trade group) -- has said it can't support the bill it its present form, because it would **reduce** the scope of thrift activities. The bill is very vague on how to measure the 25% limit, and different measurements generate very different results. An asset-based measurement is least restrictive and a gross revenue-based measurement most restrictive of financial/non-financial combinations.

Other major proposals currently pending in Congress include the D'Amato/Baker and Leach bills. The D'Amato/Baker bill is the most sweeping of these proposals. It would permit banks to affiliate with any company, financial or nonfinancial. By contrast, the Leach bill -- the most restrictive of the Congressional proposals -- would permit affiliations among banks, securities firms, and insurance companies (but not nonfinancial firms), retain much bank-type regulation of companies affiliated with banks, and vest broad regulatory authority in the Federal Reserve Board.

One other concern motivates this legislation. Last year Congress passed legislation that rehabilitated the two FDIC insurance funds -- one that insures thrifts, and the other that insures banks. All your financial advisors, as well as the FDIC, strongly believe these two funds should be merged in order to maximize their ability to withstand any future shocks to the financial system. However, Congress has conditioned merging of the funds on the elimination of the thrift charter. The proposed legislation would satisfy this precondition and thus permit a fund merger.

We see the Treasury proposal as raising four key issues. First, whether (and to what extent) to permit affiliations between banks and nonfinancial companies. Second, to what extent and how to regulate companies affiliated with banks, and what the role the Federal Reserve would have in such regulation. Third, how do deal with issues raised by the Community Reinvestment Act, which only applies to banks and their subsidiaries. And finally, whether the Administration should go forward with the proposal.

1. AFFILIATIONS BETWEEN FINANCIAL AND NONFINANCIAL COMPANIES

Issue: To what extent (if at all) to permit affiliations between banks and nonfinancial companies -- the so-called "banking and commerce" issue.

Treasury Approach: Would permit financial services companies that are predominantly financial -- i.e., if 75 percent of their business consists of financial institutions or financial activities -- to have a 25 percent "basket" of nonfinancial activities[2]. Any bank holding company, whether operating or non-operating, finanical or non-financial, would be required to guarantee the well-capitalized status of the bank.

[2] Treasury draft legislation at OMB for clearance does not define "business." See footnote 1. If the most restrictive definition is chosen -- measurement according to gross revenue, Chase (the second largest bank) could affiliate with the 191st largest nonfinancial company (Merisel, Inc) or anything smaller, but the combination of Chase and Salomon could affiliate with the 97th largest nonfinancial company (CSX). Conversely, under such a definition, Microsoft could acquire any of the three largest banks (Citicorp, Chase, or Bank of America), although it is fair to ask whether such a purchase would make any finanical sense to Microsoft. Treasury is working

with the CEA and OMB to refine the definition to prevent these kinds of "giant to giant" combinations. The Treasury draft, like both the Roukema and Leach bills, would authorize any firm to own a "Wholesale Financial Institution" (or WOOFIE) -- a new kind of entity that would be a bank with full access to the payment system and strong capital standards, but could not accept insured deposits.

Discussion: The decision whether to allow any affiliation of finanical and nonfinancial firms (the "banking and commerce" issue) is one of the two most contentious issues arising from the legislation. In general, the substantive arguments for permitting affiliation to the extent allowed in the Treasury draft are (i) to get the benefits of financial firm synergies, it is important to allow securities and insurance companies -- which contain signficant non-financial elements -- to have access to retail banking customers; (ii) there are synergies between financial and non-financial firms -- seen most clearly in GE, but also present at various times in firms such as Sears (Allstate) and GM (GMAC) -- that should be allowed to provide consumers with the maximum benefit from modernization; (iii) allowing firms such as Microsoft into banking would increase competition, which -- together with the natural synergies from such a combination -- would benefit consumers; and (iv) such combinations are already permitted in the thrift industry, where they have not caused any problems.[3]

In addition to these substantive arguments, there are two political arguments for permitting the combination Treasury proposes: (i) the securities and insurance companies,[4] and Senators Dodd and D'Amato, will not support modernization without the 25% basket, and without their support, the legislation is dead; and (ii) because of likely opposition to any significant banking and commerce combination from the Fed and others, the basket is likely to get smaller as the legislation progresses, making it important to start from a position with some "give."

[3] Under current law, any type of company -- including an industrial company -- can own a thrift, as long as it owns only one such institution (it becomes a "diversified unitary thrift holding company"). There are currently only 14 such institutions, the largest one being a paper company that owns a $9 billion thrift. However, in the past Ford Motor Company owned a thrift based in California. Ford poured alot of money into the institution before it finally sold it for far less than it had contributed in capital.

[4] And the thrifts, see footnote 1.

The substantive reasons for opposition to the combination are: (i) unlike other finanical services, banking comes with government backing, which generates capital subsidies and moral hazard; it is inappropriate to extend this safety net to commerce without far greater evidence of positive synergies; (ii) most of the cited synergies between commercial and finanical firms involve using the financial firm as a marketing tool for the commercial firm (indeed, GE may be sui generis in having a consistently profitable finance subsidiary), which is an inappropriate use of the government safety net; (iii) this country, unlike Japan and Germany, has a long legal and cultural tradition against combinations of banking and commerce; (iv) the combination will exacerbate the already strong trend toward moving control of credit and financial services out of the local communities where these services are needed; and (v) it is difficult to believe that financial regulators can or should effectively regulate even the capital of non-financial companies -- which is what would be required to ensure the value of any capital guarantee of the bank by a non-financial parent or a holding company with significant commercial activities. As far as concerns synergies between financial firms and companies doing a business that truly would provide some positive synergies for the finanical firm, such a software or telecommunications firm, it may well be possible to add these gradually to the mix by establishing in the legislation a system by which regulators could expand the definition of "financial" over time, without having to move all the way to allowing combinations of financial and industrial firms.

In addition to these substantive arguments, there are two political arguments against permitting the combination: (i) Senator Sarbanes and such traditional Democratic constituencies as community and consumer groups have stated they will unalterably oppose any legislation that permits any banking/commerce combination; and (ii) House Banking Committee Chairman Leach and the Fed (and former Fed Chairman Paul Volcker) have come out firmly in opposition to any significant banking and commerce combination.

Positions of Other Relevant Parties: Persons who support an even broader approach, as in the D'Amato/Baker bill, include: the Securities Industry Association, the Investment Company Institute, the Financial Services Council, the American Council of Life Insurance, America's Community Bankers, the American Financial Services Association, and Bankers Roundtable.

Persons opposing full removal of restrictions on affiliations between banks and nonfinancial companies including: Senators Conrad, Daschle, Dorgan, Feingold, Harkin, Johnson, Kerrey, Kohl, and Sarbanes; Representatives Leach, and Gonzalez; the Independent Bankers Association of America; the AFL-CIO, ACORN, National People's Action, the Consumer Federation of America, Consumers Union, and the Greenlining Coalition.

Persons who support the 75 percent test in the Alliance bill and the Treasury approach include: the American Bankers Association and the other members of the Alliance for Financial Modernization, including the trade associations listed above as supporting the D'Amato/Baker bill.

2. HOLDING COMPANY REGULATION, AND THE ROLE OF THE FED

Issue: To what extent should the government regulate nonbank companies that own banks, and what role should the Federal Reserve play in that regulation?

Treasury Approach: The Federal Reserve Board would continue to regulate bank holding companies, and could conduct examinations and overall risk-management, require reports, and take enforcement action. But it would no longer prescribe bank-type capital standards for nonbank affiliates of banks. Instead, subsidiary banks would have to remain well capitalized (i.e., keep the capital above the normal required level) after subtracting dollar-for-dollar any investment in a non-bank firm, transactions between banks and related firms would be limited, and the holding company could be asked to guarantee its subsidiary banks' capital.

Discussion: This issue raises most clearly a central question about this legislation: the extent to which affiliations that provide synergies and thus benefits to consumers can be regulated in a manner that does not stifle those synergies yet at the same time protects taxpayers, primarily by restricting the reach of the deposit insurance. [5]

[5] While it is a subject of substantial debate in Congress, the Administration has strongly and consistently supported the proposition that the choice whether to conduct financial activities as a subsidiary of a bank or as a subsidiary of a holding company (and thus as an affiliate of a bank) should be a matter of corporate choice, i.e., that no particular form should either be mandated or encouraged by law. This position is based on the following: (i) legal and economic analysis that suggests strongly that the downside risk to the bank -- that it will harm itself through its dealing with related financial entities to the point of creating a risk to the deposit insurance funds -- is the same whether the party is a subsidiary or an affiliate, as long as rules are in place requiring the bank to be well capitalized at all times without taking investment in the subsidiary into account and there are limits on the amount of bank funds that can be invested in a subsidiary; (ii) there is no evidence that any "subsidy" from deposit insurance -- which is small or non-existent on a net basis anyway -- "leaks" more to the benefit of a subsidiary than an affiliate; (iii) profits from a subsidiary are more likely to flow to the bank as a parent than as an affiliate, creating upside benefit; (iv) under CRA, all the assets and income of the bank and its subsidiaries are taken into account in determining the "context" of the bank's performance; affiliates are only taken into account at the bank's option; and (v) the holding company structure is cumbersome and costly (which is why a non-operating holding company is rare outside of banking), and firms should not be forced into it. There is also the fact that the OCC regulates banks and their subsidiaries, whereas the Fed regulates bank holding companies, and thus forcing activities into affiliates reduces the Administration's reach with respect to financial services policy. There is significant disagreement (mainly from the Fed) about the first and second points, although the FDIC, which is responsible for the deposit insurance funds, backs the Administration's position. We have therefore not raised this as a discussion issue in this memo. Chairman

Yellen is, however, concerned the the subsidiary structure (even for financial activities such as insurance and seucrities underwriting) does not sufficiently protect the deposit insurance system.

The Treasury approach rests on the proposition that the deposit insurance system can be protected by requiring very high capital standards of any bank that wishes to -- through a subsidiary or affiliate -- engage in non-bank finanical activities (including insurance and securities underwriting) or -- through an affiliate -- engage in nonfinanical activities, and by protecting those high capital standards through limitations on dealings within the corporate family ("corporate separateness") and by a guarantee of the high capital levels by a bank holding company where one exists. The holding company would be monitored by the Fed to ensure its continued ability to make good on the guarantee, and to provide early warning of any risk issues arising out of the consolidated entity's activities that might harm the bank.[6] By isolating the bank, the Treasury's approach would limit intrusion by bank regulators into activities of non-bank parts of a corporate family while simultaneously protecting the deposit system. The Treasury approach also is based on traditional bank statuory construction, under which broad principles (such as the need for corporate "separateness") are stated, but their definition is left to the regulator, making them somewhat easier to change over time as cirucmstances evolve.

Politically, the Treasury's approach responds the the Fed's strong desire to ensure its continued role as a supervisor of bank holding companies while still not imposing the entire panoply of holding company regulation on diversified financial companies (including those with non-financial businesses). The Treasury and the Fed are continuing discussions about the extent to which full holding company regulation (including capital requirements) would apply to a holding company whose bank was extremely large, even if the entity had other large non-bank subsidiaries.

Questions have been raised in the course of our discussions over the last week about both (i) the effectiveness of the Treasury's proposal in protecting the deposit insurance system -- from both a risk and a subsidy perspective -- from access by non-bank firms and (ii) the extent to which the Treasury proposal's attempt to isolate the bank will prevent the synergies that the entire modernization effort is about from actually being realized. These are obviously logically inconsistent concerns, but they highlight the degree to which the efficacy of the Treasury's proposal depends on effective, but not overbearing, regulation by the Fed.

Politically, the Treasury's proposal provides the Fed with more authority over diversified holding companies than do either the Roukema or D'Amato bills, but it is unlikely that the Fed will ever be satisfied with a level of regulatory

[6] For example, if a single corporate family included both a property and casualty insurance company and a mortgage lender, it would be important to take into account the extent to which the risk of mortgage default arising from an earthquake was **not** in fact mitigated by insurance written (and risk retained) by the related insurance company.

authority that Treasury believes is limited enough to keep securities and insurance firms supportive of the legislation. It is clear that this part of the Treasury's proposal will be finetuned in the course of the legislative process.

Positions of Other Relevant Parties: Persons opposing any significant Federal Reserve role in holding company regulation include: the Securities Industry Association, the Investment Company Institute, the American Council of Life Insurance, and diversified financial services firms (e.g., American Express).

Persons supporting a significant Fed role in holding company regulation include: the Fed, Chairman Leach, Paul Volcker, and the Independent Bankers Association of America.

3. COMMUNITY REINVESTMENT ACT

Issue: How should any proposal deal with the Community Reinvestment Act (CRA)?

Treasury Approach: Apply the CRA to Wholesale Financial Institutions -- banks that do not accept accounts uner $100,000 and thus do not have insured desposits, but avoid putting CRA "in play" by proposing an expansion of CRA coverage to nonbanking firms. In addition, the Secretary's speech announcing any proposal -- and all subsequent statements from the Administration -- should state explicitly that we will tolerate no weakening of CRA.

Discussion: One of the hallmarks of your Administration has been its recognition that access to credit and other finanical services is essential to the vitality and growth of communities. From the start of the Administration, you have pressed bank regulators to make the Community Reinvestment Act work to generate "performance, not paperwork." The regulators -- working through an unprecedented series of hearings and other outreach efforts -- responded effectively: new CRA regulations, which are just coming into effect, have been praised as effective without being burdensome. As a result of this Administration's efforts in this area (including not only CRA, but also effective enforcement of non-discrmination laws, and the National Homeownership Strategy), over $90 billion in CRA commitments have been made and the number of mortgages made in low- and moderate-income communities is up 22% and to minorities 33% between 1993 and 1995 (compared with an overall increase in number of mortgages of 10%). In the 104th Congress, the Administration stood strong against any cutback in CRA in the context of banking regulatory relief regulation -- and succeeded in fending off all challenges.

It is quite clear that, notwithstanding continued strong bank profitability, assets and lending are flowing out of the banking system. Through 1980, the bank share of assets held by financial institutions was about 40%. Today it is barely 22%. And the share of non-farm, non-financial debt supplied by US banks to the corporate sector declined from 20% in 1979 to 15% in 1994; banks now write barely half of the short- and medium-term business loans in the United States, down from three quarters 30 years ago. The question is the pace at which the outflow will continue, and in particular whether finanical services modernization will significantly accelerate the pace.

The power of CRA and related statutes and the regulators to get results is beyond anything community groups have been able to accomplish in the remainder of the financial services industry, where the best they get is philanthropy, some social investing, and purchases of municipal bonds. So anything that diminishes the reach of the banking regulators, and of CRA, is troublesome to these groups. Their concern is exacerbated by what they see as the lack of benefit to consumers -- particularly poor consumers -- from changes, such as interstate banking, that have already occurred in the system.

Whatever support CRA has among community groups and some Congressmen (including in particular Senator Sarbanes), it is strongly disliked by many banks, most Republican members of Congress and many pro-business Democrats. In fact, it is probably fair to say that, with the potential [important] exception of Senator D'Amato, almost no one strongly in favor of financial services legislation is strongly in favor of CRA. And the securities and insurance industries (backed by, e.g., Senator Dodd) are unalterably opposed to any expansion. Moreover, even many CRA proponents (such as Senator Sarbanes) believe that any attempt to expand CRA as a price for modernization legislation will lead either to no legislation (a result to which they would not object) or a frontal assault on CRA by opponents such as Senators Shelby and Mack, with the result that -- if it went anywhere at all -- the entire financial services debate would become a fight about CRA, and it is very likely the Adminstration would be called upon to veto the resulting bill.

It should be noted that the Treasury bill would make CRA applicable to the new Wholesale Financial Institutions. They believe this change will not generate the kind of CRA firefight other expansions might because (i) WFI's are banks who take deposits; (ii) they have access to the payment system; and (iii) to create WFIs without CRA would open the way for an immediate contraction of CRA coverage as such wholesale banks as Bankers Trust and JP Morgan -- now subject to CRA -- became WFIs. Treasury admits, however, that it is not clear this distinction will satisfy CRA opponents.

4. WHETHER TO GO FORWARD

Issue: Should the Treasury go forward with its legislative proposal?

Treasury Approach: Go forward with the proposal outlined in the appendix (as a Treasury proposal rather than a White House initiative).

Discussion:

The decision whether to proceed with this legislation is essentially one of weighing the very real -- although hard to quantify -- benefits to the economy and consumers from rationalizing a finanical services regulatory system that was established 60 years ago, under totally different economic conditions against the concerns that traditional Democratic allies are likely to express -- strongly -- that the legislation will lead to increased economic concentration and less credit, capital and financial access to underserved consumers and communities.

Without the Administration's active participation, legislation is unlikely to move forward. With the Administration's support, it is possible that -- even in a heavily partisan climate -- financial services modernization legislation could pass.[7] However, it is quite clear from discussions with senior Senators, that only an Administration bill that (i) allows at least a 25% "basket" of nonfinancial assets and (ii) does not expand CRA will be regarded as credible enough to move the discussions forward and keep the Administration as part of the debate.

Positions of Other Relevant Parties: Persons who have urged the Treasury to propose financial modernization legislation include: Senators Dodd, Bryan, and D'Amato; Representatives Gonzalez, LaFalce, Vento, Frank, Flake, Leach, McCollum, Roukema, Baker; the American Bankers Association, the Bankers Roundtable, America's Community Bankers, the Consumer Bankers Association, the Securities Industry Association, the American Council of Life Insurance, the American Insurance Association, and the Financial Services Council.

Senator Sarbanes, community groups and the Independent Bankers Association of America have urged the Treasury not to propose such legislation.

RECOMMENDATION: Your economic and political advisors have concluded that Treasury should go forward with its proposal, subject to (i) better clarification of the limitation on the extent to which nonfinancial activities can be

[7] As noted above, passage of modernization legislation that merges the thrift into the bank charter is also a precondition for merger of the thrift and bank insurance funds -- a result that is universally regarded as desirable. Such a merger would also allow the consolidation of the Office of Thrift Supervision in the the Comptroller of the Currency, reducing the number of independent bank regulators.

included in a financial firm that includes a bank and (ii) a firm statement by the Admininstration that any attempt to weaken CRA will be grounds for vetoing any finanical services modernization legislation, no matter how otherwise beneficial.

DECISION:

_____ Treasury should proceed with legislation as proposed, subject to conditions noted

_____ I support legislation, but have concerns about the Treasury proposal. See me.

_____ I do not believe we should go forward with legislation at this time. See me.

SUMMARY OF TREASURY PROPOSAL

I. CONVERSION OF THRIFT INSTITUTIONS TO BANK CHARTERS

Thrifts could become national banks under streamlined conversion rules. After two years, any federal thrift remaining would automatically be converted to a national bank charter. Any remaining state-chartered thrifts would be treated as state-chartered banks for all federal banking regulatory purposes. Thrifts becoming national banks could generally continue the activities they conducted and retain the assets they held as thrifts, and keep all branches and agencies they operated as of the date of enactment. Subsequent branching would be subject to laws for national banks. Thrifts could continue to specialize as mortgage lenders. A former thrift holding company could conduct any activity that it was authorized to conduct before becoming a bank holding company if it meets certain grandfather conditions.

II. ACTIVITIES OF BANKS AND THEIR SUBSIDIARIES

Two years after enactment, national banks would have powers previously permissible for any national bank or federally chartered thrift. Banks could not engage directly in most insurance underwriting, but would be permitted to act as general agents for the sale of insurance.

Subsidiaries of well-capitalized and well-managed national banks may engage in any financial activity not permissible for national banks. (Similar rules would apply to state banks, to the extent permitted by state law.) Safeguards would include regulatory capital deductions, Federal Reserve Act affiliate restrictions, and corporate separateness requirements.

III. AFFILIATIONS BETWEEN BANKS AND OTHER COMPANIES

Bank holding companies could engage in nonbank activities if their subsidiary banks are well-capitalized and well-managed. No less than 75 percent of the business of the consolidated holding company must be in financial institutions and financial activities. The holding company would have to execute a capped capital guarantee if any insured bank subsidiary loses its well-capitalized status. Holding company affiliates must abide by corporate separateness requirements.

A National Council on Financial Services would be established to (among other things) determine if activities are financial and if additional safeguards need to be imposed between banks and affiliates. The Federal Reserve would continue to regulate bank holding companies, but would not set holding company capital requirements.

Uninsured "wholesale financial institutions" would be authorized, operating under either a national or state bank charter. They could be owned by, or affiliated with, any company.

Functional regulation would generally apply for most new activities of banks and their insurance and securities subsidiaries and affiliates.

IV. Fund Merger

The Bank Insurance Fund and the Savings Association Insurance Fund would be merged.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: OBERMILLER_F@A1@CD@LNGTWY (OBERMILLER_F@A1@CD@LNGTWY [EOP]) (WHO)

CREATION DATE/TIME: 7-MAY-1997 10:09:38.00

SUBJECT: MAY 14-BREAKFAST MEETING

TO: RANGNATH_P@A1@CD@LNGTWY (RANGNATH_P@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: YELLEN_J@A1@CD@LNGTWY (YELLEN_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: THOMAS_M@A1@CD@LNGTWY (THOMAS_M@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: SHOGREN_J@A1@CD@LNGTWY (SHOGREN_J@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: RUHM_C@A1@CD@LNGTWY (RUHM_C@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: REILLY_L@A1@CD@LNGTWY (REILLY_L@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: OBERMILLER_F@A1@CD@LNGTWY (OBERMILLER_F@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: MONTGOMERY_J@A1@CD@LNGTWY (MONTGOMERY_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: MAZUR_M@A1@CD@LNGTWY (MAZUR_M@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: LEE_H@A1@CD@LNGTWY (LEE_H@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: JOLIN_M@A1@CD@LNGTWY (JOLIN_M@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: FURMAN_J@A1@CD@LNGTWY (FURMAN_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: FRANKEL_J@A1@CD@LNGTWY (FRANKEL_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: ENGLISH_W@A1@CD@LNGTWY (ENGLISH_W@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: CLEMENTS_S@A1@CD@LNGTWY (CLEMENTS_S@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: BRANCH_L@A1@CD@LNGTWY (BRANCH_L@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: AMOROSI_B@A1@CD@LNGTWY (AMOROSI_B@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: Caroline Thompson@EOP (Caroline Thompson@EOP [CEA])
READ:UNKNOWN

TO: Sarah J. Reber@eop (Sarah J. Reber@eop [CEA])
READ:UNKNOWN

TO: YOON_J@A1@CD@LNGTWY (YOON_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: WILLIAMS_A@A1@CD@LNGTWY (WILLIAMS_A@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: SUNDING_D@A1@CD@LNGTWY (SUNDING_D@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: SANTESTEBA_C@A1@CD@LNGTWY (SANTESTEBA_C@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: RHOADS_T@A1@CD@LNGTWY (RHOADS_T@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: RASIN_R@A1@CD@LNGTWY (RASIN_R@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: MUNNELL_A@A1@CD@LNGTWY (MUNNELL_A@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: MEYERS_J@A1@CD@LNGTWY (MEYERS_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: LEVINE_P@A1@CD@LNGTWY (LEVINE_P@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: JONES_ME@A1@CD@LNGTWY (JONES_ME@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: GUSTAFSON_C@A1@CD@LNGTWY (GUSTAFSON_C@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: FURLONG_C@A1@CD@LNGTWY (FURLONG_C@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: FIBICH_M@A1@CD@LNGTWY (FIBICH_M@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: DAIGLE_S@A1@CD@LNGTWY (DAIGLE_S@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: BRENNAN_T@A1@CD@LNGTWY (BRENNAN_T@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: BRAINARD_L@A1@CD@LNGTWY (BRAINARD_L@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: Diane M. Whitmore@eop (Diane M. Whitmore@eop [CEA])
READ:UNKNOWN

TO: Charles F. Stone@EOP (Charles F. Stone@EOP [CEA])
READ:UNKNOWN

TO: Steven N. Braun@eop (Steven N. Braun@eop [CEA])
READ:UNKNOWN

TEXT:
JEFF FRANKEL AND ALICIA MUNNELL INVITE YOU TO THEIR WEDNESDAY BREAKFAST MEETING
ON MAY 14, 8:00AM, THE OLD EOB, ROOM 324.

PROFESSOR THOMAS SCHELLING, OF THE SCHOOL OF PUBLIC AFFAIRS, AT THE UNIVERSITY
OF MARYLAND, WILL GIVE A PRESENTATION ON CLIMATE CHANGE. HIS PAPER WILL BE
AVAILABLE AT THE BREAKFAST.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: JOLIN_M@A1@CD@LNGTWY (JOLIN_M@A1@CD@LNGTWY [EOP]) (WHO)

CREATION DATE/TIME: 7-MAY-1997 12:54:31.00

SUBJECT: CEA Pager

TO: RANGNATH_P@A1@CD@LNGTWY (RANGNATH_P@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: YELLEN_J@A1@CD@LNGTWY (YELLEN_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: THOMAS_M@A1@CD@LNGTWY (THOMAS_M@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: SHOGREN_J@A1@CD@LNGTWY (SHOGREN_J@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: RUHM_C@A1@CD@LNGTWY (RUHM_C@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: REILLY_L@A1@CD@LNGTWY (REILLY_L@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: OBERMILLER_F@A1@CD@LNGTWY (OBERMILLER_F@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: MONTGOMERY_J@A1@CD@LNGTWY (MONTGOMERY_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: MAZUR_M@A1@CD@LNGTWY (MAZUR_M@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: LEE_H@A1@CD@LNGTWY (LEE_H@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: JOLIN_M@A1@CD@LNGTWY (JOLIN_M@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: FURMAN_J@A1@CD@LNGTWY (FURMAN_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: FRANKEL_J@A1@CD@LNGTWY (FRANKEL_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: ENGLISH_W@A1@CD@LNGTWY (ENGLISH_W@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: CLEMENTS_S@A1@CD@LNGTWY (CLEMENTS_S@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: BRANCH_L@A1@CD@LNGTWY (BRANCH_L@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: AMOROSI_B@A1@CD@LNGTWY (AMOROSI_B@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: Caroline Thompson@EOP (Caroline Thompson@EOP [CEA])
READ:UNKNOWN

TO: Sarah J. Reber@eop (Sarah J. Reber@eop [CEA])
READ:UNKNOWN

TO: YOON_J@A1@CD@LNGTWY (YOON_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: WILLIAMS_A@A1@CD@LNGTWY (WILLIAMS_A@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: SUNDING_D@A1@CD@LNGTWY (SUNDING_D@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: SANTESTEBA_C@A1@CD@LNGTWY (SANTESTEBA_C@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: RHOADS_T@A1@CD@LNGTWY (RHOADS_T@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: RASIN_R@A1@CD@LNGTWY (RASIN_R@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: MUNNELL_A@A1@CD@LNGTWY (MUNNELL_A@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: MEYERS_J@A1@CD@LNGTWY (MEYERS_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: LEVINE_P@A1@CD@LNGTWY (LEVINE_P@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: JONES_ME@A1@CD@LNGTWY (JONES_ME@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: GUSTAFSON_C@A1@CD@LNGTWY (GUSTAFSON_C@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: FURLONG_C@A1@CD@LNGTWY (FURLONG_C@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: FIBICH_M@A1@CD@LNGTWY (FIBICH_M@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: DAIGLE_S@A1@CD@LNGTWY (DAIGLE_S@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: BRENNAN_T@A1@CD@LNGTWY (BRENNAN_T@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: BRAINARD_L@A1@CD@LNGTWY (BRAINARD_L@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: Diane M. Whitmore@eop (Diane M. Whitmore@eop [CEA])
READ:UNKNOWN

TO: Charles F. Stone@EOP (Charles F. Stone@EOP [CEA])
READ:UNKNOWN

TO: Steven N. Braun@eop (Steven N. Braun@eop [CEA])
READ:UNKNOWN

TEXT:
We now have a "CEA Pager" that can be used by all staff. Sandy will keep
it in
the front office to be signed out. The person carrying the pager can be
paged
by phone or by the all-in-one system. Cathy has put together
instructions for
its use. If you think that the Chair or Members will need to track you
down,
please avail yourself of this fabulous technology.
Let me know if you have any questions or suggestions.
Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: JOLIN_M@A1@CD@LNGTWY (JOLIN_M@A1@CD@LNGTWY [EOP]) (WHO)

CREATION DATE/TIME: 9-MAY-1997 15:38:31.00

SUBJECT: Welfare Caseload Paper

TO: RANGNATH_P@A1@CD@LNGTWY (RANGNATH_P@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: SUNDING_D@A1@CD@LNGTWY (SUNDING_D@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: SANTESTEBA_C@A1@CD@LNGTWY (SANTESTEBA_C@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: MUNNELL_A@A1@CD@LNGTWY (MUNNELL_A@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: MEYERS_J@A1@CD@LNGTWY (MEYERS_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: LEVINE_P@A1@CD@LNGTWY (LEVINE_P@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: FURLONG_C@A1@CD@LNGTWY (FURLONG_C@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: ENGLISH_W@A1@CD@LNGTWY (ENGLISH_W@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: BRANCH_L@A1@CD@LNGTWY (BRANCH_L@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: AMOROSI_B@A1@CD@LNGTWY (AMOROSI_B@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: Alice H. Williams@eop (Alice H. Williams@eop [CEA])
READ:UNKNOWN

TO: Caroline Thompson@EOP (Caroline Thompson@EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone@EOP (Charles F. Stone@EOP [CEA])
READ:UNKNOWN

TO: Thomas A. Rhoads@EOP (Thomas A. Rhoads@EOP [CEA])
READ:UNKNOWN

TO: R. Vickie Rasin@eop (R. Vickie Rasin@eop [EOP])
READ:UNKNOWN

TO: Ha Y. Lee@EOP (Ha Y. Lee@EOP [CEA])
READ:UNKNOWN

TO: Cynthia K. Gustafson@eop (Cynthia K. Gustafson@eop [EOP])
READ:UNKNOWN

TO: Jeffrey A. Frankel@EOP (Jeffrey A. Frankel@EOP [CEA])
READ:UNKNOWN

TO: Timothy J. Brennan@eop (Timothy J. Brennan@eop [CEA])
READ:UNKNOWN

TO: YOON_J@A1@CD@LNGTWY (YOON_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: SHOGREN_J@A1@CD@LNGTWY (SHOGREN_J@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: REILLY_L@A1@CD@LNGTWY (REILLY_L@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: MONTGOMERY_J@A1@CD@LNGTWY (MONTGOMERY_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: MAZUR_M@A1@CD@LNGTWY (MAZUR_M@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: JOLIN_M@A1@CD@LNGTWY (JOLIN_M@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: FIBICH_M@A1@CD@LNGTWY (FIBICH_M@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: CLEMENTS_S@A1@CD@LNGTWY (CLEMENTS_S@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: BRAINARD_L@A1@CD@LNGTWY (BRAINARD_L@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: Janet L. Yellen@eop (Janet L. Yellen@eop [CEA])
READ:UNKNOWN

TO: Diane M. Whitmore@eop (Diane M. Whitmore@eop [CEA])
READ:UNKNOWN

TO: Mary A. Thomas@EOP (Mary A. Thomas@EOP [CEA])
READ:UNKNOWN

TO: Christopher J. Ruhm@eop (Christopher J. Ruhm@eop [CEA])
READ:UNKNOWN

TO: Sarah J. Reber@eop (Sarah J. Reber@eop [CEA])
READ:UNKNOWN

TO: Francine P. Obermiller@eop (Francine P. Obermiller@eop [CEA])
READ:UNKNOWN

TO: Mary E. Jones@EOP (Mary E. Jones@EOP [CEA])
READ:UNKNOWN

TO: Jason Furman@EOP (Jason Furman@EOP [CEA])
READ:UNKNOWN

TO: Sandra F. Daigle@EOP (Sandra F. Daigle@EOP [CEA])
READ:UNKNOWN

TO: Steven N. Braun@eop (Steven N. Braun@eop [CEA])
READ:UNKNOWN

TEXT:
Phil and Diane deserve a round of applause for the great work they did on
the
welfare caseload paper. And, FYI, CNN is now running a story on their
fabulous
report.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:12-MAY-1997 11:28:19.00

SUBJECT:

TO: MUNNELL_A (MUNNELL_A @ A1 @ CD @ LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: Jeffrey A. Frankel (CN=Jeffrey A. Frankel/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
I talked with Adele Morris about the environment slot and she seems very interested and excited so I have asked Alice to schedule a meeting this week with all three of us to discuss it in greater detail.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:12-MAY-1997 17:42:03.00

SUBJECT: Re: NT and any problems

TO: FIBICH_M (FIBICH_M @ A1 @ CD @ LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TEXT:
I seem to be having a problem printing to my printer. I get a Memory Overflow message. Any help would be appreciated.

RECORD TYPE: PRESIDENTIAL (EXTERNAL MAIL)

CREATOR: Janet L. Yellen@EOP@LNGTWY@EOPMRX

CREATION DATE/TIME:14-MAY-1997 12:58:00.00

SUBJECT: REVISED DEADLINE FOR FINANCIAL SERVICES MODERNIZATION MEMO!!!!!

TO: ENGLISH_W (ENGLISH_W@A1@CD) (CEA)
READ:31-MAY-1997 15:49:22.60

TEXT:
Message Creation Date was at 14-MAY-1997 12:55:00

---------------------- Forwarded by Janet L. Yellen/CEA/EOP on 05/14/97 12:48 PM

Ellen S. Seidman
05/14/97 10:31:00 AM
Record Type: Record

To: Janet L. Yellen
cc:
Subject: REVISED DEADLINE FOR FINANCIAL SERVICES MODERNIZATION MEMO!!!!!

Message Creation Date was at 14-MAY-1997 10:31:00

IN ORDER TO GIVE THE PRESIDENT SUFFICIENT TIME TO REVIEW AND RESPOND TO THE MEMO ON FINANCIAL SERVICES, CONSISTENT WITH TREASURY'S PREFERRED MAY 21 SPEECH DATE, THE DEADLINE FOR COMMENTS TO ME IS BEING MOVED UP TO NOON, THURSDAY MAY 15!!!! This is firm. Sorry.

Ellen

RECORD TYPE: PRESIDENTIAL (EXTERNAL MAIL)

CREATOR: Janet L. Yellen@EOP@LNGTWY@EOPMRX

CREATION DATE/TIME:14-MAY-1997 12:58:00.00

SUBJECT: REVISED DEADLINE FOR FINANCIAL SERVICES MODERNIZATION MEMO!!!!!

TO: ENGLISH_W (ENGLISH_W@A1@CD) (CEA)
READ:14-MAY-1997 13:11:19.41

TEXT:
Message Creation Date was at 14-MAY-1997 12:55:00

---------------------- Forwarded by Janet L. Yellen/CEA/EOP on 05/14/97 12:48 PM

Ellen S. Seidman
05/14/97 10:31:00 AM
Record Type: Record

To: Janet L. Yellen
cc:
Subject: REVISED DEADLINE FOR FINANCIAL SERVICES MODERNIZATION MEMO!!!!!

Message Creation Date was at 14-MAY-1997 10:31:00

IN ORDER TO GIVE THE PRESIDENT SUFFICIENT TIME TO REVIEW AND RESPOND TO THE MEMO ON FINANCIAL SERVICES, CONSISTENT WITH TREASURY'S PREFERRED MAY 21 SPEECH DATE, THE DEADLINE FOR COMMENTS TO ME IS BEING MOVED UP TO NOON, THURSDAY MAY 15!!!! This is firm. Sorry.

Ellen

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:14-MAY-1997 13:05:31.00

SUBJECT: Memo to the President

TO: Alice H. Williams (CN=Alice H. Williams/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D98]MAIL44327433E.116 to ASCII,
The following is a HEX DUMP:

May 14, 1997

Memorandum to the President

From: Janet Yellen

You asked this morning how much $5 million in 1936 would be worth in today's dollars. The consumer price index has increased by a factor of about 11.3 since 1936. This means that $5 million in 1936 translates into $56.4 million dollars today.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:14-MAY-1997 12:51:22.00

SUBJECT: REVISED DEADLINE FOR FINANCIAL SERVICES MODERNIZATION MEMO!!!!!

TO: ENGLISH_W (ENGLISH_W @ A1 @ CD @ LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TEXT:
---------------------- Forwarded by Janet L. Yellen/CEA/EOP on 05/14/97
12:48 PM ---------------------------

Ellen S. Seidman
05/14/97 10:31:00 AM
Record Type: Record

To: Janet L. Yellen
cc:
Subject: REVISED DEADLINE FOR FINANCIAL SERVICES MODERNIZATION MEMO!!!!!

Message Creation Date was at 14-MAY-1997 10:31:00

IN ORDER TO GIVE THE PRESIDENT SUFFICIENT TIME TO REVIEW AND RESPOND TO
THE
MEMO ON FINANCIAL SERVICES, CONSISTENT WITH TREASURY'S PREFERRED MAY 21
SPEECH
DATE, THE DEADLINE FOR COMMENTS TO ME IS BEING MOVED UP TO NOON, THURSDAY
MAY
15!!!! This is firm. Sorry.

Ellen

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: OBERMILLER_F@A1@CD@LNGTWY (OBERMILLER_F@A1@CD@LNGTWY [EOP]) (WHO)

CREATION DATE/TIME:15-MAY-1997 10:51:23.00

SUBJECT: MAY 21-BREAKFAST MEETING

TO: RANGNATH_P@A1@CD@LNGTWY (RANGNATH_P@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: SUNDING_D@A1@CD@LNGTWY (SUNDING_D@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: SANTESTEBA_C@A1@CD@LNGTWY (SANTESTEBA_C@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: REILLY_L@A1@CD@LNGTWY (REILLY_L@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: MEYERS_J@A1@CD@LNGTWY (MEYERS_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: BRAINARD_L@A1@CD@LNGTWY (BRAINARD_L@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: Janet L. Yellen@eop (Janet L. Yellen@eop [CEA])
READ:UNKNOWN

TO: Diane M. Whitmore@eop (Diane M. Whitmore@eop [CEA])
READ:UNKNOWN

TO: Mary A. Thomas@EOP (Mary A. Thomas@EOP [CEA])
READ:UNKNOWN

TO: Christopher J. Ruhm@eop (Christopher J. Ruhm@eop [CEA])
READ:UNKNOWN

TO: R. Vickie Rasin@eop (R. Vickie Rasin@eop [CEA])
READ:UNKNOWN

TO: Alicia H. Munnell@EOP (Alicia H. Munnell@EOP [CEA])
READ:UNKNOWN

TO: Phillip B. Levine@EOP (Phillip B. Levine@EOP [CEA])
READ:UNKNOWN

TO: Mary E. Jones@EOP (Mary E. Jones@EOP [CEA])
READ:UNKNOWN

TO: Cynthia K. Gustafson@eop (Cynthia K. Gustafson@eop [CEA])
READ:UNKNOWN

TO: Jeffrey A. Frankel@EOP (Jeffrey A. Frankel@EOP [CEA])
READ:UNKNOWN

TO: William B. English@EOP (William B. English@EOP [CEA])
READ:UNKNOWN

TO: Susan P. Clements@eop (Susan P. Clements@eop [CEA])
READ:UNKNOWN

TO: Steven N. Braun@eop (Steven N. Braun@eop [CEA])
READ:UNKNOWN

TO: YOON_J@A1@CD@LNGTWY (YOON_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: SHOGREN_J@A1@CD@LNGTWY (SHOGREN_J@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: RHOADS_T@A1@CD@LNGTWY (RHOADS_T@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: MONTGOMERY_J@A1@CD@LNGTWY (MONTGOMERY_J@A1@CD@LNGTWY [EOP]) (CEA)
READ:UNKNOWN

TO: FURLONG_C@A1@CD@LNGTWY (FURLONG_C@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: AMOROSI_B@A1@CD@LNGTWY (AMOROSI_B@A1@CD@LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: Alice H. Williams@eop (Alice H. Williams@eop [CEA])
READ:UNKNOWN

TO: Caroline Thompson@EOP (Caroline Thompson@EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone@EOP (Charles F. Stone@EOP [CEA])
READ:UNKNOWN

TO: Sarah J. Reber@eop (Sarah J. Reber@eop [CEA])
READ:UNKNOWN

TO: Francine P. Obermiller@eop (Francine P. Obermiller@eop [CEA])
READ:UNKNOWN

TO: Mark J. Mazur@EOP (Mark J. Mazur@EOP [CEA])
READ:UNKNOWN

TO: Ha Y. Lee@EOP (Ha Y. Lee@EOP [CEA])
READ:UNKNOWN

TO: Michele Jolin@EOP (Michele Jolin@EOP [CEA])
READ:UNKNOWN

TO: Jason Furman@EOP (Jason Furman@EOP [CEA])
READ:UNKNOWN

TO: Mary Fibich@eop (Mary Fibich@eop [CEA])
READ:UNKNOWN

TO: Sandra F. Daigle@EOP (Sandra F. Daigle@EOP [CEA])
READ:UNKNOWN

TO: Timothy J. Brennan@eop (Timothy J. Brennan@eop [CEA])
READ:UNKNOWN

TO: Lisa D. Branch@EOP (Lisa D. Branch@EOP [CEA])
READ:UNKNOWN

TEXT:
JEFF FRANKEL AND ALICIA MUNNELL INVITE YOU TO THEIR BREAKFAST MEETING ON
MAY 21,
8:00AM, THE OLD EOB, ROOM 324.

THIS MEETING WILL BE IN PLACE OF THE MEETINGTHAT WOULD NORMALLY TAKE
PLACE ON
MAY 28.

PROFESSOR DAVID RICHARDSON, OF SYRACUSE UNIVERSITY, WILL GIVE A
PRESENTATION ON
EXPORTING AND PERFORMANCE: MAGIC OR MUNDANE. HIS PAPER WILL BE AVAILABLE
AT THE
BREAKFAST.

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
005. email	arose@haas.berkeley.edu to Yellen_J at 13:09:48.00, Subject: Dick and I are Lunching with Barney Rocca this Wed (May 21) (1 page)	05/21/1997	Personal Misfile

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:

[04/03/1997 - 06/12/1997]

2013-0723-F
ab1269

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:23-MAY-1997 12:21:24.00

SUBJECT: Re: Financial services modernization

TO: Ellen S. Seidman (Ellen S. Seidman @ EOP @ LNGTWY [OPD])
READ:UNKNOWN

TEXT:
I just wanted to tell you that I thought you did a superb job of handling the financial services modernization legislation. I am certainly pleased with the outcome, and I sense that it is being reasonably well received on the Hill and by the various interest groups as a good starting point for legislation in this area. Thanks again for all of your help.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: JOLIN_M@A1@CD@LNGTWY (JOLIN_M@A1@CD@LNGTWY [UNKNOWN]) (WHO)

CREATION DATE/TIME:23-MAY-1997 12:47:33.00

SUBJECT: May 2 Document Request

TO: MEYERS_J@A1@CD@LNGTWY (MEYERS_J@A1@CD@LNGTWY [UNKNOWN]) (CEA)
READ:UNKNOWN

TO: Janet L. Yellen@eop (Janet L. Yellen@eop [CEA])
READ:UNKNOWN

TO: Diane M. Whitmore@eop (Diane M. Whitmore@eop [CEA])
READ:UNKNOWN

TO: Mary A. Thomas@EOP (Mary A. Thomas@EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone@EOP (Charles F. Stone@EOP [CEA])
READ:UNKNOWN

TO: Cristian J. Santesteban@EOP (Cristian J. Santesteban@EOP [CEA])
READ:UNKNOWN

TO: Linda A. Reilly@eop (Linda A. Reilly@eop [CEA])
READ:UNKNOWN

TO: R. Vickie Rasin@eop (R. Vickie Rasin@eop [CEA])
READ:UNKNOWN

TO: Alicia H. Munnell@EOP (Alicia H. Munnell@EOP [CEA])
READ:UNKNOWN

TO: Mark J. Mazur@EOP (Mark J. Mazur@EOP [CEA])
READ:UNKNOWN

TO: Ha Y. Lee@EOP (Ha Y. Lee@EOP [CEA])
READ:UNKNOWN

TO: Michele Jolin@EOP (Michele Jolin@EOP [CEA])
READ:UNKNOWN

TO: Jason Furman@EOP (Jason Furman@EOP [CEA])
READ:UNKNOWN

TO: Jeffrey A. Frankel@EOP (Jeffrey A. Frankel@EOP [CEA])
READ:UNKNOWN

TO: William B. English@EOP (William B. English@EOP [CEA])
READ:UNKNOWN

TO: Susan P. Clements@eop (Susan P. Clements@eop [CEA])
READ:UNKNOWN

TO: Steven N. Braun@eop (Steven N. Braun@eop [CEA])
READ:UNKNOWN

TO: Lael Brainard@EOP (Lael Brainard@EOP [CEA])
READ:UNKNOWN

TO: RHOADS_T@A1@CD@LNGTWY (RHOADS_T@A1@CD@LNGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: Praveen Rangnath@EOP (Praveen Rangnath@EOP [CEA])
READ:UNKNOWN

TO: Alice H. Williams@eop (Alice H. Williams@eop [CEA])
READ:UNKNOWN

TO: Caroline Thompson@EOP (Caroline Thompson@EOP [CEA])
READ:UNKNOWN

TO: David L. Sunding@EOP (David L. Sunding@EOP [CEA])
READ:UNKNOWN

TO: Jason Shogren@EOP (Jason Shogren@EOP [CEA])
READ:UNKNOWN

TO: Christopher J. Ruhm@eop (Christopher J. Ruhm@eop [CEA])
READ:UNKNOWN

TO: Sarah J. Reber@eop (Sarah J. Reber@eop [CEA])
READ:UNKNOWN

TO: Francine P. Obermiller@eop (Francine P. Obermiller@eop [CEA])
READ:UNKNOWN

TO: John D. Montgomery@EOP (John D. Montgomery@EOP [CEA])
READ:UNKNOWN

TO: Phillip B. Levine@EOP (Phillip B. Levine@EOP [CEA])
READ:UNKNOWN

TO: Mary E. Jones@EOP (Mary E. Jones@EOP [CEA])
READ:UNKNOWN

TO: Cynthia K. Gustafson@eop (Cynthia K. Gustafson@eop [CEA])
READ:UNKNOWN

TO: Catherine H. Furlong@eop (Catherine H. Furlong@eop [CEA])
READ:UNKNOWN

TO: Mary Fibich@eop (Mary Fibich@eop [CEA])
READ:UNKNOWN

TO: Sandra F. Daigle@EOP (Sandra F. Daigle@EOP [CEA])
READ:UNKNOWN

TO: Timothy J. Brennan@eop (Timothy J. Brennan@eop [CEA])
READ:UNKNOWN

TO: Lisa D. Branch@EOP (Lisa D. Branch@EOP [CEA])
READ:UNKNOWN

TO: Brian A. Amorosi@eop (Brian A. Amorosi@eop [CEA])
READ:UNKNOWN

TEXT:
Please check you files to see whether there is anything responsive to the
WH
Counsel's May 2 document request (on communications with the IRS or
Treasury
relating to tax exempt orgs) Again, Sandy will have a copy of the memo if
you
no longer have the copy you were given. Please e-mail me BY THE END OF
THE DAY
letting me know whether you have any responsive documents.
Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Ellen S. Seidman@EOP@LNGTWY@LNGTWY (Ellen S. Seidman@EOP@LNGTWY@LNGTWY [OPD])

CREATION DATE/TIME:23-MAY-1997 12:40:15.00

SUBJECT: Re: Financial services modernization

TO: Janet L. Yellen@EOP (Janet L. Yellen@EOP [CEA])
READ:UNKNOWN

TEXT:
Message Creation Date was at 23-MAY-1997 12:29:00

Thank you for all your help. Your insistence on being heard clearly led
to a
much better product than would otherwise have been the case. ellen

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: JOLIN_M@A1@CD@LNGTWY (JOLIN_M@A1@CD@LNGTWY [UNKNOWN]) (WHO)

CREATION DATE/TIME:23-MAY-1997 12:35:04.00

SUBJECT: May 5 Document Request

TO: MEYERS_J@A1@CD@LNGTWY (MEYERS_J@A1@CD@LNGTWY [UNKNOWN]) (CEA)
READ:UNKNOWN

TO: Janet L. Yellen@eop (Janet L. Yellen@eop [CEA])
READ:UNKNOWN

TO: Diane M. Whitmore@eop (Diane M. Whitmore@eop [CEA])
READ:UNKNOWN

TO: Mary A. Thomas@EOP (Mary A. Thomas@EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone@EOP (Charles F. Stone@EOP [CEA])
READ:UNKNOWN

TO: Cristian J. Santesteban@EOP (Cristian J. Santesteban@EOP [CEA])
READ:UNKNOWN

TO: Linda A. Reilly@eop (Linda A. Reilly@eop [CEA])
READ:UNKNOWN

TO: R. Vickie Rasin@eop (R. Vickie Rasin@eop [CEA])
READ:UNKNOWN

TO: Alicia H. Munnell@EOP (Alicia H. Munnell@EOP [CEA])
READ:UNKNOWN

TO: Mark J. Mazur@EOP (Mark J. Mazur@EOP [CEA])
READ:UNKNOWN

TO: Ha Y. Lee@EOP (Ha Y. Lee@EOP [CEA])
READ:UNKNOWN

TO: Michele Jolin@EOP (Michele Jolin@EOP [CEA])
READ:UNKNOWN

TO: Jason Furman@EOP (Jason Furman@EOP [CEA])
READ:UNKNOWN

TO: Jeffrey A. Frankel@EOP (Jeffrey A. Frankel@EOP [CEA])
READ:UNKNOWN

TO: William B. English@EOP (William B. English@EOP [CEA])
READ:UNKNOWN

TO: Susan P. Clements@eop (Susan P. Clements@eop [CEA])
READ:UNKNOWN

TO: Steven N. Braun@eop (Steven N. Braun@eop [CEA])
READ:UNKNOWN

TO: Lael Brainard@EOP (Lael Brainard@EOP [CEA])
READ:UNKNOWN

TO: RHOADS_T@A1@CD@LNGTWY (RHOADS_T@A1@CD@LNGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: Praveen Rangnath@EOP (Praveen Rangnath@EOP [CEA])
READ:UNKNOWN

TO: Alice H. Williams@eop (Alice H. Williams@eop [CEA])
READ:UNKNOWN

TO: Caroline Thompson@EOP (Caroline Thompson@EOP [CEA])
READ:UNKNOWN

TO: David L. Sunding@EOP (David L. Sunding@EOP [CEA])
READ:UNKNOWN

TO: Jason Shogren@EOP (Jason Shogren@EOP [CEA])
READ:UNKNOWN

TO: Christopher J. Ruhm@eop (Christopher J. Ruhm@eop [CEA])
READ:UNKNOWN

TO: Sarah J. Reber@eop (Sarah J. Reber@eop [CEA])
READ:UNKNOWN

TO: Francine P. Obermiller@eop (Francine P. Obermiller@eop [CEA])
READ:UNKNOWN

TO: John D. Montgomery@EOP (John D. Montgomery@EOP [CEA])
READ:UNKNOWN

TO: Phillip B. Levine@EOP (Phillip B. Levine@EOP [CEA])
READ:UNKNOWN

TO: Mary E. Jones@EOP (Mary E. Jones@EOP [CEA])
READ:UNKNOWN

TO: Cynthia K. Gustafson@eop (Cynthia K. Gustafson@eop [CEA])
READ:UNKNOWN

TO: Catherine H. Furlong@eop (Catherine H. Furlong@eop [CEA])
READ:UNKNOWN

TO: Mary Fibich@eop (Mary Fibich@eop [CEA])
READ:UNKNOWN

TO: Sandra F. Daigle@EOP (Sandra F. Daigle@EOP [CEA])
READ:UNKNOWN

TO: Timothy J. Brennan@eop (Timothy J. Brennan@eop [CEA])
READ:UNKNOWN

TO: Lisa D. Branch@EOP (Lisa D. Branch@EOP [CEA])
READ:UNKNOWN

TO: Brian A. Amorosi@eop (Brian A. Amorosi@eop [CEA])
READ:UNKNOWN

TEXT:
Please check all of your files to see whether you have any documents that
are
repsonsive to the WH Counsel's May 5 document reques. If you need to see
another copy of the request, Sandy will have one in the front office.
Please
e-mail me letting me know if you have any documents BY THE END OF THE DAY
TODAY.
Just so you know, please turn over ANY materials (including newsletters)
you may
have gotten from Merrill Lynch between January 1, 1994-December 31, 1995.
Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Ellen S. Seidman (CN=Ellen S. Seidman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:23-MAY-1997 12:35:15.00

SUBJECT: Re: Financial services modernization

TO: Janet L. Yellen (Janet L. Yellen @ EOP @ LNGTWY [CEA])
READ:UNKNOWN

TEXT:
Thank you for all your help. Your insistence on being heard clearly led
to a much better product than would otherwise have been the case. ellen

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: WILLIAMS_A@A1@CD@LNGTWY (WILLIAMS_A@A1@CD@LNGTWY [UNKNOWN]) (WHO)

CREATION DATE/TIME:23-MAY-1997 15:05:28.00

SUBJECT: Early Departure today, compliments of the Chairman

TO: MEYERS_J@A1@CD@LNGTWY (MEYERS_J@A1@CD@LNGTWY [UNKNOWN]) (CEA)
READ:UNKNOWN

TO: Diane M. Whitmore@eop (Diane M. Whitmore@eop [CEA])
READ:UNKNOWN

TO: Mary A. Thomas@EOP (Mary A. Thomas@EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone@EOP (Charles F. Stone@EOP [CEA])
READ:UNKNOWN

TO: Cristian J. Santesteban@EOP (Cristian J. Santesteban@EOP [CEA])
READ:UNKNOWN

TO: Linda A. Reilly@eop (Linda A. Reilly@eop [CEA])
READ:UNKNOWN

TO: R. Vickie Rasin@eop (R. Vickie Rasin@eop [CEA])
READ:UNKNOWN

TO: Alicia H. Munnell@EOP (Alicia H. Munnell@EOP [CEA])
READ:UNKNOWN

TO: Mark J. Mazur@EOP (Mark J. Mazur@EOP [CEA])
READ:UNKNOWN

TO: Ha Y. Lee@EOP (Ha Y. Lee@EOP [CEA])
READ:UNKNOWN

TO: Michele Jolin@EOP (Michele Jolin@EOP [CEA])
READ:UNKNOWN

TO: Jason Furman@EOP (Jason Furman@EOP [CEA])
READ:UNKNOWN

TO: Jeffrey A. Frankel@EOP (Jeffrey A. Frankel@EOP [CEA])
READ:UNKNOWN

TO: William B. English@EOP (William B. English@EOP [CEA])
READ:UNKNOWN

TO: Susan P. Clements@eop (Susan P. Clements@eop [CEA])
READ:UNKNOWN

TO: Steven N. Braun@eop (Steven N. Braun@eop [CEA])
READ:UNKNOWN

TO: Lael Brainard@EOP (Lael Brainard@EOP [CEA])
READ:UNKNOWN

TO: RHOADS_T@A1@CD@LNGTWY (RHOADS_T@A1@CD@LNGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: Janet L. Yellen@eop (Janet L. Yellen@eop [CEA])
READ:UNKNOWN

TO: Caroline Thompson@EOP (Caroline Thompson@EOP [CEA])
READ:UNKNOWN

TO: David L. Sunding@EOP (David L. Sunding@EOP [CEA])
READ:UNKNOWN

TO: Jason Shogren@EOP (Jason Shogren@EOP [CEA])
READ:UNKNOWN

TO: Christopher J. Ruhm@eop (Christopher J. Ruhm@eop [CEA])
READ:UNKNOWN

TO: Sarah J. Reber@eop (Sarah J. Reber@eop [CEA])
READ:UNKNOWN

TO: Francine P. Obermiller@eop (Francine P. Obermiller@eop [CEA])
READ:UNKNOWN

TO: John D. Montgomery@EOP (John D. Montgomery@EOP [CEA])
READ:UNKNOWN

TO: Phillip B. Levine@EOP (Phillip B. Levine@EOP [CEA])
READ:UNKNOWN

TO: Mary E. Jones@EOP (Mary E. Jones@EOP [CEA])
READ:UNKNOWN

TO: Cynthia K. Gustafson@eop (Cynthia K. Gustafson@eop [CEA])
READ:UNKNOWN

TO: Catherine H. Furlong@eop (Catherine H. Furlong@eop [CEA])
READ:UNKNOWN

TO: Mary Fibich@eop (Mary Fibich@eop [CEA])
READ:UNKNOWN

TO: Sandra F. Daigle@EOP (Sandra F. Daigle@EOP [CEA])
READ:UNKNOWN

TO: Timothy J. Brennan@eop (Timothy J. Brennan@eop [CEA])
READ:UNKNOWN

TO: Lisa D. Branch@EOP (Lisa D. Branch@EOP [CEA])
READ:UNKNOWN

TO: Brian A. Amorosi@eop (Brian A. Amorosi@eop [CEA])
READ:UNKNOWN

TEXT:
The Chairman says everyone can leave for an early weekend at 4:00 p.m.
today.She
hopes you have a "great weekend".

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
006. email	arose@haas.berkeley.edu to Yellen_J at 12:28:44.00. Subject: I am out of town. (1 page)	05/23/1997	Personal Misfile

COLLECTION:
Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:
[04/03/1997 - 06/12/1997]

2013-0723-F
ab1269

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Ellen S. Seidman (CN=Ellen S. Seidman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:23-MAY-1997 12:36:16.00

SUBJECT: Re: Financial services modernization

TO: Janet L. Yellen (Janet L. Yellen @ EOP @ LNGTWY [CEA])
READ:UNKNOWN

TEXT:
And thanks for sending the note. ellen

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
007. email	hermalin@haas.berkeley.edu to Yellen_J at 13:02:32. Subject: BCED Liason. (2 pages)	05/27/1997	Personal Misfile

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:

[04/03/1997 - 06/12/1997]

2013-0723-F
ab1269

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:28-MAY-1997 13:08:22.00

SUBJECT: Visit to Moten School

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
Your next visit to Moten School is scheduled for Thursday, June 5. I have asked Cindy and Ha Yan to think about what you should teach the kids and what materials need to be prepared. We will then meet with you early next week to discuss their ideas.
Michele

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

CREATOR: Charles C. Easley (EASLEY_C) (OA)

CREATION DATE/TIME:28-MAY-1997 08:26:02.87

SUBJECT: Special Clearances

TO: Janet L. Yellen (YELLEN_J) Autoforward to: Remote Addressee (Janet L. Yellen@eop@lngtwy@eopmrx) (CEA)
READ:NOT READ

TEXT:
Ms. Yellen,
The only two members of your staff with the same clearances as you are Lisa Branch and SANDRA Daigle.
I believe in the past at least one other Member was cleared. If you would like to have another Member (or both) cleared at the same level let me know, and I will take care of it for you.
Thanks,

Chuck

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
008. email	Timothy J. Brennan to Janet L. Yellen at 12:43:31.00. Subject: Meeting on a new Member. (2 pages)	05/29/1997	b(6)

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:

[04/03/1997 - 06/12/1997]

2013-0723-F
ab1269

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
009. email	Janet L. Yellen to Jefrey A. Frankel at 20:09:08.00. Subject: Meeting a new Member. (2 pages)	05/29/1997	b(6)

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:

[04/03/1997 - 06/12/1997]

2013-0723-F
ab1269

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: John A. Koskinen (CN=John A. Koskinen/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME: 3-JUN-1997 17:24:41.00

SUBJECT: OMB Strategic Plan

TO: Bruce N. Reed (CN=Bruce N. Reed/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Erskine B. Bowles (CN=Erskine B. Bowles/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

CC: Jodie R. Torkelson (CN=Jodie R. Torkelson/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

CC: Franklin D. Raines (CN=Franklin D. Raines/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TEXT:
OMB, like other agencies, is required by the Government Performance and Results Act (GPRA), to prepare a strategic plan by September 30, 1997 setting forth an agencies mission, major goals and objectives. This will be followed by a performance plan for FY 1997 which is to be submitted next February with the President's budget. Under GPRA, each agency is to consult with the Congress, other stakeholders and interested parties as part of the process of completing its strategic plan.

Attached is the first draft of our strategic plan. (One of our goals is to increase the use of electronic communications. But, in the interest of improved customer service, I'm sending along a hard copy of this message and the plan as well.) We have more work to do on this plan, but would be pleased to receive any suggestions or other thoughts you and your staffs have about the draft. I'd also be happy to meet with you in person to go over the plan.

We look forward to your responses.

All the best.=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D5]MAIL48682635A.116 to ASCII,
The following is a HEX DUMP:

May 27, 1997

OMB Strategic Plan

Statement of Mission

The role of the Office of Management and Budget (OMB) is to help the President in carrying out his constitutional and statutory duties. OMB fulfills this role primarily by assisting the President:

(1) To create policy relating to receipts and expenditures, regulations, information and legislation;

(2) To manage the executive branch of the government in the faithful execution of laws, policies and programs;

(3) By providing the highest quality of analysis and advice on a broad range of topics.

Simply put, OMB helps to create policy and manage execution, and provides analysis and advice.

I. Introduction

A. OMB's Role

The Office of Management and Budget has served the Presidency since 1921 when it was established as the Bureau of the Budget. The career staff of OMB works with policy officials to provide an institutional memory for the President and competent, objective staff support to help develop and carry out Presidential policies and programs and implement Executive branch responsibilities.

OMB advocates the appropriate allocation and effective utilization of government resources. It assists the President in the preparation of the Federal budget and in supervising its administration in Executive Branch agencies. In helping to formulate the President's spending plans, OMB evaluates the effectiveness of agency programs, policies and procedures, assesses competing funding demands among agencies, sets funding priorities and provides policy options. OMB attempts to assure that agency reports, rules, testimony, proposed legislation, and other policies are consistent with Administration policies, including the President's Budget, and are supported by Congress.

OMB develops, oversees and coordinates the Administration's procurement, financial management, information, and regulatory policies as well as program implementation, seeking to maximize the benefits and utility of such activities, while minimizing their burdens to society. OMB's role includes improving administrative management, developing better performance measures, and improving coordination.

OMB carries out number of statutory responsibilities, including those required by the Budget and Accounting Act, the Budget Enforcement Act, the Line-Item Veto Act (as needed), the Government Performance and Results Act, the Chief Financial Officers Act, the Government Management Reform Act, the Federal Acquisition Streamlining Act, the Federal Acquisition Reform Act, the Office of Federal Procurement Policy Act, the Paperwork Reduction Act, the Information Technology Management Reform Act, and the Federal Credit Reform Act.

B. Goals and Objectives

OMB's major management and policy responsibilities are portrayed in the goals and objectives section of this strategic plan (section II).

The first goal focuses on OMB's activities in assisting the President to develop policies that will contribute to the fiscal strength of the Federal Government and the economic health of the Nation. Further, once such policies have been determined, financial, regulatory and management resources have to be allocated within the Federal Government consistent with those policies.

In order to assure that policies are properly implemented and to improve program effectiveness, a wide array of budgetary, legislative, regulatory and other activities must be reviewed and coordinated within the Executive Branch by OMB. OMB also helps Federal agencies develop and administer systems that will assure the efficient management of these programs and improve their performance. These activities are the subject of goal two.

OMB provides analyses, estimates, projections and advice on a wide array of short-and long- range issues that affect the entire government.. Goal three describes these functions.

Finally, to carry out these goals, OMB must attract and retain a high quality, diverse staff and wisely use its human, financial, and technological resources. Goal four indicates what actions OMB proposes to take to provide a workplace environment that balances professional and agency needs with family and societal considerations.

C. Relation of Annual Performance Goals to General Goals and Objectives

OMB is an agency well-situated to meet its goals. It does not operate programs and over the years has successfully meshed a changing group of political officials who provide essential policy direction with a permanent cadre of highly skilled career staff. It has the capability to ensure that management and budget issues are considered in an integrated fashion. Much of OMB's work is qualitative in nature and is measured by nonstatistical measures such as the depth of the analysis, the utility of the information provided, the maturity of the judgment demonstrated in its recommendations, etc. Nevertheless, more precise judgements can be made about the performance of some of OMB's work using factors such as the timeliness of its products, the degree to which specific goals are achieved, its involvement in the formulation and discussion of major Administration policies and issues, etc.

D. Achieving Goals and Objectives

OMB relies on a highly skilled and dedicated workforce to achieve its goals and objectives. The staff are supported by information technology investments.

OMB supports the President and Executive Branch agencies in delivering products and services to the public. Therefore, it does not directly utilize the more traditional agency mechanisms of grant funds, regulations, user fees, or tax expenditures to achieve its objectives.

OMB does rely very heavily on the input and activities of all Federal agencies. For example, in producing the President's Budget, every Federal agency provides policy and program recommendations as well as technical support including data processing and document preparation. OMB uses the information gathered from the agencies and other sources to present relevant materials on a wide range of issues to the President.

To be successful in meeting its goals and objectives, OMB enlists the involvement and coordinates the work of other Executive Branch organizations and works cooperatively with Congress. National economic circumstances, actions by other agencies in the Executive Office of the President and Executive Branch, and actions of Congress are some of the major factors that affect the achievement of OMB's mission. For example, OMB's general objective of working to enact a balanced budget is obviously linked to actions of Congress.

During the course of the next five years covered by this strategic plan, OMB has assumed that it will have essentially stable funding and staffing levels, as contained in the President's FY 1998 Budget. While achievement of OMB's goals and objectives is not dependent on significant increases in resources, the goals and objectives would be adversely affected if significant reductions occurred.

The annual agency performance plan, due to Congress with the submission of the President's FY 1999 Budget, will provide more information linking resources to goals.

E. Plan Development

(This section provides a brief description of the process used by OMB to develop the present draft of its strategic plan. Once consultations with Congress and discussions with stakeholders have been completed, the section will be amended to reflect the results of those meetings. Since OMB does not administer programs, no program evaluations, as that term is usually defined, were available for use in preparing the plan.)

Steering Group: In the early summer of 1995, a "Steering Group" (SG) was established within OMB. Chaired by John Koskinen, OMB's Deputy Director for Management (DDM), the SG is primarily composed of about a dozen career staff from various units in OMB.

As its title implies, the purpose of the SG is to oversee the process of preparing an OMB strategic plan. The SG has tried to assure that all OMB staff have an opportunity to participate in the evolution of the plan.

First Phase: The first phase of the development of OMB's plan lasted about a year -- from early in the summer of 1995 to the end of the summer in 1996. Initially the SG reviewed a a broad range of information about the development of GPRA, strategic planning techniques, the historical context of OMB, and experiences with strategic planning in other countries and agencies.

After reviewing the information and holding a number of discussions, the Steering Group concluded that a wide-ranging dialogue about OMB's mission, organization, functions and priorites among senior OMB staff was required in order to establish the foundation for an effective OMB strategic plan. It was decided that a two-day, "off-site" meeting in August was the best forum for such a dialogue.

The SG developed the agenda and put together the background materials for the meeting. A series of four "brown bag" meetings, to which all OMB staff were invited, was held in July on "the strategic issues likely to confront OMB in the next decade" as part of the preparation for the August session. A summary of these discussions was included in the materials provided to those attending the meeting.

The OMB Strategic Plan Working Session was held on August 15-16. The participants included almost all OMB policy officials and senior career staff but there were also a number of other career staff present including branch chiefs, support staff and examiners/analysts.

Second Phase: This phase has lasted from August 1996 until May 1997. The objective was to produce a draft OMB strategic plan that could serve as the basis for Congressional consultations and possible review and comment by other stakeholders.

Several activities were the focus of this stage of the process:

- Briefing the Director: Franklin D. Raines, the Director of OMB, was confirmed by the Senate on September 6. In early fall, the SG briefed the new Director on the planning process to date and received his views and guidance on both process and substance. He took an active role in preparing the Mission Statement presented above and has carefully reviewed the current draft of the plan.

- Producing a Draft Plan: The SG prepared a summary of the August Working Session, and subsequently produced outlines and then drafts of an OMB strategic plan. These documents were reviewed and commented on by OMB staff in an iterative process.

- Operating Plans: In order to meet the needs of the agency's internal planning process, each office in OMB was asked to prepare an operating plan covering its activities. The units were asked to prepare their plans in the context of the draft outline of the OMB strategic plan. The SG then reviewed the individual plans to assure that there was consistency between the OMB strategic plan and the operating plans and that they reinforced one another.

- "Standdown" Day: At the end of February, all OMB units devoted an entire day to having their staffs discuss two subjects: (1) the unit's operating plan (then under development); and (2) the draft outline of the OMB strategic plan (each unit was asked to provide their written comments on the draft).

The various reviews and multiple discussions described above culminated in the draft plan that was used as the basis for Congressional consultations.

II. Goals and Objectives

Goal 1. Assist the President in creating policies that allocate resources within the Federal Government, and establish legislative and regulatory programs to achieve fiscal, economic and investment goals in a cost-effective manner.

__Objectives__

A. Support development of spending, regulatory, tax and other policies that promote sustainable economic growth.

B. In 1997, achieve a five-year budget agreement to reach balance by 2002. Follow up in 1997 and in each succeeding year to obtain enactment of tax, appropriations, and mandatory spending program policies consistent with the balanced budget agreement.

C. Develop and support the President's Budget. Propose policy options that meet overall budgetary objectives and reallocate spending to advance Presidential priorities. Make recommendations to the President for budget requests to Congress based on critical review of agency planning and budget submissions. Provide guidance for and oversee government-wide budget development. Ensure that the budget documents are timely, accurate and high quality. Provide prompt and accurate scoring for legislation that affects the budget .

D. To promote fiscal discipline, develop and obtain enactment of effective budget enforcement legislation and implement budget concepts that define outlays and receipts comprehensively.

E. Support the development of policies that provide for capital planning and the effective utilization of personnel across the government.

F. Develop policies that achieve greater overall effectiveness for programs with similar goals that span multiple agencies.

G. Develop an Administration regulatory agenda. Conduct comprehensive, timely and objective analyses to support the President's effort to maximize social benefits while minimizing costs and burdens.

H. Review current and proposed policies to ensure that they are consistent with statutory principles and the fiscal, economic, regulatory and information collection policy priorities of the President. Conduct comprehensive, timely and objective policy reviews, in order to support consistency with both specific and general goals of the Administration.

Goal 2: **Ensure the faithful execution of the enacted budget, programs, regulations and policies.**

Objectives

A. **Ensure that agencies develop complete and effective strategic plans, performance plans and performance reports, and prepare the government-wide performance plan.** Integrate strategic and performance planning with the budget process, and align the budget resources requested with the evidence of program results. Assist agencies in providing timely, comprehensive and accurate program, financial and management information to central agencies, the Congress, and the public that demonstrate how funds were spent and what results were achieved.

B. **Coordinate the Administration's legislative program.** Assist in preparing the legislative proposals neeeded to implement the President's policies; coordinate the interagency review and clearance of all agencies' draft legislation and proposed testimony and reports on legislation; and ensure that the Administration's views -- in the form of agency or OMB testimony or reports -- are provided to Congress, and that, working with the White House Office of Legislative Affairs, they accurately reflect Administration policy. Track legislation that affects fiscal policy.

C. **Achieve savings, improve quality, and increase customer satisfaction in agency procurement programs.**

D. **Assure the provision of reliable financial information from integrated automated systems capable of generating financial statements that result in clean audit opinions.** Minimize improper spending by agencies by providing them with guidance on budget reporting and the integration of accounting and budget data.

E. **Increase agency effectiveness by expanding the use of labor-management partnerships, improving the process for resolving employee disputes and rationalizing compensation policy.**

F. **Obtain agency solutions to identified mission-critical problems including the effective and efficient use of information and information technology by agencies to support their mission.**

Goal 3. **Assist the President by providing analysis and advice on other**

significant issues.

A. Develop timely analyses of the impact and changing dynamics of critical longer-range demographic, fiscal and economic trends. Provide accurate and timely assessments of the financial condition of the Federal Government and the Nation. Develop and present accurate economic and technical estimates each year in coordination with the Treasury and the Council of Economic Advisers.

B. Provide institutional support to the Executive Office of the President (EXOP) by preparing advice and analysis on issues raised and proposals presented by various EXOP offices, including the National Economic Council, the Domestic Policy Council, and the National Security Council.

C. Provide analysis and advice on emerging issues that require a definition of the Federal role.

Goal 4: **Improve OMB's development and use of its human resources and re-engineer the accomplishment of work.**

Objectives

A. Attract, develop and retain a high quality and diverse staff.

B. Improve coordination of internal resources. Identify effective administrative practices in other Federal agencies and the private sector that are appropriate for OMB. Improve internal procedures for making and taking assignments.

C. Increase the staff's ability to address issues in more depth by leveraging resources through the use of internal interdisciplinary and interagency work groups to solve problems.

D. Increase growth opportunities for all staff by expanded use of rotational assignments, details, staff exchanges and other means consistent with resource limitations.

E. Increase use of information technology to support staff in carrying out OMB's mission in the most effective and efficient way possible. Develop and maintain a five-year capital and operating plan for OMB information systems. The plan, consistent with the overall EOP plan, will address budget information systems; improving the capability of OMB and the agencies to exchange documents electronically; and other desktop information tools. Provide training and support in the use of these tools.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 4-JUN-1997 18:32:07.00

SUBJECT: Keith Fuglie

TO: David L. Sunding (CN=David L. Sunding/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Alicia H. Munnell (CN=Alicia H. Munnell/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Jeffrey A. Frankel (CN=Jeffrey A. Frankel/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
I got word from Keith that he worked it out with Peru's potato folks and
will join us for next year.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jason Shogren (CN=Jason Shogren/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 4-JUN-1997 15:30:44.00

SUBJECT: EPA and climate policy

TO: Jeffrey A. Frankel (CN=Jeffrey A. Frankel/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Alicia H. Munnell (CN=Alicia H. Munnell/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
Rob Walcott, EPA, wanted to know if Janet wanted to meet with his boss
Fred Hanson (or carol browner) to discuss the potential for a mutual
position on climate change. i said i would run it by the powers that be.

j

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 4-JUN-1997 14:55:26.00

SUBJECT: Re: Blair-Clinton agenda

TO: John D. Montgomery (CN=John D. Montgomery/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
I heard at the morning meeting a few days ago that Clinton discussed with Blair a followup to the Detroit Jobs Summit a conference on Unemployment and Job Policy, which sounds likely the topic to which you are referring. Nothing definite has been arranged to the best of my knowledge.

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
010. email	Jeffrey A Frankel to Janet L. Yellen at 13:48:02.00. Subject: 3rd member. (1 page)	06/09/1997	b(6)

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:

[04/03/1997 - 06/12/1997]

2013-0723-F
ab1269

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME: 9-JUN-1997 15:22:14.00

SUBJECT: Book recommended by Matt Miller

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
Matt Miller wanted to pass on the name of the book her recommended to you during last week's interview: Rewarding Work by Edmund Phelps (Harvard U. Press).

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: David B Sandalow (CN=David B Sandalow/OU=CEQ/O=EOP [CEQ])

CREATION DATE/TIME: 9-JUN-1997 22:52:25.00

SUBJECT: climate memo for President

TO: Henry C. Kelly (CN=Henry C. Kelly/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

TO: Joshua Gotbaum (CN=Joshua Gotbaum/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Alicia H. Munnell (CN=Alicia H. Munnell/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Rosina M. Bierbaum (CN=Rosina M. Bierbaum/OU=OSTP/O=EOP @ EOP [OSTP])
READ:UNKNOWN

TO: T J. Glauthier (CN=T J. Glauthier/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TO: Jeffrey A. Frankel (CN=Jeffrey A. Frankel/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

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

CC: Mark J. Mazur (CN=Mark J. Mazur/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Kathleen A. McGinty (CN=Kathleen A. McGinty/OU=CEQ/O=EOP @ EOP [CEQ])
READ:UNKNOWN

TEXT:
Attached from Mark and I is a revised decision memo, reflecting comments from CEA, OMB and OSTP at our meeting late today. Per our discussion, please provide any comments early tomorrow morning. Our goal is to distribute this to key Cabinet agencies by mid-day.=================== ATTACHMENT 1
===================

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D59]MAIL43043895W.116 to ASCII,
The following is a HEX DUMP:

ISSUE FOR DECISION

In your trips to the Denver Summit of the Eight (June 20-22) and UN General Assembly Special Session on Environment and Development (June 26), what should you say concerning the U.S. position on emissions levels under the climate treaty?

NEED FOR DECISION

To date, the U.S. has not supported any specific emissions levels under the climate treaty. Other countries and domestic constituencies are calling on us to state our views. At the Denver Summit of the Eight, Chancellor Kohl and others will press you on this issue. At the UNGA Special Session, media and constituency interest in this issue will be high. Both meetings offer important opportunities to advance and explain our position.

I. BACKGROUND

Climate change is an issue of vast scale. Decisions on the issue posed in this memorandum could have significant environmental, economic and political consequences.

The build-up of greenhouse gases in the atmosphere threatens fundamentally to alter the Earth's climate. Currently, greenhouse gas concentrations are at their highest level in more than 200,000 years. (See Appendix A). Absent policy interventions, concentrations by the end of the next century will reach the highest level in more than *50 million* years. Impacts are predicted to include sea level rise, the spread of infectious disease, more frequent and severe droughts and floods, loss of forest cover and shifts in agriculturally-productive regions. Absent policy interventions, global average temperatures by the end of the next century are projected to increase 2-6.5 degrees F., sea-level rise is projected to inundate more than 9000 square miles in the United States (with Florida and Louisiana most vulnerable) and an additional 50-80 million people are projected to contract malaria worldwide. According to a NOAA study, average July temperatures in Washington, D.C. by the end of the next century are expected to increase by 5-15 degrees F. (with greater humidity).

The economic costs of reducing greenhouse gas emissions is potentially substantial. The principal source of such emissions is the burning of fossil fuels, which powers the global economy. Stabilizing emissions at 1990 levels by 2010 (ten years later than envisioned in the Climate Change Action Plan) is projected to reduce U.S. GDP in 2010 by 0.1-0.4% (with somewhat larger reductions in consumption), increase gasoline prices in 2010 by 10-15 cents per gallon and more than double the price of coal. Without a well-functioning system of international emissions trading, these figures would be even higher -- a U.S. GDP loss of 0.2-0.6% (with slightly larger reductions in consumption), gasoline price increase in 2010 of 20-40 cents per gallon and roughly a tripling of the price of coal. Private capital outflows associated with an international emissions trading regime are predicted to be roughly $5 billion per year.

These economic estimates assume that revenues raised by auctioning emissions permits are used for deficit reduction -- costs could be higher if implementation programs are less favorable to investment or lower if programs are more favorable to investment. Significantly, modeling indicates that economic losses from some policies are largely transitory: after an initial loss, the economy rebounds and catches up to its original growth path. Costs depend significantly on rates of technological innovation. Effects on some sectors and regions of the economy will be much larger than effects on the economy as a whole.

This administration has been active on this issue since Earth Day 1993, at which time you pledged to return U.S. greenhouse gas emissions to 1990 levels by the year 2000, and then to continue the trend of reduced emissions. In October 1993, we issued the Climate Change Action Plan, made up of several dozen mostly voluntary programs, designed to meet that goal. (Due to Congressional budget cuts, higher-than-expected economic growth and lower-than-expected oil prices, the goal will be missed by a wide margin). U.S. negotiators have shaped the international climate change negotiations by calling for binding emissions targets, "flexibility" provisions (such as international emissions trading and joint implementation) that would significantly lower costs of meeting those targets, and the participation of developing countries. You have spoken to this issue several times in the past year, including in the 1997 State of the Union, where you called for "reduc[ing] the greenhouse gases that challenge our health even as they change our climate."

The politics of this issue are difficult, at best. For many environmental groups, strong action on climate change is a litmus test for your environmental policy. If you fail to speak decisively on this issue in Denver (at the Summit) or New York (at the UNGA Special Session), their criticism will be intense. On the other hand, much of the business community is strongly opposed to action on climate change. Fossil fuel and heavy manufacturing companies are poised vigorously to attack any policies the environmental community might support. Labor is increasingly opposed to action as well, largely in deference to the concerns of the United Mine Workers. Southern and western Republicans on the Hill are very skeptical about this agenda, as are midwestern and coal state Democrats.

II. OPTIONS

Earlier this week, we identified several options for principals concerning the U.S. position on emissions levels in the international climate change negotiations. Each option was defined in terms of a broad directional statement you might offer at the Denver Summit or UNGA Special Session.

The meeting produced a considerable convergence of views. Most agencies (State, Commerce, Transportation, Energy, Agriculture, EPA, AID, OSTP and CEA) supported an option in which you would call for "stabilizing emissions in the medium term and reducing thereafter." In the parlance of the climate change negotiations, "stabilizing" means returning greenhouse gas emissions to 1990 levels and "medium term" means 2005-2020.

Several caveats are important:

First, many of these agencies conditioned their support on success in obtaining flexibility provisions (e.g., international emissions trading, joint implementation) and the participation of developing countries. These agencies generally believe that any statement you make concerning emissions levels should be coupled with a strong statement on the importance of these additional provisions. Some agencies believe we should not accept any agreement at Kyoto unless developing countries agree to eventual accession to emissions limits similar to developed countries.

Second, the Treasury Department and OMB have significant concerns about the economic costs and political feasibility of stabilizing in the 2010 timeframe. These agencies note that opponents would characterize domestic emissions trading regime as a tax, with revenues larger than any tax increase yet considered by your administration. Treasury also focused on the potential wealth transfers possible under some control regimes, noting that these transfers could be several times the size of the tax cuts contemplated in the balanced budget agreement. Treasury note that cost estimates are based on the assumption that underlying economic growth rates through 2010 will average just over 2%, and that costs of achieving any target would increase if these growth rates were higher.

Third, many participants noted the magnitude of this decision for the second term agenda. There is a widely held view that we cannot take this on without you and the Vice President making this a top tier issue during the next several years. Some agencies think this could be the most significant issue you address in the second term.

Fourth, at least one agency (Energy) linked its support to strong administration backing for increased funding for greenhouse gas-related technology programs in the years ahead. OSTP argued that, with appropriate investments, we can meet both our climate change and economic goals with advanced technologies (such as the 80 mpg "supercar" being developed by the Partnership for a New Generation of Vehicles). Energy, EPA and OSTP argue strongly that these technologies were not adequately considered in the economic modeling showing GDP and job losses. In contrast, the economic agencies argue that technology assumptions in the modeling are overly optimistic.

Finally, one agency (CEA) stated that if no agreement is reached Kyoto, the U.S. should consider taking relatively small unilateral actions to show good faith internationally, to start educating the American people and to begin creating the incentives for energy efficient investments.

In light of the foregoing, and after further discussions, we are identifying five options for you in Denver and New York. They are:

Option 1: Call for "significantly reducing emissions in the medium term."

Comment: Interior Department supports this option, stating that strong measures are necessary to protect the resources it manages. Such a statement would be interpreted to be consistent with the E.U. proposal (a 10-15% cut from 1990 emissions levels by 2010).

Pros:

- Environmental benefits could be large. EPA estimates non-climate benefits (such as reducing fine particles and ozone) would be tens of billions of dollars.
- Many environmental groups would be pleased.

Cons:

- Could impose very large costs on the U.S. economy.

- Business and labor would be very strongly opposed.
- Without significant changes in the political landscape, the prospects for ratification by the Senate in the next several years would be close to zero.

Option 2: Call for "stabilizing emissions in the medium term and reducing thereafter." Emphasize that flexibility and the participation of all nations (including developing countries) are essential to addressing this problem.

Comment: This is the recommendation from most of the Cabinet. In making this recommendations, the Cabinet focused on a specific emissions target: stabilizing emissions at 1990 levels by 2010.

Pros:

- Allows you to take the high ground: committing the U.S. to meaningful emissions reductions, while insisting on other principles we consider vital to an agreement.
- Provides considerable flexibility for future development of our position: consistent with stabilizing emissions at 1990 levels anywhere between 2005 and 2020.
- Environmental benefits (both climate and non-climate) could be significant.
- Some environmental groups would be pleased; others would complain of lack of U.S. leadership.

Cons:

- Overall economic impacts of this option could be significant (although GDP impacts could be transitory).
- Dislocation in some sectors and regions (especially coal states) could be large.
- Most business and labor groups would be opposed, although some might support if the policy were coupled with other features they find attractive.
- Without significant changes in the political landscape, the prospects for ratification by the Senate in the next several years would be poor.

Option 3: Call for "beginning to reduce emissions *growth* by 2005 and stabilizing emissions toward the end of the medium term, with further reductions thereafter."

Comment: This option envisions an international regime that mandates starting emissions reductions earlier than Option 2, but reducing emissions to 1990 levels over a longer period of time. While less constraining than Option 2, the rhetoric used to describe this option (other than the 2005 component) could be substantially identical to the rhetoric for Option 2.

Pros:

- Delayed target date reduces economic costs, allowing capital stock to turn over at a natural rate and technology to improve.
- Calling for early target date could be portrayed as an activist approach.
- more?

Cons:

- Would be criticized by environmental community as showing lack of leadership by delaying stabilization for more than two decades.
- Would be criticized by moderate business groups (e.g. chemical companies, some utilities) who strongly oppose any target before the year 2010.
- Would be criticized by more hard-line business groups (fossil fuel producers, heavy manufacturing) and many in organized labor who oppose any action on climate change.
- Jeopardizes our ability to achieve flexibility provisions (e.g., international emissions trading, joint implementation) and developing country participation in international negotiations.
- Without significant changes in the political landscape, the prospects for ratification by the Senate in the next several years would be poor.

Option 4: Call for "reducing emissions *growth* in the medium term, on the way to stabilization and eventual reduction of emissions."

Comment: For example, emissions would peak in 2010, return to 1990 levels in the longer term (i.e. after 2020) and decline thereafter.

Pros:

- Economic costs would be relatively mild. Some economists would view this emissions path as consistent with one that would balance costs and benefits of climate change policy.
- Opposition in the business and labor communities would be mild.
- There is a chance an option along these lines would be ratified by the U.S. Senate in the next several years without major political changes.

Cons

- With this option, there is no chance of obtaining international agreement on our "flexibility" or "developing country participation" proposals.
- Criticism from other countries and U.S. environmental groups would be very strong. Environmental groups would equate your performance in New York with George Bush's performance at the 1992 Rio Earth Summit.
- Environmental benefits (both climate and non-climate) would be modest.

- Some economists (especially those who emphasize the environmental benefits of climate change policies) would criticize this option as inadequate.

Option 5: Call for "strong action on climate change" and "agreement in Kyoto." Say that the United States is continuing to study the issue of emissions levels and will elaborate on its position at a later time.

Comment: This roughly repeats prior statements by you and other administration officials.

Pros:

- Leaves options open for future decisions.
- Allows additional refinement of economic modeling runs before our position is announced.

Cons:

- Would be strongly criticized by environmental groups, who would equate your performance in New York with George Bush's performance at the 1992 Rio Earth Summit.
- Without more definition of our position on emissions levels soon, our ability to achieve agreement to flexibility and developing country provisions in Kyoto will be seriously impaired.

Material analyzing the environmental impacts of these options is attached as Appendix B. Material summarizing the projected economic impacts of Options 1 and 2 are presented in Appendix C. The interagency analysis team has not examined options that stabilize emissions at 1990 levels in 2020 or beyond (e.g. Options 3 and 4). Additional background material on climate change (including a discussion of domestic policy options) is attached as Appendix D.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jeffrey A. Frankel (CN=Jeffrey A. Frankel/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:10-JUN-1997 10:06:10.00

SUBJECT: Re: climate memo for President

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
---------------------- Forwarded by Jeffrey A. Frankel/CEA/EOP on 06/10/97
10:06 AM ---------------------------

Kathleen A. McGinty
06/10/97 07:42:02 AM
Record Type: Record

To: David B Sandalow/CEQ/EOP
cc: See the distribution list at the bottom of this message
Subject: Re: climate memo for President

i think this looks good. it is a fair representation of what has been
said. i believe it is imperative we move this ASAP. we need to plan for
a meeting with the president and he needs to have had this and reviewed it
before we can get that on the schedule. john podesta is interested in
doing that meeting very soon (early next week likely). let's get a couple
of key agencies to review it today. they will have their chance -- if
they feel the need -- further to articulate their views in person to the pr
esident.
Message Copied
To:____

Janet L. Yellen/CEA/EOP
Alicia H. Munnell/CEA/EOP
Jeffrey A. Frankel/CEA/EOP
Joshua Gotbaum/OMB/EOP
T J. Glauthier/OMB/EOP
Henry C. Kelly/OSTP/EOP
Rosina M. Bierbaum/OSTP/EOP
Daniel K. Tarullo/OPD/EOP
Mark J. Mazur/CEA/EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: JOLIN_M@A1@CD@LNGTWY (JOLIN_M@A1@CD@LNGTWY [UNKNOWN]) (WHO)

CREATION DATE/TIME:10-JUN-1997 16:53:13.00

SUBJECT: Questions for Me

TO: MEYERS_J@A1@CD@LNGTWY (MEYERS_J@A1@CD@LNGTWY [UNKNOWN]) (CEA)
READ:UNKNOWN

TO: Janet L. Yellen@eop (Janet L. Yellen@eop [CEA])
READ:UNKNOWN

TO: Caroline Thompson@EOP (Caroline Thompson@EOP [CEA])
READ:UNKNOWN

TO: David L. Sunding@EOP (David L. Sunding@EOP [CEA])
READ:UNKNOWN

TO: Jason Shogren@EOP (Jason Shogren@EOP [CEA])
READ:UNKNOWN

TO: Christopher J. Ruhm@eop (Christopher J. Ruhm@eop [CEA])
READ:UNKNOWN

TO: Linda A. Reilly@eop (Linda A. Reilly@eop [CEA])
READ:UNKNOWN

TO: R. Vickie Rasin@eop (R. Vickie Rasin@eop [CEA])
READ:UNKNOWN

TO: Alicia H. Munnell@EOP (Alicia H. Munnell@EOP [CEA])
READ:UNKNOWN

TO: Mark J. Mazur@EOP (Mark J. Mazur@EOP [CEA])
READ:UNKNOWN

TO: Ha Y. Lee@EOP (Ha Y. Lee@EOP [CEA])
READ:UNKNOWN

TO: Michele Jolin@EOP (Michele Jolin@EOP [CEA])
READ:UNKNOWN

TO: Jason Furman@EOP (Jason Furman@EOP [CEA])
READ:UNKNOWN

TO: Jeffrey A. Frankel@EOP (Jeffrey A. Frankel@EOP [CEA])
READ:UNKNOWN

TO: William B. English@EOP (William B. English@EOP [CEA])
READ:UNKNOWN

TO: Susan P. Clements@eop (Susan P. Clements@eop [CEA])
READ:UNKNOWN

TO: Steven N. Braun@eop (Steven N. Braun@eop [CEA])
READ:UNKNOWN

TO: Lael Brainard@EOP (Lael Brainard@EOP [CEA])
READ:UNKNOWN

TO: Praveen Rangnath@EOP (Praveen Rangnath@EOP [CEA])
READ:UNKNOWN

TO: Alice H. Williams@eop (Alice H. Williams@eop [CEA])
READ:UNKNOWN

TO: Mary A. Thomas@EOP (Mary A. Thomas@EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone@EOP (Charles F. Stone@EOP [CEA])
READ:UNKNOWN

TO: Cristian J. Santesteban@EOP (Cristian J. Santesteban@EOP [CEA])
READ:UNKNOWN

TO: Thomas A. Rhoads@EOP (Thomas A. Rhoads@EOP [CEA])
READ:UNKNOWN

TO: Sarah J. Reber@eop (Sarah J. Reber@eop [CEA])
READ:UNKNOWN

TO: Francine P. Obermiller@eop (Francine P. Obermiller@eop [CEA])
READ:UNKNOWN

TO: John D. Montgomery@EOP (John D. Montgomery@EOP [CEA])
READ:UNKNOWN

TO: Phillip B. Levine@EOP (Phillip B. Levine@EOP [CEA])
READ:UNKNOWN

TO: Mary E. Jones@EOP (Mary E. Jones@EOP [CEA])
READ:UNKNOWN

TO: Cynthia K. Gustafson@eop (Cynthia K. Gustafson@eop [CEA])
READ:UNKNOWN

TO: Catherine H. Furlong@eop (Catherine H. Furlong@eop [CEA])
READ:UNKNOWN

TO: Mary Fibich@eop (Mary Fibich@eop [CEA])
READ:UNKNOWN

TO: Sandra F. Daigle@EOP (Sandra F. Daigle@EOP [CEA])
READ:UNKNOWN

TO: Timothy J. Brennan@eop (Timothy J. Brennan@eop [CEA])
READ:UNKNOWN

TO: Lisa D. Branch@EOP (Lisa D. Branch@EOP [CEA])
READ:UNKNOWN

TO: Brian A. Amorosi@eop (Brian A. Amorosi@eop [CEA])
READ:UNKNOWN

TEXT:
As most of you know I will be leaving for Peru on Thursday. If there is anything I can take care of before then, please let me know today or tomorrow.

If you have any ethics questions while I am gone, please contact Virgina Canter
in the WH Counsel's office (usually best to do it by e-mail). However, if it is
not urgent, I would suggest you wait until I get back because there may be a
CEA-specific answer to a particular question.
Sandy will have the number where I can be reached if necessary.
Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Daniel L. Goroff (CN=Daniel L. Goroff/OU=OSTP/O=EOP [OSTP])

CREATION DATE/TIME:10-JUN-1997 19:55:24.00

SUBJECT: good seeing you

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
Hello Janet,

It was good seeing you again at the Human Capital Conference last week.
You suggested we find
a few minutes to catch up sometime. I would look forward to that. Just
let me know what works for you.

With best regards,

Daniel Goroff

P.S. In particular, I believe there is real interest in strengthening
ties between OSTP and the Council.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Timothy J. Brennan (CN=Timothy J. Brennan/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:11-JUN-1997 11:08:11.00

SUBJECT: Labor Market idea [unrelated to CEA]

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

CC: Cynthia K. Gustafson (CN=Cynthia K. Gustafson/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
Janet,

Cindy and I were talking about an idea regarding labor markets, and thought you could point us in useful directions -- including "forget it, so-and-so did it already." The core idea, basically, turns "efficiency wages" on its head by wondering if some professions might not be underpaid because of asymmetric information. In particular, suppose:

1) Potential employees have different unobservable preferences for exerting effort in a particular occupation. E.g., some people like teaching more than others, but principals can't tell ex ante who likes it.

2) A preference for exerting effort leads to better outcomes, but the usual inability to associate outcomes with effort applies. E.g., people who like to teach teach better, but principals can't easily associate better outcomes with better teaching.

We were wondering if these two assumptions would imply that:

3) From (1), employers who cut wages below the market clearing level would get proportionally more job candidates who would be willing to do a job because they liked it, rather than for the money.

4) From (2), cutting wages in that way would then lead to higher quality output.

These together could imply that in occupations that people like to do, salaries would be predictably below the market clearing level, even taking into account employee willingness to sacrifice salary for the utility of working a particular job, because of the added correlation between that utility and the quality (or perhaps even level) of output. I'm not sure what if any policy implications come from this, other than that one might reduce the quality of output by raising salaries of employees in some occu pations.

Stigler once suggested the standard discussant comment that "there's much here new and interesting, but unfortunately what's new isn't interesting and what's interesting isn't new." So, our two questions are is this worth pursuing, and has it been done?

Thanks, and no rush,

Tim B., Cindy G.

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
011. email	hermalin@haas.berkeley.edu to Yellen_J at 12:47:37.00. Subject: Re: Renewal of affiliat apps for Joe Farrell and Rich Gilbert (3 pages)	06/11/1997	Personal Misfile

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:

[04/03/1997 - 06/12/1997]

2013-0723-F
ab1269

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Steven N. Braun (CN=Steven N. Braun/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:11-JUN-1997 14:24:06.00

SUBJECT: Joel Prakken visit on Thursday

TO: Ha Y. Lee (CN=Ha Y. Lee/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: William B. English (CN=William B. English/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: John D. Montgomery (CN=John D. Montgomery/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Jeffrey A. Frankel (CN=Jeffrey A. Frankel/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Charles F. Stone (CN=Charles F. Stone/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Jeremy B. Rudd (CN=Jeremy B. Rudd/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Alicia H. Munnell (CN=Alicia H. Munnell/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
Joel Prakken, of Macroeconomic Advisers in St. Louis, will be speaking on the macro-economic outlook tomorrow (Thursday) in room 8103 of the NEOB. He is in town today (Wednesday) for the CBO's consultants' meeting.

Steven

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:11-JUN-1997 10:26:18.00

SUBJECT: Departing and new staff

TO: Sandra F. Daigle (CN=Sandra F. Daigle/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Alicia H. Munnell (CN=Alicia H. Munnell/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Alice H. Williams (CN=Alice H. Williams/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Jeffrey A. Frankel (CN=Jeffrey A. Frankel/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
Next Wednesday (June 18) is the last day for both Phil Levine and Chris
Ruhm. I won't be here, but I hope that at this Friday's bagel-hour folks
will say thank you and good-bye to them.
Also, Sanders Korenman is supposed to start on June 18.
Thanks.
Michele

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Timothy J. Brennan (CN=Timothy J. Brennan/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:11-JUN-1997 15:19:17.00

SUBJECT: Principals meeting on product liability issues

TO: Jeffrey A. Frankel (CN=Jeffrey A. Frankel/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TO: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
At today's product liability meeting, Ellen Seidman said that Bruce Lindsey would likely convene a meeting next week of Principals to clear the objections the Administration had to S648, the product liability bill circulating in the Senate, and the negotiating stance the Administration would take with advocates of liability reform. I circulated a very long memo to Jeff laying out the basic economics of most of the issues, as well as the political context, as I understand it.

Ellen should be circulating a list of options by the end of the day today, so I hope I can offer some advice regarding them to you before I leave for Calgary. I also hope the meeting will not take place until after I return to the office Wednesday morning, so we have some time to talk about this stuff. That said, the arcane legal nature of most of the issues and political machinations may not make this something to which CEA can contribute much, besides the tweaking at the margins that I've tried to do during these numerous meetings.

From what I've seen so far, the most controversial issue within the Administration, as opposed to between it and Congress, is the extent to which small business should be protected from having to pay punitive damages or to contribute when under a system of joint liability. CEA will not be alone in objecting to small business favoritism, particularly regarding punitive damages, which exist to punish quasi-criminal "conscious, flagrant" abuses, and not mere carelessness. CPSC, in particular, thinks that the most egregious conduct is by small businesses.

I think the Administration may be too enamored of quantified standards for when defendants might be jointly liable, but I've taken my shot at that one. Obviously, feel free to take the shot again, but the lawyers at the table will just say that "juries do this all the time," at least in states that allows partial assessments.

For now, a final only semi-facetious comment is that bringing a law dictionary to this meeting might not be a bad idea. "Several liability" "proximate cause," "remittitur,"
"comparative negligence," and all kinds of terms are likely to be flying around the room. On more than one occasion, I've gone to the 5th floor library in an attempt to find out what everyone else is talking about at

these liability meetings. I tried to get Ellen to handle the Principal's decision process on paper rather than at a meeting, but she felt that she did not want to circulate paper on the Administration's negotiating posture.

If the options paper comes in before I leave, I'll circulate it to you with brief comments.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Janet L. Yellen (CN=Janet L. Yellen/OU=CEA/O=EOP [CEA])

CREATION DATE/TIME:11-JUN-1997 10:52:47.00

SUBJECT: Draft of Memo to Mickey Ibarra

TO: Alice H. Williams (CN=Alice H. Williams/OU=CEA/O=EOP @ EOP [CEA])
READ:UNKNOWN

TEXT:
As I mentioned to you yesterday morning, the Council of Economic Advisers recently completed an analysis of trends in Hispanic income. Attached is a summary of our findings. This article was included in our Weekly Economic Briefing of the President--a confidential document intended for the President and not for public circulation. I thought it might be useful in preparation for your trip to Los Angeles.

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
012. email	Janet L. Yellen to Janet L. Yellen at 16:41:43.05. Subject: Appt. request - Akerlof, George. (partial) (1 page)	06/12/1997	b(6)

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:

[04/03/1997 - 06/12/1997]

2013-0723-F
ab1269

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

RECORD TYPE: PRESIDENTIAL (WAVES REQUEST)

CREATOR: Janet L. Yellen (YELLEN_J) (CEA)

CREATION DATE/TIME:12-JUN-1997 16:41:43.05

SUBJECT: Appt. request - Akerlof, George

TO: Janet L. Yellen (YELLEN_J) Autoforward to: Remote Addressee (Janet L. Yellen@eop@lngtwy@eopmrx) (CEA)
READ:NOT READ

TEXT:

Date	Appointment with
12-Jun-1997	YELLEN, JANET L

Room No.	Bldg.	Requested by	Phone #
314	EOB	Janet L. Yellen	395-5107

Comments:

TIME	VISITOR'S LAST, FIRST NAME		BIRTHDATE	SOC. SEC.	COUNTRY
06:00pm	Akerlof	George	[redacted] (b)(6)	[redacted] (b)(6)	[012]

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
013. email	Mail Link Monitor to Janet L. Yellen at 16:48:39.19 Subject: Confirmation Appt. request for Yellen, Janet L.. (partial) (1 page)	06/12/1997	b(7)(C), b(7)(E), b(7)(F), b(6)

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
CEA ([Yellen])
OA/Box Number: 950000

FOLDER TITLE:

[04/03/1997 - 06/12/1997]

2013-0723-F
ab1269

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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

RECORD TYPE: PRESIDENTIAL (WAVES RECEIPT)

CREATOR: Mail Link Monitor (MAILMGT) (SYS)

CREATION DATE/TIME:12-JUN-1997 16:48:39.91

SUBJECT: CONFIRMATION: APPT. REQUEST FOR YELLEN, JANET L

TO: Janet L. Yellen (YELLEN_J) Autoforward to: Remote Addressee (Janet L. Yellen@eop@lngtwy@eopmrx) (CEA)
READ:NOT READ

TEXT:
FROM: WAVES OPERATIONS CENTER - ACO: [redacted] [013]
Date: 06-12-1997
Time: 16:45:06
This message serves as confirmation of an appointment for the visitors listed below.
Appointment With: YELLEN, JANET L
Appointment Date: 6/12/97
Appointment Time: 6:00:00 PM
Appointment Room: 314
Appointment Building: OEOB
Appointment Requested by: YELLEN JANET L.
Phone Number of Requestor: 55107
WAVES APPOINTMENT NUMBER: U40988
If you have any questions regarding this appointment, please call the WAVES Center at 456-6742 and have the appointment number listed above available to the Access Control Officer answering your call.
****
TOTAL NUMBER OF NAMES SUBMITTED FOR ENTRY : 1
TOTAL NUMBER OF NAMES OF CLEARED FOR ENTRY: 1
****
AKERLOF, GEORGE [redacted] [redacted]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: katz@haas.berkeley.edu@INET@LNGTWY (katz@haas.berkeley.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:12-JUN-1997 06:43:12.00

SUBJECT: Re: Renewal of affiliate app'ts for Joe Farrell & Rich Gilbert

TO: Janet L. Yellen@eop (Janet L. Yellen@eop [CEA])
READ:UNKNOWN

TEXT:
In response to the question about working with Haas faculty, I would like to note that I am hoping to get Joe actively involved in the telecom center. He and I have just begun discussions.

Michael=================== 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 <01IJYTYHKQ8W001YH8@PMDF.EOP.GOV> for YELLEN_J@a1.eop.gov; Thu,
12 Jun 1997 01:25:13 -0500 (EST)
Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IJYTYE98K0002I51@PMDF.EOP.GOV> for
YELLEN_J@a1.eop.gov; Thu, 12 Jun 1997 01:25:08 -0500 (EST)
Received: from haas.berkeley.edu ([128.32.66.85])
by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01IJYTXP2XNU002WFY@STORM.EOP.GOV> for YELLEN_J@a1.eop.gov; Thu,

12 Jun 1997 01:24:35 -0400 (EDT)
Received: (from katz@localhost) by haas.berkeley.edu (8.7.6/8.6.12)
id WAA22272; Wed, 11 Jun 1997 22:23:36 -0700 (PDT)
================== END ATTACHMENT 1 ==================