



OFFICE OF THE VICE PRESIDENT

WASHINGTON

June 2, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM: JIM KOHLENBERGER AND JACK QUINN

SUBJECT: THE KASICH ALTERNATIVE

SUMMARY

This is in response to your question why the Kasich substitute lost more Republicans (40) than we lost Democrats (38) on reconciliation. In essence, Kasich lost votes for three reasons. First, he lost votes from moderates in regions disproportionately affected by his cuts (particularly those with high numbers of elderly and military retirees).

Second, Kasich lost votes because his plan was not as ambitious as ours in terms of deficit reduction and this caused problems within in his own caucus. Kasich reportedly also lost members because he tends to factionalize his own Caucus. Many Republicans see him as a young upstart.

Third, he lost the votes of the nay-sayers who found it easy to vote no on both packages and claim to be in favor of phantom alternatives. Interestingly, there were 77 members who voted against both packages. Eighteen of those were freshman who campaigned last year against the Congress.

THOSE WHO VOTED AGAINST US

We lost some Democrats who oppose us philosophically and others who are in marginal districts and felt they had to vote against us for political reasons. All 38 Democrats whom we lost on reconciliation are from districts where the Clinton/Gore ticket did not get a majority in November. (Additionally, of the 38 Democrats who voted against us, 11 are Subcommittee Chairs. 70 House members have now signed onto a letter requesting a meeting of the caucus to reconsider those chairmanships.)

THOSE WHO VOTED AGAINST KASICH

Kasich lost many moderate Republicans from regions where the additional cuts would hurt most. For instance, Kasich lost Republicans in regions with large elderly populations like Florida where he lost 5 of 11 Republicans partially over concerns about the \$72 billion in Medicare cuts. Additionally, Kasich's proposal to defer COLA adjustments for military retirees until age 62 cost him other votes. For

instance, all four Republicans in Colorado, a state with a large numbers of military retirees, voted against Kasich.

OTHER REPUBLICAN PROPOSALS WOULD HAVE DONE BETTER

The House Rules Committee turned away several other Republican proposals that might have proved more damaging to our plan. Among those rejected was a proposal by Bob Michel and Rep. Olympia Snowe (R) of Maine. They had put forward one of the most popular ideas that might have carried a majority if it ever got to the House floor. They would have killed the BTU tax, and replaced it with spending cuts. As you know, when the 9 - 4 Democratic majority on the Rules Committee permits an amendment, as they did with Kasich, it's often because they feel sure it won't win.

To: Gugg

February 22, 1993

From: Jim

Re: Background on Alabama

Defense issues are in the news in Alabama since the Defense Budget Project released a report two weeks ago indicating that Alabama is ill-prepared for the possible loss of between 18,000 and 25,000 defense related jobs between FY 90 and FY 96. As defense spending is cut and new defense conversion money spent, when and where defense money goes will become more and more critical to Alabama and particularly anyone on the Armed Service Committee. Defense is a bread and butter issue in Alabama with many issues currently in flux.

ANNISTON ARMY DEPOT CONSOLIDATION

The Anniston Army Depot (4,000 employees) is a major armored vehicle repair and maintenance center in Alabama. There seems to be considerable interest in consolidating armored vehicle manufacturing, repair, and research in the private sector. General Dynamics, for example, would re-work the tanks they build. Many see the consolidation as more efficient and inexpensive way of achieving the same goal. Alabamians are of course concerned about the 4,000 jobs on the line. The decision to consolidate is still up in the air.

AVIATION TRAINING CONSOLIDATION

Fort Rucker, in the southeast corner of the state, is an important helicopter training center (8,000 employees), which supports a large number of sub-contractors. In the Roles and Missions review, there was talk of consolidating all aviation training for all the services -- Army, Navy, Air Force & Marine Corps training. If it were consolidated under the Navy instead of the Army, training would be done in Florida.

AMPHIBIOUS SHIP CONSTRUCTION

Shipbuilding is also a big business in Alabama. The Ingalls Shipyard in Mississippi builds the LHD Wasp Class Amphibious ship for the Army/Navy. Even though its built in Mississippi, about half of the workers (3,000 - 4,000) are from Alabama. During the campaign, BC talked about adding money for fast sea lift. Depending on who defines sea lift, amphibious ships are sometimes not included in the definition of sea lift.

APPOINTMENT TO HEAD SDIO

Another decision coming soon is who will head SDIO. Both Senators from Alabama are reportedly pushing hard for General Hammond. The head of SDIO makes MAJOR decisions in where dollars go. Hammond is former commander of the Army's Strategic Defense Command. About 90% of the Army's Strategic Defense Command is run out of Huntsville. The Strategic Command's primary mission is to develop ground-based ABM defenses. Hammond is a key proponent of ground based systems benefitting Huntsville and its contractors. Proponents of a space based system support items such as Brilliant Pebbles. This Administration also supports a greater emphasis on ground based systems.

There are many other issues as well, but these are the issues where decisions can or will be made.

Alabama Base List

ARMY

Fort McClellan, Anniston
Redstone Arsenal, Huntsville
Fort Rucker, Ozark

NAVY - None

COAST GUARD

Mobile Aviation Training Center

AIR FORCE

Gunter AFB, Montgomery
Maxwell AFB, Montgomery

Nasa Programs in Huntsville

Advanced Solid Rocket Motor (ASRM)
National Launch System (NLS)
Space Station laboratory and habitat modules (Boeing)
National Aerospace Plane (NASP) program office
Advanced X-Ray Astrophysics Facility (AXAF)
Mission to Planet Earth (basic research)
Materials sciences and materials processing (microgravity, crystallography, for example)
Center for the Commercial Development of Space (CCDS), located nearby

To: Greg ✓

February 19, 1993

From: Jim

Re: CR Statements and other issues

As you would expect, he has been active on routine reauthorization and other issues related to the committees he sits on -- Armed Services, Banking and Energy & Natural Resources.

Armed Services

As you know, because of Huntsville, Alabama has many NASA Contractors. He has used Armed Services to push, with Bingaman, a major 1990 amendment to scale down SDI and cut research on Brilliant Pebbles, emphasizing instead laser-armed satellites and ground-based interceptor missiles, for which much research and development would be done in Huntsville. He also appears to closely follow the Comanche helicopter (I don't know where it is constructed).

Veterans and Elderly

He has also been active on Veterans and elderly issues. For Veterans, he has been a leader in opposing Derwinski's move to open VA health facilities. He successfully offered a major amendment last February to halt VA expansion. He also often speaks in the record on Medicare and Social Security equity issues.

In the record, he is often critical of US immigration policy, and supportive of Enterprise Zones, Capital Gains revisions (supporting measures stronger than Bush's) and rural issues.

He also worked on issues like keeping a Texas landfill from being dumped in Alabama and making Mobile, Alabama a Navy homeport.

He sided with Bush on 69% of roll call votes in 1991, second only among Democrats to Heflin.

Measured Sponsored in the 103rd

S.265 -- Economic Growth and Regulatory Paperwork Reduction

Act of 1993

A bill to increase the amount of credit available to fuel local, regional, and national economic growth by reducing the regulatory burden imposed upon financial institutions, and for other purposes.

Cosponsors:

Currently 4 total (2 Democrats, 2 Republicans)

Most recent addition was on Thursday, January 28, 1993

S.282 -- Mowa Band of Choctaw Indians Recognition Act

A bill to provide Federal recognition of the Mowa Band of Choctaw Indians of Alabama.

Cosponsors:

Currently 2 total (2 Democrats, 0 Republicans)

Most recent addition was on Wednesday, February 3, 1993

Measures Sponsored in the 102nd Congress

S.82 -- Penalty-Free Withdrawals from Retirement Plans by

Individuals Involved in Operation Desert Shield, Provision

A bill to allow penalty-free withdrawals from retirement plans by individuals called to active duty in the Armed Forces for Operation Desert Shield.

Most Recent Action:

02/27/91 -- In The SENATE

Hearings recessed by SENATE COMMITTEE ON FINANCE subject to the call of the Chair

S.362 -- Mowa Band of Choctaw Indians Recognition Act

A bill to provide Federal recognition of the Mowa Band of Choctaw Indians of Alabama.

Most Recent Action:

10/05/92 -- In The SENATE

Passed (agreed to) (by Voice Vote)

S.434 -- Language of Government Act of 1991

A bill to amend Title 4, United States Code; to declare English as the official language of the Government of the United States, and for other purposes.

Most Recent Action:

02/20/91 -- In The SENATE

Introduced

S.592 -- Hazardous and Solid Waste Management Act of 1991

A bill to amend the Solid Waste Disposal Act to grant States the authority to regulate the interstate disposal of hazardous waste and solid waste.

Most Recent Action:

03/07/91 -- In The SENATE

Introduced

**S.827 -- Cadet Nurse Corps Creditable for Federal Civil
Service Retirement Purposes, Provision**

A bill to credit time spent in the Cadet Nurse Corps during World War II as creditable for Federal civil service retirement purposes for certain annuitants and certain other individuals not covered under Public Law 99-638.

Most Recent Action:

04/16/91 -- In The SENATE

Introduced

S.998 -- Real Estate Appraisal Amendments Act of 1991

A bill to prohibit the Appraisal Subcommittee of the Federal Financial Institutions Examination Council from requiring or recommending the inclusion of an experience requirement in a State's procedures for the licensing of real estate appraisers, and for other purposes.

Most Recent Action:

05/07/91 -- In The SENATE

Introduced

S.1107 -- Veterans' Claims Administrative Equity Act of 1991

A bill to amend Title 38, United States Code, to provide for the payment, on an interim basis, of compensation, dependency, and indemnity compensation, and pension to veterans and their survivors and dependents if their claims for those benefits are not decided by the Department of Veterans Affairs within specified time limits.

**S.2183 -- Implementation of Rural Health Care Initiative,
Prohibition**

A bill to prohibit the Secretary of Veterans Affairs from carrying out the Rural Health Care Initiative.

This measure incorporated as an amendment by SPECTER (R-PA) into another measure (S. 1150, Amendment 1691).

**S.2223 -- Tax Treatment of Certain Mutual Fund Shares,
Provision**

A bill to treat certain mutual fund shares held by a financial institution as an item of ordinary income.

S.2278 -- An Act to Establish a Code of Law for the District of Columbia, Amendment

A bill to amend Section 801 to the Act entitled "An Act to establish a code of law for the District of Columbia", approved March 3, 1901, to require life imprisonment without parole, or death penalty, for first degree murder.

S.2724 -- Nonconventional Fuels Act of 1992

A bill to restore the value of the Section 29 credit and to make the credit permanent.

S.2839 -- Department of Defense Equipment Transfer, Prohibition

A bill to prohibit the transfer under foreign assistance or military sales programs of construction or fire equipment from Department of Defense stocks.

S.2840 -- Veterans' Benefits, Title 38 U.S.C., Amendment

A bill to amend Chapter 11 of the Title 38, United States Code, to provide that a veteran who is a former prisoner of war detained or interned for not less than 90 days shall be deemed to have a service-connected disability rated at not less than 50 percent for the purposes of determining the benefits due to such veterans.

S.3056 -- Duty on

2-(2H-benzotriazol-2-yl)-6-dodecyl-4-methylphenol, Suspension

A bill to suspend until January 1, 1995, the duty on 2-(2H-benzotriazol-2-yl)-6-dodecyl-4-methylphenol, branched and linear.

S.3057 -- Duty on Certain Chemicals, Suspension

A bill to suspend until January 1, 1995, the duty on certain chemicals.

S.3232 -- Medicare Communication Disorders and Services Amendments Act of 1992

A bill to amend Title XVIII of the Social Security Act to expand coverage of speech-language pathology and audiology services under the medicare program, and for other purposes.

S.3371 -- Juvenile Arthritis Research Excellence Act

A bill to amend the Public Health Service Act to provide for excellence in research with respect to juvenile arthritis, and for other purposes.

Most Recent Action:

10/07/92 -- In The SENATE

Passed (agreed to) (by Unanimous Consent)

10/08/92 -- In The HOUSE

Received in the House, after passage in the Senate

10/09/92 -- In The HOUSE

Referred to HOUSE COMMITTEE ON ENERGY AND COMMERCE

**S.3372 -- Opportunities for Graduates of the Small Business
Administration's Minority and Capital Ownership Development
Program, Provision**

A bill to provide graduates of the Small Business Administration's Minority Small Business and Capital Ownership Development Program with opportunities to compete for certain contracts under limited circumstances.

**S.3388 -- Opportunities for Graduates of the Small Business
Administration's Minority and Capital Ownership Development
Program, Provision**

A bill to provide graduates of the Small Business Administration's Minority Small Business and Capital Ownership Development Program with opportunities to compete for certain contracts under limited circumstances.

Most Recent Action:

10/08/92 -- In The SENATE

Passed (agreed to) (by Unanimous Consent)

10/09/92 -- In The HOUSE

Received in the House, after passage in the Senate

Joint referral to HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

Joint referral to HOUSE COMMITTEE ON SMALL BUSINESS

**S.C.R.67 -- Resolution Concerning Federal Payments Under
the Medicaid Program**

A concurrent resolution protesting the decision of the Secretary of Health and Human Services to prohibit Federal payments under the medicaid program relating to State medicaid expenditures that are made from revenues derived from provider-specific taxes.

**S.C.R.126 -- Resolution Stating that Equitable Mental
Health Care Benefits Must Be Included in Any Health Care Reform
Legislation**

Concurrent resolution expressing the sense of the Congress that equitable mental health care benefits must be included in any health care reform legislation passed by the Congress.

**S.J.R.128 -- Constitution of the United States, Amendment -
Balanced Budget**

Joint resolution proposing an amendment to the Constitution of the United States which requires (except during time of war and subject to suspension by

the Congress) that the total amount of money expended by the United States during any fiscal year not exceed the amount of certain revenue received by the United States during such fiscal year and not exceed 20 per centum of the gross national product of the United States during the previous calendar year.

The junior senator from Alabama
learns that it doesn't pay to offend
the White House.

P. GLOBE
2/28/93

Lost clout

THOMAS OLIPHANT

WASHINGTON
Sen. Richard Shelby (D-Ala.) is about to discover that actions have consequences. So are nearly one hundred of his constituents.

For sound business reasons all taxpayers should cheer; our country's wise space agency has made a decision. To wit:

In the interest of greater efficiency and common sense, a cluster of white-collar jobs associated with the Space Shuttle program is being shifted from Huntsville, Ala., to Houston.

That, at any rate, is the cover story.

The real story is that like most government decisions, this one was a reasonably close call. After consultation with Alabama's congressional delegation, it might have gone the other way, as government decisions often do in the real world, were it not for a problem that can be summed up in two words:

Richard Shelby.

The state's junior senator - fresh from election to his second term - fancies himself a Space Shuttle booster, pardon the pun. These days, however, he is fresh out of fuel. In fact, these days it is doubtful that Shelby could arrange so much as a simple curb cut in the entire state of Alabama.

How can this be?

The answer is that Shelby has for now lost the clout that is the handmaiden of effectiveness. The senator has not lost his ability to help Alabama because he is a principled conservative who is as likely to disagree as agree with President Clinton on the major issues of the day.

No, Shelby has shrunk because he has gone the extra mile, in fact gone out of his way, to stick a knife in the president of the United States.

He has also flouted his region's tradition of gentility by insulting the vice president of the United States - an especially injudicious blunder given Al Gore's infinitely closer connection to the space program.

In its formative weeks, an impression has begun to form on Capitol Hill that Clinton can be snacked around at will, that no one at the other end of town is watching and keeping score.

Wrong. Among adults, maturity in politics requires acceptance of an elemental proposition:

If you take a shot at somebody, expect one in return and don't whine when it comes, especially if you take gratuitous shots at the president and vice president.

As Clinton's economic plan was taking shape and after it was unveiled, the White House has pursued a sensible, simple strategy with Democrats. The message: support us loudly if you're so inclined, but keep your powder dry if you have problems; come in and tell us about your problems quietly and we'll work with you.

That is how nearly all Democrats have played it, including Alabama's senior senator, Howell Heflin, a master of give-and-take politics. Heflin has concerns of his own: about agriculture cuts, about the BTU tax's impact on Alabama coal; about budget cuts in general (he'd like more, though not in farm programs). Heflin, however, is doing his work quietly, and therefore effectively.

Shelby, however, has taken the opposite route. Right after the president's speech to Congress, for example, Gore came up to the Capitol to make courtesy calls on senators. With TV cameras rolling in Shelby's office, Gore was made to stand there while the junior senator huffed about there not being enough spending cuts.

It's been like that for weeks: public shots on Zoe Baird, on gays in the military, on the BTU tax, on and on. Fine, thought Gore, I can think of a NASA cut in this charming fellow's backyard.

What makes these shots cheap is the calendar. It's early, things can change, there's time to talk, no need to ape for the cameras.

It's also true that according to an independent consulting firm, Regional Financial Associates, Alabama would be one of the top six states to benefit from the Clinton program with added economic growth. Its relatively less well-off workers would also gain disproportionately from a higher tax credit on earned income and other pro-work incentives.

Until now, there may have been some question about nice guy Clinton's willingness to pull the trigger in response to gratuitous slams by fellow Democrats. No longer; if you need help in Alabama, the senator to see is the guy with the clout - Howell Heflin.

Thomas Oliphant is a Globe columnist.

plane, and NEWSWEEK says two congressional committees may hold hearings. (NEWSWEEK, 3/8/93)

- o **Alabama Democratic Senator Richard Shelby has been punished by the White House for his failure to support the Clinton economic plan**, according to separate items to be published in this week's NEWSWEEK and US NEWS. NEWSWEEK will report that the relocation of a \$380 million space-station project from Alabama to Houston, announced last week, is a White House effort to help interim Texas Senator Bob Krueger in the coming May 1 special election, and was made possible by the fact that Shelby's support for Clinton has been "next to none." US NEWS will quote "one Clinton adviser" calling Shelby and Texas Rep. Charles Stenholm "hypocrites" for their complaints about Clinton's agriculture spending cuts, but the magazine will warn that "given senatorial sensitivities," the White House "may soon regret" its space station retaliation. (NEWSWEEK and US NEWS, 3/8/93)
- o **The inexpensive substitute typhoid shot that exacerbated Defense Secretary Aspin's heart condition last week was prescribed by Pentagon doctors concerned that Aspin would forget to take a full four-day regimen of safer pills**, according to an item to appear in this week's NEWSWEEK. The magazine will report that "Pentagon sources" say cost savings -- the pills are slightly more expensive -- were not the reason a shot was given; instead, "docs worried that workaholic Aspin" would inadvertently skip the pills. (NEWSWEEK, 3/8/93)
- o **An early 1970s CIA effort to identify potentially vulnerable high-value terrorist strike points placed the World Trade Center near the top of the list**, according to an item to appear in this week's TIME. Former CIA deputy director Bobby Inman tells TIME that the World Trade Center was highlighted as a risk "because of the number of victims who would be involved." (TIME, 3/8/93)
- o **Later this month, the Pentagon will recommend that Florida's Homestead Air Force Base, nearly destroyed by Hurricane Andrew last August, be permanently shut down**, according to an item to appear in this week's TIME. Though President Bush pledged to rebuild the badly damaged base, TIME will report that "the current budget-crunching climate" will prompt DOD, in a report due March 15, to advise Congress to close Homestead for good. (TIME, 3/8/93)
- o **The CIA's National Foreign Intelligence Program budget, one of the agency's most closely guarded secrets, is \$20 billion a year**, according to an item to appear in this week's TIME. Before he left office, former CIA director Robert Gates gave unidentified Senators written advice that they reject a \$1 billion cut to that budget. And TIME says the Senators describe the cut as 5 percent of the program's budget -- which would make the total \$20 billion. TIME will report that "intelligence officials, with a wink, confirm the figure." (TIME, 3/8/93)
- o **Congress will soon change the law on Social Security taxes for household help, and the White House will soon announce a series of subcabinet nominees, some of them women who have failed to pay required taxes under existing law**, according to an item to appear in this week's US NEWS. The magazine will report that Congress will amend the relevant 1954 law to raise the quarterly threshold for filing such taxes from \$50 to \$300. Taxpayers will be permitted to file the data and pay the taxes as part of the regular IRS Form 1040. Also, in an effort to defuse charges that it maintains a double standard on past tax compliance for men and women, the White House will nominate to top jobs several women who have failed to pay taxes for domestic help, arguing that the problem is commonplace and should not bar otherwise qualified candidates. (US NEWS, 3/8/93)
- o **ABC News is urging its local affiliates not to cooperate with White House efforts to circumvent the national media**, according to an item to appear in this week's US NEWS. The magazine will report that ABC News executive vice president Paul Friedman has warned local stations not to let themselves be used by White House communications office offers of direct interviews with cabinet officers and other

To: Greg

March 12, 1993

From: Jim

Re: Aviation Industry Commission

The Wall Street Journal ran an article on Monday (attached) which the Vice President contributed to that implied that the White House is moving ahead with plans to appoint an "inter-agency" task force on the aviation industry. As you know, Pena recently announced a 90-day bipartisan commission of experts with a broad mandate to investigate the problems of the aviation industry. I wouldn't, however, characterize it as an "inter-agency" task force. I was under the impression that, given the Pena announcement, we were no longer pursuing an inter-agency task force. I wanted to confirm that with you.

COMMISSION MEMBERSHIP

The commission will be comprised of 15 voting members and several non-voting members. Of the 15 voting members, 5 will be appointed by the President, 5 by the House, and 5 by the Senate. It is my understanding that the voting members would generally be experts in aviation economics, finance, international trade, and related disciplines who can represent airlines, passengers, shippers, airline employees, aircraft manufacturers, general aviation and the financial community -- not agency representatives. Of the non-voting members, one would be a member of the Administration appointed by the President. Complementary bills to establish the commission have been introduced and are expected to move quickly.

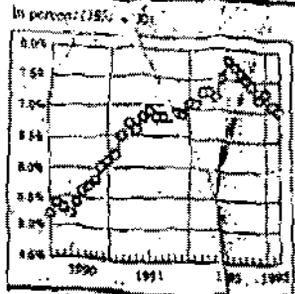
INFO TO THE VP

Right before the Pena press conference, we included a memo in the briefing book detailing the commission, its composition and goals. As part of the Southwest Airline event background in Thursday's book, we included a more detailed description of the commission -- this was after the WSJ interview.

QUESTION AT HAND

Do we need to 1) continue with efforts to establish an inter-agency task force (not recommended), 2) clarify the status of the Pena Aviation Commission and the diminished need for an inter-agency group, or 3) since the WSJ and not the VP made the characterization of an inter-agency group, assume that it was a WSJ characterization? I believe the latter to be true but please advise.

Unemployment Rate



UNEMPLOYMENT in February fell to a seasonally adjusted 1.6% of the civilian labor force from 1.1% in January, the Labor Department reports. (Article on page A2).

The Outlook

The Irony: Clinton Plan May Curb Job Growth

NEW YORK
As a presidential candidate, Bill Clinton talked a lot about two goals: reducing deficits and creating jobs. Now, as president, he has proposed an economic program that may achieve some progress on the deficits but may damage the already weak job market.

Ever since the recession ended, growth in employment has been pitifully slow. American companies have been pressured by international competition to cast off unneeded capacity, moderate equipment and export jobs to cheap-labor regions. In addition, the increasingly high-tech economy is plagued by a growing mismatch of job requirements and labor skills available.

And despite a surprising surge in payroll employment and a 0.1-point drop in unemployment announced Friday, strengthening the job market will be difficult. Even the 4.8% annual rate of growth in the 1992 fourth quarter—the biggest gain in five years—only modestly bolstered employment. Moreover, few economists expect economic growth to maintain that pace.

That is especially bad news if Edward Hyman of International Strategy & Investment is right. Assuming 1.3% demographic growth in the labor force and at least a 1.2% increase in productivity, he figures that 2.5% real growth would be needed just to keep the unemployment rate from rising.

In this troubled environment, President Clinton is pushing a wide-ranging program. But forcing a lot of change in a hurry can be risky; that is one reason the New Deal did so little to end the Depression. And however justifiable Mr. Clinton's economic plans may be, in view of the huge budget deficits, many of his proposals would impede growth in employment. David Reister of Nomura Securities International Inc. puts the cost at 400,000 jobs by the end of 1994.

The heart of the Clinton program is a sizable tax increase, whether acknowledged as such or smothered and mirrored into a "spending cut." Mr. Hyman believes that the proposed increase in federal tax revenues would reduce inflation-adjusted growth in gross domestic product by one percentage point in 1994, 1995 and 1996. As a result, he says, "We are lowering our 1994 real GDP growth estimate from 4.0% to 3.2%."

If the various tax proposals are considered individually, it seems inescapable that the rise in taxes on companies, which do most of the hiring, and on the affluent, who do much of the investing, would slow job creation. In addition, the president wants higher energy taxes, which would hit everyone—and industry in particular.

That pressure on employers would be aggravated by a series of Clinton proposals that would unintentionally discourage hiring. The administration wants to stick companies with higher job-training costs, a higher minimum wage and, probably, higher health-care bills. The already signed family-leave bill may be laudable, but will raise companies' costs, too.

In addition, many officials on his team clearly want to restore some of the regulations eased during the Reagan years—particularly the environmental regulation very dear to Vice President Gore but very costly to American industry. Moreover, government regulation tends to be especially burdensome to small business, which created most of the jobs in the 1980s.

At the same time, President Clinton is proposing some direct job cuts, which may be the death knell in their own right but are

Cloudy Issue

Aiding Aviation Firms, As Clinton Vows to Do, Will Be Very Tricky

Targeting Europe's Airbus, For Example, Will Hurt U.S. Airlines, Jet Makers

Is It a 'Lose-Lose Situation'?

By Bob Davis and Bruce Ingersoll, Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON — President Clinton is promising to pull the nation's plummeting aviation industry out of its slump. The course he charts as pilot-in-chief will still just how far his administration is willing to go to help U.S. industry.

But Mr. Clinton is embarking on a dangerous course that may land him in a political and economic morass. His strong rhetoric is running well ahead of any specific plans by his government to help airlines and aircraft manufacturers — indeed, his comments in Detroit last month caught many high-ranking officials by surprise. He runs the risk of creating expectations of a huge rescue plan that he can't deliver.

And despite his good intentions, any policy to help the aviation industry can easily backfire. For example, jumboing Airbus Industrie, the giant European aircraft consortium, to trim subsidies could have the effect of raising prices on all aircraft at a time when U.S. airlines can ill afford higher costs. Threatening a trade war over subsidies can backfire on U.S. aircraft makers who sell in Europe and on U.S. carriers who want more landing rights there. Creating government-funded ventures to develop next-generation airplanes can produce technological boondoggles that lawmakers keep alive to protect jobs in their districts.

The Nuances

President Clinton may find himself in a "lose-lose situation," cautions Roger Noll, a Stanford University economist. "Either we lose aircraft (business), or we get into a subsidy war with Europe." Even Boeing Co. — which is supposed to be a major beneficiary of the president's attention — is cautious. The president has "the best of intentions," says Lawrence Clarkson, Boeing vice president of government affairs, but trade negotiators must understand the "nuances" of the company's competitive situation.

Vice President Gore says the White House is moving ahead quickly and plans to appoint an interagency task force to work out the technology, trade and tax questions burdening the industry. "We want to arrive at a thoroughgoing strategy for restoring the health of the aerospace industry," he says in an interview.

The dilemmas and contradictions are already emerging. A mainstay in Mr. Clinton's economic package is an energy tax that the airlines claim would eventually add more than \$1 billion a year to their jet-fuel bill, undermining their chances for staying afloat of a comeback. Mr. Clinton's health-care plans will almost certainly add to their costs as well. But exempting airlines from such burdens would encourage other industries to seek favors, leading to a general unraveling of the president's economic package.

Important Precedent

And Boeing fears that if the U.S. cracks down on subsidies to Airbus, it will be forced to do the same in China.

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Patter of Little Feet Begins to Reverberate In the Halls of Power

New Officials With Children Bring a Fresh Perspective To Family Policy Making

By GAYLE TRACY

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — Until she found a day-care center for him, Shirley Sagawa often arrived for work at the Clinton White House with her infant son, Jackson. "He's been in meetings with the first lady and senior policy officials," says the special assistant to the president for domestic policy. "They've been very supportive. Hillary Clinton herself said, 'Please bring him in if you need to.'"

On Capitol Hill, when Environmental Protection Agency Administrator Carol Browner, 37 years old, brought her five-year-old son Zachary to her Senate confirmation hearing, 73-year-old Ohio Sen. Howard Metchum gallantly offered to mind him. New Sen. Patty Murray, a Washington Democrat, drove to the Capitol from Seattle — 12 hours a day for 5 1/2 days — with her husband and two children, ages 13 and 13. Now they meet at her office after work for dinner and, often, a movie.

A Common Link
The baby-boom generation has taken the reins of government, and it is looking for a good baby sitter. Starting with the first family, many now are working couples with young children. Their struggles with day care, schools and demanding work schedules forge a common link with a generation of dual-worker and single-parent families. And those efforts already are helping to shape U.S. policy.

The first law Mr. Clinton signed as president was a bill ensuring more time off for working parents for family emergencies, a bill that was vetoed twice by President Bush. Sen. Murray voted for the bill amid memories of her first pregnancy, when she had to quit her job as an executive secretary because her employer wouldn't give her time off after the birth. "Everybody takes their personal experience into their job," says Ms. Sagawa, who leaves her job during the day to visit with her infant at the nearby day-care center. "It can't help but form your view of what's best for families."

Sharing working-family experiences doesn't necessarily mean the generally affluent Clinton officials fully understand the struggles of the poorer American fam-

Cloudy Issue: Helping Aviation Industry, as Clinton Promises to Do, Will Be an Extremely Tricky Task

Continued From First Page
West Coast, regions politically important to the White House.

And the president can paint the competition as a bad guy — Airbus has been propped up by somewhere between \$13 billion and \$28 billion of subsidies — so long as he conveniently overlooks the massive help the U.S. has provided its aerospace giants through military and space contracts. "You can't go through a presidential campaign and not have impressed on you the challenges facing the aerospace industry," Vice President Gore says.

Mr. Clinton has played the issue to the hilt. He has criticized the country during the past three weeks, blasting European subsidies of Airbus and highlighting the woes of U.S. aviation. Last month, he promised a "strategy" to revive commercial aviation at a Detroit town meeting; he singled out aerospace as a "critical" industry deserving "special attention" in his State of the Union address; and at a sprawling Boeing plant in Everett, Wash., he vowed "to change the rules of the game" so Europe could no longer subsidize Airbus.

The president seems "obsessed" with helping beleaguered aviation, says Morten Beyer, an aviation consultant. And the industry does need help. After decades of highflying success, it has run into its steepest decline since the Vietnam War.

Airlines, bloodied by seemingly suicidal fare wars, are staggering from losses exceeding \$10 billion since 1989. Their basic problem: too many planes chasing too few passengers. Aircraft manufacturers, in turn, have seen hundreds of airliner orders canceled or postponed. What is worse, the industry's slump comes at a time of cutbacks in defense spending and major Airbus layoffs. The two commercial aircraft builders, Boeing and McDonnell Douglas Corp., along with other aerospace companies, have jettisoned 340,000 jobs over the past four years.

In Detroit, Mr. Clinton promised a machinist that he isn't "going to roll over and play dead" in the face of the Airbus challenge. But so far he has made mostly modest proposals. His economic plan calls for a \$550 million increase in aeronautics research at the National Aeronautics and Space Administration over four years, which would lift spending by about 10% a year. (Researchers there say they still don't know what they are supposed to use the extra money for.) He also decided to keep building the \$30 billion space station, even though many of his advisers consider the project a turkey, largely to preserve aerospace jobs.

And he has instructed U.S. Trade Representative Mickey Kantor to try to renegotiate an international aircraft agreement, so that the four European governments, which now can pay one-third of development cost of new Airbus aircraft, would have to reduce future subsidies. U.S. trade negotiators hope that Europe will see it in their interest to reduce subsidy levels as a way to block other governments — Russia or Japan, perhaps — from creating their own commercial-aircraft industry.

For the most part, though, the president is playing for time by using the oldest trick in Washington: appointing a study panel when you are at a loss about what to do. The 15-member commission is expected to make recommendations in 90 days on how to revive airlines and aerospace companies. Mr. Gore says the White House review will parallel the study commission and report at the same time.

Sen. John Danforth regards the panel as something of a 90-day timeout. "I don't think it takes a wizard to discern what's

problems in following through on his yen to help the aircraft industry. Sen. Danforth and Sen. Max Baucus, a Montana Democrat, have co-sponsored legislation requiring the administration to launch a trade case against Airbus on charges of unfair subsidies. Such action could result in the U.S. placing stiff tariffs on Airbus imports. But that would provoke Europe into retaliating, with dire consequences for Boeing and McDonnell Douglas, which sell far more planes in Europe than Airbus sells in the U.S.

Making matters even more complicated, Airbus planes use U.S.-made jet engines and other parts, while Boeing and McDonnell Douglas planes have a large number of European components. So retaliation would penalize companies on both sides of the Atlantic in bizarre ways.

As an alternative, Mr. Tharow, the MIT economist, and Ms. Tyson, the White

House economist, suggest matching Airbus subsidies with U.S. aid. "You say, 'You play that way, we'll play that way too,'" says Mr. Tharow. But Ms. Tyson also warns in her book that such tactics could still spark a trade war fought with subsidies instead of tariffs.

One way out of this bind, administration officials say, is to direct most aerospace aid to future technology projects. This would help Boeing and McDonnell Douglas leapfrog foreign rivals with either a supersonic passenger jet or a jumbo-sized conventional airliner. To build them, aircraft makers would need new computer-design techniques, ultra-light materials and advanced electronics, says John Gibbons, President Clinton's science adviser. Developing such technologies would fit into the president's technology plans.

In the past, aircraft makers have adapted military planes for civilian pur-

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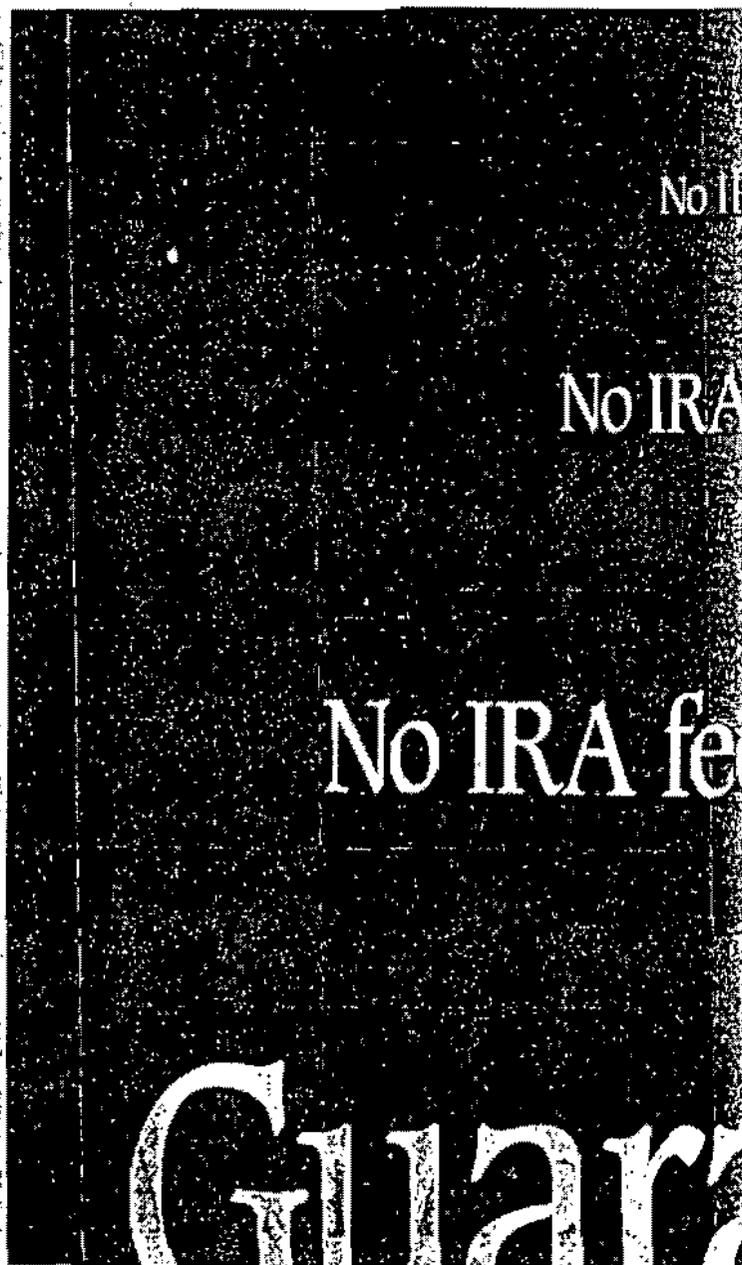
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...to their job," says Mr. Sagawa.
...leaves her job during the day to visit
...with her infant at the nearby day-care
...center. "It can't help but form your view of
...what's best for families."

Sharing working-family experiences
doesn't necessarily mean the generally
affluent Clinton officials fully understand
the pressures on average American fam-
lies. "I don't think [Mr. Clinton] really
gets it," says Heidi Brennan, 29, who gave
up a management-consulting job to stay
home with her four children in Arlington,
Va. She says families need a range of
policies, from helping parents to stay home
with their children to better services for
those who work.

Remembering 'Roseanne'

The Clinton guard has to be sure
that its work-and-family balancing act
doesn't just reflect the problems of, say,
the wealthy law-partner couple on televi-
sion's "L.A. Law" without acknowledging
the working-class miles on "Roseanne,"
warns Ralph Whitehead, a University of
Massachusetts professor who studies gen-
erational change.

"It can either be a wall or a bond,"
he says. "They can allow it to seem to
be a new form of privilege or they can
use it as experience that connects them to
the day-to-day experience of a vast number
of working parents in this country."

But from education to health-care re-
form, the new guard says it will be a voice
for change. Sen. Murray, who ran for
Congress as "a mom in tennis shoes,"
wants to represent two-worker families.

Please Turn to Page A6, Column 1

That pressure on employers would
be aggravated by a series of Clinton
proposals that would unintentionally
discourage hiring. The administration
wants to stick companies with higher
job-training costs, a higher minimum
wage and, probably, higher health-care
bill. The already signed family-leave
bill may be laudable, but will raise
companies' costs, too.

In addition, many officials on his team
clearly want to restore some of the regula-
tion eased during the Reagan years—partic-
ularly the environmental regulation very
dear to Vice President Gore but very
costly to American industry. Moreover,
government regulation tends to be espe-
cially burdensome to small business, which
created most of the jobs in the 1980s.

At the same time, President Clinton is
proposing some direct job cuts, which may
be highly desirable in their own right but are
job cuts nonetheless. He says he wants to
eliminate 100,000 federal jobs to make the
government more efficient. More important,
he wants to accelerate the defense cut-
backs—and that is a major item.

Stephen S. Roach, an economist at Mor-
gan Stanley & Co., notes that "defense
downsizing has already eliminated more
than one million jobs from the military-
industrial complex. And most studies sug-
gest that another one million jobs in the
defense sector will be cut by the end of
1996—an outcome that could well be on the
conservative side." That may help the econ-
omy eventually, but is costing jobs now.

The health-care proposals under discus-
sion are likely to cut both ways as well.
Although the ever-escalating medical bur-
den on the economy simply must be reduced,
any such reduction, or even a leveling-off,
would inflict damage. Edward Yardeni of
C.J. Lawrence Inc. notes that the health-
care industry, by adding 545,000 jobs, "has
accounted for two thirds of the job gains
since the expansion started in April 1991."

Paradoxically, even some Clinton
proposals designed to help American
industry may discourage hiring. If an
investment tax credit does spur com-
panies to step up further their capital-
spending, presumably the automated,
labor-saving equipment that they buy
may eliminate some workers.

All these depressants on the labor mar-
ket, the Clinton people expect, will be alle-
viated by a federal program to create 500,000
jobs. Their main hope, however, lies in their
anticipation of further drops in interest
rates as, and U. budget deficits dwindle.

"By coming up with a credible deficit-re-
duction plan," says Bruce Stenberg of Mer-
rell Lynch & Co., "the Clinton adminis-
tration may ultimately provide far more stim-
ulus to the economy via lower interest
rates than it could possibly have done by
proposing a more traditional tax and spend
plan. Lower rates both reduce interest ex-
pense and lower the cost of capital."

But many economists say job-creating
investment is influenced more by market
demand and profit prospects than interest
rates. And even if the president's bet on
lower rates succeeds, the job market is
likely to stay weak for some years.

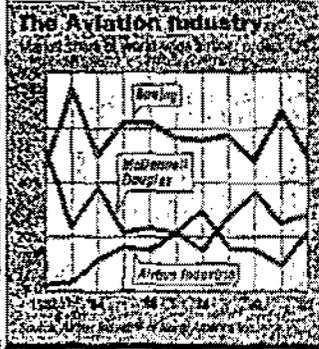
—HENRY F. MYERS

House is moving ahead with plans
to appoint an interagency task force to
work out the technology, trade and tax
questions burdening the industry. "We
want to arrive at a thoroughgoing strategy
for restoring the health of the aerospace
industry," he says in an interview.

The dilemmas and contradictions are
already emerging. A mainstay in Mr.
Clinton's economic package is an energy
tax that the airlines claim would eventu-
ally add more than \$1 billion a year to
their jet-fuel bill, undercutting their
chances for staging much of a comeback.
Mr. Clinton's health-care plans will almost
certainly add to their costs as well. But
exempting airlines from such burdens
would encourage other industries to seek
favors, leading to a general unravelling of
the president's economic package.

Important Precedent

And Boeing fears that if the U.S. cracks
down on human-rights violations in China
by withdrawing preferential tariff treat-



ment, as Mr. Clinton has hinted he might,
the company could lose billions of dollars of
sales in China to Airbus.

How the president decides to tackle
aviation issues will set a clear precedent
for other industries, from autos to high-
speed rail, that are seeking government
help in fending off foreign competitors and
developing new technology. Lester
Thurow, dean of Massachusetts Institute
of Technology's Sloan Management
School, whose writings Mr. Clinton quoted
to some Boeing workers last month, says
the president should follow up an aviation
rescue with one for the U.S. consumer-
electronics industry. In a recent book
published before he became chairwoman
of the Council on Economic Advisers,
Laura D'Andrea Tyson cites aviation's
travails to justify boosting subsidies of
high-tech industries.

"Rather than hope that foreign inter-
ventions in industry will cease, the U.S.
will have to respond with offsetting inter-
ventions at home," Mr. Tyson writes.

Some of the president's advisers con-
sider aviation an ideal opportunity to test
an interventionist strategy. The U.S. is the
world leader in aircraft production and
airline services. Both are glamorous, high-
tech industries, both have been symbols of
U.S. economic prowess over the years, and
both employ millions in the Midwest and

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ITS

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- C. POLITICS & POLICY: Fundits warn Clinton of the three I's. A14.
- ADVERTISING: Magazines court vodka ads for Absolut clout. B6.
- WASHINGTON INSIGHT: El Salvador sees threat in ghosts of past. A8.
- REVIEW & OUTLOOK: School choice spreads across the U.S. A12.
- OPINION: Clinton may want the Fed to loosen money; it shouldn't. A12.
- LEISURE & ARTS: World War II TV movie, 'Silent Crisis,' A10.

way to block other governments — Russia or Japan, perhaps — from creating their own commercial-aircraft industry.

For the most part, though, the president is playing for time by using the oldest trick in Washington: appointing a study panel when you are at a loss about what to do. The 15-member commission is expected to make recommendations in 90 days on how to revive airlines and aerospace companies. Mr. Gore says the White House review will parallel the study commission and report at the same time.

Sen. John Danforth regards the panel as something of a 90-day timeout. "I don't think it takes a wizard to discern what's wrong with the airline industry," the Missouri Republican says. (McDonnell Douglas is based in St. Louis.) The consensus is that the industry has four basic problems: too much capacity, too little capital, too much debt and, when it comes to pricing, too little restraint. Finding solutions is another matter.

There is so much bad blood among the airlines that beyond certain types of tax and regulatory relief they can't even agree what to ask the government for. The Big Three—UAL Corp.'s United Airlines, AMR Corp.'s American Airlines and Delta Air Lines Inc.—want to thwart foreign investment in U.S. carriers and limit the time insolvent carriers can operate under bankruptcy-law protection. Their weaker rivals want just the opposite.

President Bush was stumped trying to help troubled airlines. After Iraq invaded Kuwait, and fuel prices soared, President Bush's aides began looking for ways to strengthen the carriers. But they couldn't find much that would help, short of "hardly subsidizing the industry," says Jeffrey Shater, the Transportation Department's policy chief under President Bush. "I worry about inflicting expectations beyond any reasonable level," he adds.

President Clinton faces equally vexing

Purina Mills Is Placed On Sales Block by BP

ST. LOUIS (AP) — The parent company of Purina Mills is reorganizing and has put the big animal-feed business on the block.

BP Nutrition, a subsidiary of British Petroleum PLC, said it hired First Boston Corp. to examine ways to sell Purina Mills, the large maker of animal feeds.

BP Nutrition bought Purina Mills from St. Louis-based Haisson Purina Co. for \$545 million in 1988. Purina Mills had been the foundation of Haisson Purina, which is now a major marketer of pet food, baked goods, batteries, cereal and baby food.

Purina Mills has about 550 employees in the St. Louis area.

The proposed sale of Purina Mills is part of an asset sell-off by British Petroleum in London. The company has been restructuring over the past 12 months and expects to sell \$2 billion of assets this year.

The company has said it plans to concentrate on exploration, refining and marketing of petroleum and on its chemical businesses.

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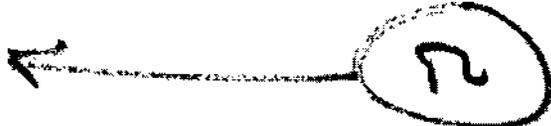
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DECEMBER 15, 1993

MEMORANDUM FOR JACK QUINN

FROM: JIM KOHLENBERGER 

SUBJECT: AIR TRAFFIC CONTROL COMMITTEE

Michael Deich at the NEC and Bob Stone have been at odds for the last week over a single sentence in the soon to be released Civil Aviation Initiative. I know its sounds trivial but it deals with the Committee that is looking at the Corporation for Air Traffic Control. The initiative was developed by an interagency group co-chaired by Pena and Tyson. Bob insists that the offending sentence must go and that there is no middle ground language. Michael firmly believes that the President needs an escape valve should the facts point to other alternatives other than a corporation.

To resolve the issue, both have agreed to stand by whatever decision you may make in the matter -- sorry to put you on the spot. Personally, I think the offending sentence can be re-written for common ground.

In terms of the committee itself, we can be relatively confident that it will produce the NPR structure of a corporation. Generally speaking, all the players on the committee including the chair (who Elaine is hot on) are supportive of the corporation save two -- OMB and FAA. Bob however, argues that the chairman needs the strong language contained in the Initiative (without the offending sentence) to keep the corporation on track in the committee.

To present their respective cases, Bob is going to have Elaine call you and Michael has written the attached memo. I have also attached a copy of a page from the draft with the sentence bracketed.

OPTIONS

Take the offending sentence out. _____

Keep the offending sentence _____

Here's a better sentence _____

Other _____

PART 1. REVITALIZING DOMESTIC AVIATION

Actions To Make The Air Transportation System Safer And More Efficient

The Administration is acutely aware of the importance of operating the nation's air transportation system as safely and efficiently as possible. This entails efficient, high-quality air traffic control services, timely implementation of cost-saving technologies, continued support for the development and application of cutting-edge technology and products, and improved utilization and management of the airspace system. To these ends, we will:

Restructure ATC Services

In response to recommendations of both the National Performance Review and the National Airline Commission, a committee of Administration experts is developing a detailed plan to restructure FAA's Air Traffic Control (ATC) services as a government corporation. [The Committee is evaluating the corporate model against reforms that are realistically achievable within FAA's existing organizational structure.] Our goal is to make ATC more business-like and to overcome certain chronic impediments to good management, such as inflexible personnel rules and burdensome procurement regulations, that have frustrated efficient and effective delivery of ATC services. The committee will present its restructuring proposals, together with the draft legislation needed to implement the changes, to the Secretary of Transportation in April 1994. The Secretary will work with Congress to enact any required legislation.

The committee is comprised of senior officials from the Departments of Transportation and Defense, the Office of Management and Budget, the Council of Economic Advisers, the National Economic Council, the National Performance Review, and other agencies. The Committee is seeking a corporate structure that will streamline procurement, simplify the personnel process, provide funding stability, ensure continuity of leadership, and reduce the incidence of unnecessarily detailed management oversight. The committee is evaluating the implications of the corporate model for aviation safety, productivity, responsiveness to customer needs, national defense requirements, and other key issues. Suggestions and concerns regarding the delivery of FAA services are being solicited from the aviation community, Congressional representatives, industry leaders and other aviation experts.

THE WHITE HOUSE
WASHINGTON

December 15, 1993

MEMORANDUM FOR JACK QUINN

FROM: Michael Deich (MD)
NEC

SUBJECT: Draft Civil Aviation Initiative

The draft aviation initiative recently sent to the NEC Principals states that the Administration is developing and evaluating a plan to restructure the FAA's air traffic control services as a government corporation. This proposal stems from an NPR recommendation.

The draft now uses language that provides an escape clause: "The Committee is evaluating the corporate model against reforms that are realistically achievable within the FAA's existing organizational structure." Bob Stone argues that both the Vice President and the President are committed to restructuring the FAA as a corporation, and has asked that we eliminate the sentence offering an escape clause.

I think we should preserve the escape clause. First, the current language would allow the Administration to propose FAA reforms that are short of corporatization, but still bring to bear the "market dynamics and private sector management" that the VP and President seek, without reneging on a public commitment. Why box the Administration into a particular position before all the facts are known?

The broader language would also help us with the Congress. The corporatization proposal is opposed by those Members of Congress with jurisdiction over the FAA. If the Administration is to push corporatization through Congress, it first will have to convince Members that a simple reform of the existing organization will not be enough. Since we will have to make this case in any event, why not acknowledge this up front and state that the Committee will develop the case?

Please let me know whether you are willing to keep the sentence. Many thanks.

**VICE PRESIDENT AL GORE:
DOMESTIC POLICY ACCOMPLISHMENTS:
8 YEARS OF VISION AND LEADERSHIP
1993 – 2000**

Vice President Gore has been the most active Vice President regarding Domestic Policy that any other Vice President in history. During his eight years as Vice President, he championed telecommunications technology and the Internet to help unleash new innovation and economic opportunity. He led the effort to deregulate the telecommunications industry which led to the historic Telecommunications Act and a new tool that parents can use to control to ensure that television reflects their own family values -- the v-chip. He has led the effort to bring cutting edge technologies into our schools, connect our classrooms to the Internet and connect our children to the future. He has been in a leader in our commitment to space, announced a new effort to develop a Next Generation Internet, and fought to make the Internet family friendly.

Al Gore understood that ever since our nation's founding, our boundless search for new frontiers -- our ceaseless quest for knowledge and discovery -- has defined the American experience. Today, more than at any time in our history, the strength of our economy, the health of our families, and the quality of our lives depend on advances in science and technology. Our economy has never been more driven by science and technology than it is today. In fact today, information technology alone accounts for one-third of America's economic growth. These are the impacts of scientific research that we can see. Al Gore understood that the real role of science is in the things we can't see. The American story is a story of looking over the horizon, of human achievement, of wonder, and imagination. Al Gore fought to promote and sustain the innovation that is now driving the economy well into the 21st century.

TELECOMMUNICATIONS REFORM

- **Passing a Telecom Reform Bill**. Al Gore had popularized the term "Information Superhighway" as a member of Congress, passed critical pieces of legislation that led to the development of the Internet as we know it. As Vice President, he decided to take the next major step in the information revolution -- telecommunications reform. In twin speeches, at the National Press Club on December 21, 1993 and at UCLA on January 11, 1994, Al Gore outlined the Administration's communications policy and identifying the key challenge for the government: revolutionary technologies are opening the door to a potential future with a new information marketplace that should forever change the way every American lives, works, learns, and communicates. In the speeches, he outlined five principles for the answer to this challenge: (1) Encourage Private Investment; (2) Provide and Protect Competition; (3) Provide Open Access to the Network; (4) Take Action to Avoid Creating a Society of Information "Haves" and "Have Nots"; (5) Encourage Flexible and Responsive Governmental Action. At the same time, the administration unveiled draft legislation -- and a de-regulation scheme -- that adhered to these principles and contained many of the key components of the ultimate Telecommunications Act of 1996. Throughout the process of passing the Telecommunications reform bill, the Vice President was actively engaged.

meeting weekly with the Administration's telecommunications advisors, and fighting for change that would lead to competition, consumer choice and lower prices.

Since passage, the Telecommunications Act's impact is extending throughout the economy:

- **The telecommunications industry has grown dramatically since 1996 and is increasingly a foundation of economic growth for the whole economy.** Revenues in communications services have grown 17 percent since 1996 while the broader information technology sector (which includes related industries that rely heavily on communications infrastructure) has contributed more than one-third of the growth of real output in the economy between 1995 and 1998.
- **The telecommunications industry has grown since 1996, creating 230,000 new jobs and generating \$57 billion more revenues.**
- **Prices have fallen, consumer choices have increased and the benefits of the digital age have been extended to more Americans.**

A WIRELESS REVOLUTION

- **The Vice President's 1993 Tie-Breaking Vote Helped Usher In A New Wireless Era.** The 1993 economic plan made wireless communications more competitive and led the way to the PCS market. The President and Vice President's 1993 economic plan, passed with a tie-breaking vote by Vice President Gore, authorized the Federal Communications Commission (FCC) to auction new wireless airwaves and usher in a new era of PCS wireless services. Later Gore would launch the PCS auctions and later make the first every PCS phone call by a public official. Since the Vice President's tie-breaking vote, Wireless competition has exploded across the country. [FCC Report: Telecommunications at the Millennium, Feb. 8, 2000]
 - **10% of Voice Traffic Now Carried by Wireless Phones.** In 1995, wireless voice minutes represented less than two percent of all voice traffic. This year (2000), wireless technology will carry more than ten percent of all U.S. voice traffic, as cell phones migrate from the executive suite to the home and the shopping mall and the teenager's pocket.
 - **5 Times more wireless phones in America.** In 1993, there were 15 million wireless phones in America. Today, there are 80 million.
 - **Prices dropped 40% since Act.** Since 1994, the average wireless bill has dropped 40 percent, and subscribership has increased four-fold. Seventy-five percent of Americans have a choice of five or more wireless carriers.
 - **Created 100,000 new jobs.** In the years since, wireless services have grown an average of 24 percent annually and created 100,000 new jobs. An estimated 60 million Americans now subscribe to mobile service – more than four times the number in 1993 –

and spending on wireless communications rose 14.3 percent in 1998, to \$50.2 billion [FIA press release, 3/5/99; Council of Economic Advisors, "Progress Report: Growth and Competition in U.S. Telecommunications 1993-1998," 2/8/99]

CONNECTING SCHOOLS AND LIBRARIES

In order for us to ensure that all our children may achieve the American dream, Al Gore has fought for efforts to empower them with the technological literacy they will need to succeed in a new and ever-changing information economy. For the very first time in our history, it is now possible for a child in the most isolated inner-city neighborhood or rural community to have access to the same world of knowledge at the same instant as the child in the most affluent suburb. That is why the Vice President has made it a priority to connect every schoolchild in every classroom in America to the information superhighway. The Vice President has championed the E-rate program, to bring low cost Internet access to schools across the country. He has also announced new efforts to make sure that teachers have the skills they need to ensure that they can use technology as easily as they use the chalkboard today; new efforts to ensure that we don't have a digital divide that separates people who have access to information and those that don't; and efforts to ensure that children and teachers have access to learning software that is as engaging for children as the best video games.

Gore: Setting the Agenda on Educational Technology

In 1994, in order to bring the promise of the information age to all of our children, Al Gore set a goal of connecting every classroom and library in the country to the Internet. At the time, only a handful of classrooms across the country had even access to a modem (3%) and as many as 35 children would share one computer. To achieve these goals, Al Gore laid out a vision of four pillars (computers, connections, teacher training, and learning content) to achieve this goal. He also helped to raise federal investments in educational technology from under \$30 million a year to more than \$900 million as proposed in the President's budget – up 3,826% from beginning of Clinton's first term. Additionally, Al Gore fought for and won the E-rate which is now putting the future at our children's fingertips with \$2.25 billion in help this year alone.

Results: Putting The Future At The Fingertips Of Our Children

For the very first time in our history, it is now possible for a child in the most isolated inner-city neighborhood or rural community to have access to the same world of knowledge at the same instant as the child in the most affluent suburb.

- **20 Fold Increase in Classroom Connections.** When Gore first laid out the challenge to connect children to the Internet, only 3% of classrooms were connected. Now, 63% of classrooms and 95% of schools are connected to the Internet. [National Center for Educational Statistics]
- **More Tools In the Hands of Children.** We have made stunning progress in getting computers to children in the classroom too. In 1994, 35 students had to share one multimedia computer. Today, less than 10 students have to share a multimedia computer. And there are now six children for every instructional computer (an instructional computer does not have to have multimedia computer). [EdWeek,

Technology Counts; Market Data Retrieval [Dept. of Education, National Center for Educational Statistics]

- **400,000 Teachers Getting Trained.** Under a program that the Vice President first proposed and announced, grants supported by the Department of Education are training 400,000 new teachers to use technology effectively in the classroom
- **Connecting Every School in Every Empowerment Zone.**
- **Research Shows Educational Technology Makes a Difference.** Research shows that educational technology can improve student test scores, reduce drop-out rates, and increase parental involvement in education. We have a responsibility to ensure that all of our children have access to these powerful new tools for teaching and learning as we enter the 21st century.

E-rate Timeline

There isn't a particular date of birth for the e-rate. Below are the significant dates in the birth of the e-rate.

- Jan 11, 1994 Gore, in speech to Superhighway Summit in California, lays out administration goals for telecommunications reform and articulates new goal of connecting every classroom and library to the Internet.
- 1994 State of the Union, President reiterates the Vice President's goal of connecting every classroom and library to the internet
- Feb 8, 1996, the President signs the Telecommunications Act which includes historic new provision to provide schools and libraries to the Internet
- May 8, 1997, the Vice President congratulates the FCC for their unanimous decision in which they agreed to the administration's proposal to provide up to \$2.25 billion a year under the e-rate program to connect schools and libraries to the Internet.
- Nov 23rd, 1998, the Vice President announces the launching of the e-rate and announces the first \$1.9 billion in e-rate funding to connect schools and libraries to the Internet.
- As of today, the E-rate has provided more than \$10 billion in funding to connect schools and libraries to the Internet and provide children and teachers with an incredible new tools for learning. At the point when the Vice President first outlined the goal for connecting schools and libraries to the Internet in 1994, only 3% of classrooms had access to a telephone line to connect a modem. Today more than 60% of classrooms and 95% of schools have Internet connections.

GIVING PARENTS THE TOOLS THEY NEED

Al Gore and Tipper Gore are leaders in the fight to give parents new tools to help raise their families in a changing world. They believe we can give parents the information and means to protect their children from inappropriate content, while also providing educational and instructional material that can lead to more healthy and productive lives. They fought for the V-chip and the television rating system to help parents take back control of their televisions; they helped create a music labeling system that notifies parents of explicit lyrics that may not be appropriate for children; and they encouraged the development of new and better tools for parents and teachers to protect children from inappropriate material on the Internet. Together, they have spoken out for more responsibility on the part of the entertainment industry and called for an immediate cease-fire in the marketing of violence towards children. While they cherish and honor the First Amendment that we all hold dear, they also believe that industry can do more to provide parents with real choices.

Giving Families A New Tool -- A Content-Based Television Ratings System. Striving to protect children from violence and adult content on television, the Vice President garnered a breakthrough agreement from the television industry to create a new content-based voluntary ratings system. The new system went into effect October 1, 1997, giving parents the information they need to determine if television shows are appropriate for viewing by their children and to identify which programs they may want to block from their homes through screening technology (the V-chip). The voluntary rating system includes age- and content-based ratings.

Helping Parents Control What Comes Into Their Living Room with the V-Chip. Five years ago, the Vice President Gore used his Family Policy Conference in Nashville to call for V-chip legislation -- to give parents new tools to help them screen out television programs that are not fit for their kids. Under strong leadership from the White House, the following year saw Congress enact the Telecommunications Act of 1996 which included V-chip legislation. As of January of this year, all new television sets 13 inches or larger contain the V-chip.

Hosting the White House Conference on Children's Television. The Vice President also want more positive educational programming on television. In July 1996, the President and Vice President convened the White House Conference on Children's Television to improve and expand educational television for children. Conference participants included parents, industry representatives, advocates, experts and advertisers. At the Conference, the television industry joined with the President and agreed to air more educational and instructional children's shows.

Encouraging More Educational Television. At the President and Vice President's urging, the Federal Communications Commission (FCC) adopted clear and concrete rules to encourage the development and promotion of TV programming that would be both welcomed by parents and watched by children. The rules require three-hours of regularly scheduled, half-hour weekly educational and instructional programming as a requirement for license renewal.

Promoting a "Family Friendly" Internet. The Vice President has worked to make cyberspace a safe place for children. In 1997, the Administration has enlisted the assistance

of numerous stakeholders, including industry leaders, teachers, parents, Internet users and librarians to work towards the creation of a "family friendly" Internet. The Administration's three part strategy includes: (1) industry commitments to provide blocking, filtering and labeling technology for use by parents and teachers using the 'Net; 2) effective enforcement of existing laws; and 3) increased parental awareness and involvement. This strategy is designed to give parents and teachers the tools they need to prevent children from getting access to inappropriate material on the Internet, and to guide them towards high-quality educational resources.

Keeping Children Safe on the Internet with the Parents' Protection Page. In the wake of the Columbine Tragedy last year, the Vice President announced the parents' protection page, an important new commitment by the country's premiere Internet companies to give parents the resources they need to protect their children from inappropriate material on the Internet. The parents' protection page, now known as GetNetWise.com, provides parents with the tools and knowledge to supervise and guide their children's online activities. In addition to giving parents access to more than 100 blocking, filtering and monitoring tools, this page includes information for parents, teachers and children on how to report crime or other troubling activity online. The parents' protection page also can serve as a guide to finding the vast array of high quality educational materials online.

PROMOTING TECHNOLOGIES OF THE FUTURE

- ◆ **Gore is led efforts to develop new, faster "Next Generation Internet."** Vice President Gore has championed the Next Generation Internet, which will move at speeds 1,000 times faster than today's. In April of 1998, the Vice President announced \$500 million in private investments that will encourage develop of this new, faster version of the Internet. [AP, 4/15/98]
- ◆ **Gore called for the creation of a new Global Information Infrastructure (GII).** Building on the National Information Infrastructure (NII) agenda he announced in 1993, Vice President Gore promoted the development of a global information infrastructure at a United Nations conference on telecommunications in 1994. The Global Information Infrastructure (GII) would create a global network of computer networks to expand access to basic phone service and communications, improve the delivery of education and health care, and create new economic opportunities around the world. [Penny Hill Press, 4/95; Los Angeles Times, 3/22/94]
- ◆ **Gore spearheaded the effort to increase e-commerce.** Vice President Gore is leading the Administration's efforts to promote and develop e-commerce on the Internet. In 1997, he articulated five guiding principles for e-commerce: private sector leadership, avoidance of undue restrictions, establishment of a legal environment based on a contractual model of law, recognition of the unique qualities of the Internet and facilitation of e-commerce. To further develop e-commerce, the Vice President supported a 3-year moratorium on Internet access taxes and taxes that discriminate against e-commerce and called for greater online privacy protections. [Computerworld, 6/29/98; "The Emerging Digital Economy II," Department of Commerce, 6/99]

- Since the President and Vice President laid out the framework for Global Electronic commerce, the President has signed the Internet Tax Freedom Act, the Digital Millennium Copyright Act, digital signature legislation, and legislation on children's privacy. The Administration has also negotiated a multilateral agreement to make cyberspace a "duty-free zone" – and bilateral and multilateral agreements to advance the Administration's principles on global electronic commerce.

A LONG-TERM COMMITMENT TO PROTECTING PRIVACY

Al Gore has been a leader in protecting personal privacy. Al Gore believes that protecting privacy is a core American value. As the information age unleashes a wealth of new information, we can not ignore the risks to individual privacy. That is why he has called for an Electronic Bill of Rights for this electronic age. It includes the right to choose whether personal information is disclosed; the right to know how, when, and how much of that information is being used; the right to see it yourself; and the right to know if it's accurate.

Protecting Children's Privacy: In July of 1998, Al Gore called for strong new measures to protect children's privacy on-line --by ensuring that data is not collected from children without their parents' consent. Later that year, the Congress approved and the President signed into law the Children's Online Privacy Protection Act of 1998. This new statute became effective this April. Now, children's web sites can gather personal information only with verified parental consent.

Stopping Identity Theft: Similarly in 1998, Al Gore called on Congress to pass legislation sponsored by Senators Kyl and Leahy to crack down on "identity theft," which is the fraudulent use of another person's identity to facilitate the commission of a crime, such as credit card fraud. Later that year, Congress passed and the President signed the Identity Theft and Assumption Deterrence Act of 1998.

Taking on Online Profiling. Responding to a request from Al Gore last summer, the Commerce Department and the Federal Trade Commission held a public workshop last fall on online profiling by companies such as DoubleClick. The workshop prompted intense work on an industry code of conduct, which is in the late stages of negotiation.

Protecting Medical Privacy. Although Congress has not passed legislation, the Administration has moved forward with major rules on medical records privacy, which will become final by this fall. As Al Gore announced in 1998, there will be no unique health identifier until and unless comprehensive medical privacy protections are in place.

Promoting Internet Privacy. Al Gore has been a champion for strong Internet privacy protection. In 1998, only 15% of commercial web sites had privacy policies. By May of this year that figure had risen to 88%. Although he continues to push for a higher quantity and quality of privacy policies, his leadership has brought substantial progress.

Prohibiting Genetic Discrimination. The President issued an executive order in February, 2000 prohibiting use of genetic information in hiring or promotion decisions in federal agencies.

Enforcing Financial Privacy. As Al Gore advocated in 1998, financial services regulators can now effectively enforce privacy policies under the financial services modernization bill enacted in 1999. That bill also included the notice and choice elements from the Al Gore's Electronic Bill of Rights.

New Steps on CyberStalking. Al Gore helped provide greater awareness about the growing issue of cyberstalking when he called for and then released a Justice Department report analyzing the nature and extent of the cyberstalking problem, current law enforcement and industry responses and the adequacy of existing federal and state laws. This report not only helped to create a greater awareness about the issue but also demonstrated the need for stronger federal and state laws.

Protecting Privacy of Domestic Violence Victims. In 1998, Al Gore announced a new policy to allow victims of domestic violence to change their Social Security number allowing victims of domestic violence to escape their abusers

Promoting New Technologies That Protect Privacy. Al Gore has been an early promoter of private sector technology development like the Platform for Privacy Preferences, or P3P, which he singled out in 1997, as a promising new technology for helping to protect privacy online. P3P allows computer users to set their privacy preferences and block sites that don't meet their standards. The P3P standard is set to be finalized in late June.

Al Gore: A Leader on Space

During his 8 years, the Vice President has played a key role in defining America's future in space by:

➤ *Protecting America's Investment in Space Exploration and Discovery*

Throughout his term in the Senate and as Vice President, Al Gore has supported our space program as a national investment in the future. The Vice President has played a key role keeping NASA's budget at a stable level, even when the fiscal pressure to balance the federal budget were at their peak. More importantly, when the Republican leadership sought to slash NASA funding by over \$1 billion last year to fund a Texas sized \$800 million tax cut, Al Gore was the first to step in and fight for restoration of the President's requested budget; From Houston, to Florida, to California and Maryland, Al Gore has personally visited NASA's facilities and has met the men and women who make up America's space program. From these experiences, he has gotten a first-hand impression of the important role that the space program plays in America's future and he is committed to ensuring that our proud tradition of space exploration and discovery continues in this century.

➤ *Transforming NASA into a High-Payoff Investment in America's Future*

When Al Gore became Vice President in 1993, only one-third of NASA's budget was devoted to the sciences and aerospace technology. Furthermore, NASA was criticized as having a bloated bureaucracy, employing too many civil servants (25,000), and pursuing missions that were too ambitious, too expensive, and took too long to develop. During that period, NASA was launching only two Earth and Space Science spacecraft each year, with an average cost of more than \$500 million and an eight-year development time.

Through the Vice President's leadership and, particularly, his efforts to reinvent government throughout federal agencies, NASA is a transformed agency. NASA's annual budgets are responsible in recent years and its civil service workforce is under 18,000, with its headquarters staffing at about half its 1992 level. The percentage of the NASA budget devoted to the sciences and aerospace technology has increased to 42%, even though the total amount appropriated to NASA by Congress last year is actually more than \$500 million less than when he came to office. Compared to 1991, NASA is now launching an average of eight spacecraft per year versus two, while developing them at one third the cost and in half the time. The cost of Space Shuttle flights is down by more than a third and all safety indicators are significantly improved.

➤ *Moving the International Space Station off the Drawing Boards and Into Space*

Under the Vice President's leadership, the International Space Station program has moved from a concept to a reality. Prior to the Administration's first term, 10 years and \$10 billion dollars had been spent on Space Station Freedom without a single pound of flight hardware ever launched. Today, the first components of the International Space Station are in orbit with plans for astronauts to move in this summer. During the five years since the Clinton Administration's 1993 redesign, the U.S. and foreign partners have built nearly a million pounds of flight hardware.

The International Space Station also serves a purpose beyond the scientific and technical advances that the program will yield. As part of the overall redesign of the program in 1993, the international partnership invited Russian participation in the program. The Space Station has served as a focal point for tens of thousands of Russian scientists and engineers during an unprecedented and sometimes unstable period in their evolution towards democracy. Even in the most tense moments of U.S.-Soviet relations, space cooperation was a symbol of our commitment to explore the universe on behalf of all nations. The long-term benefits of ending the Cold War space race and beginning a new chapter in US-Russian space relations will create a more stable, peaceful and predictable world for future generations. We can not fail to overcome the short-term challenges we face today and secure this future. The Vice President's leadership on the Space Station has also helped open new commercial partnerships with Russia. U.S. industry has broadened their competitive reach, partnering with Russian and Ukrainian firms involved in the Space Station to establish new commercial services and products in areas ranging from launch vehicles to satellites to rocket engines.

➤ *Opening Up New Opportunities for Revolutionary Space Transportation Technology*

In 1994, the Administration announced a strategy to pursue low-cost access to space, resulting in a 1998 government/industry announcement to design, develop and fly two new rockets that will reduce launch costs by 25 to 50 percent over the next 20 years. These steps will improve access to space for both commercial and government payloads well into the next century. In line with the Vice President's emphasis on forging new partnerships between industry and government, the government's investment in these new systems was matched by \$2 billion in private investment.

The Vice President has also led the way in encouraging NASA to push the cutting edge and invest in revolutionary reusable launch technology that can serve America's space program in the future. NASA is at work with its industry partners to build and fly reusable launch vehicle technology demonstration vehicles under a government-industry program. The long term goal is to reduce launch costs by a factor of ten within ten years. NASA has committed more than \$900 million to the X-33 program, along with more than \$200 million in private investment. Both the X-33 and the smaller X-34 well into their construction phase. The Vice President led the charge for a dramatic increase in funding for this next year's NASA budget, proposing a \$4 billion initiative over 5 years to take the next concrete step towards a new vehicle to replace the Shuttle.

➤ *Leading Efforts to Improve Shuttle Safety and Efficiency*

Since 1992, the Vice President has play a key role in supporting NASA's efforts to improve the safety and reliability of the Space Shuttle system, as well as its operational efficiency. Through a series of technical and process improvements, NASA has significantly reduced risks by improving the design of the Space Shuttle Main Engine. Since 1997, NASA has conducted 12 consecutive launches over the past two years within the prescribed launch window (excluding weather scrubs), and reduced the average number of in-flight anomalies by a factor of three since 1992. At the same time, operational efficiencies and performance improvements have combined to cut by half the cost per pound of payload delivered to orbit while decreasing overall program funding by more than 30%. To continue this record of safety and success, the Vice President fought hard for a \$250 million upgrades initiative to the Shuttle program in the Administration's current budget request.

➤ *Expanding Our Scientific and Technical Horizons in Space*

Since the first Hubble repair mission in 1993, Americans and people the world over have been astounded and inspired by an amazing succession of Hubble Space Telescope images that deepen and challenge our understanding of the universe in ways we could not have imagined even ten years ago. NASA's Mars Pathfinder and Sojourner rover likewise captured the imagination of people around the world during their mission of discovery in the summer of 1997. NASA's Lunar Prospector has detected evidence to suggest the presence of ice on the moon. Galileo's images and discoveries in the Jupiter

system suggest that there may be oceans on one of Jupiter's moons, Europa. And over the past few years, scientists from around the world have detected evidence for more than 20 planets around other stars in our galaxy—establishing the foundation for the Vice President's push for a \$900 million Origins initiative to detect and characterize planetary systems beyond our solar system.

The Vice President has been at the forefront of supporting NASA's efforts to expand our scientific and technical understanding of the universe. He has set NASA on a course of revolutionizing space exploration by replacing large, complex spacecraft with smaller, "faster, better, cheaper," and more frequent missions with shorter development times. This new approach to space exploration has allowed NASA to cut average development costs by more than half while almost doubling the number and frequency of Earth and space science missions. It also means that when failures happen, our entire exploration program is not halted. Over the past 5 years, the Vice President has played a key role in increasing funding for space science.

➤ *Advancing Our Ability to Environmentally Monitor Earth from Space*

Space-based Earth observation provides a wealth of valuable information for the protection of public health, safety, and national security. Understanding the requirement for an efficient earth observation systems, the Vice President led the Administration's efforts to save the Landsat 7 spacecraft. He also was instrumental in bringing NASA, NOAA and the USGS together to reduce redundancy in the operation of space-based observation systems, the Administration established a single, converged National Polar-Orbiting Environmental Satellite System (NPOESS), which activated a common ground station to control both DoD and NOAA weather satellites in 1997. The Vice President's support for these programs, as well as his leading role in supporting NASA's Earth Science and NOAA's satellite missions, has resulted in powerful new tools for analyzing weather, and for long-term prediction of floods, drought, violent storms, and other natural occurrences.

Gore Techs

Al Gore believed that innovation was the engine of economic growth and technology was its fuel. Beginning in January of 1997, he began a series of more than two dozen meetings with information age leaders from around the country in a series of conversations that he called Gore-Techs. These meetings focussed on how we can learn from this new economy and make a difference to real people. These leaders represented some of the brightest minds from some of the most innovative companies from a sector that is leading the country in innovation and economic growth. Many have organized themselves around a new set of new ideas where decentralization, customization, flexibility and innovation matter. What we have been discussing is how to unleash the innovate spirit in America and tackle some of the challenges that America faces like providing better educational opportunities and learning how government can transform itself taking advantage of these new ideas.

In April of 1997, these leaders brought together a group of 250 high-tech industry leaders to a White House event to announce that they would **endorse the President's national**

standards and testing initiative. These industry leaders also agreed to write to all governors, chief state school officers, and state board of education chairs calling on them to support national standards.

In June of 1997, they announced a **new multi-million dollar private sector fund to support public school reform**. The fund, spearheaded by many of these high-tech leaders, will support the start-up, speed-up and turn-around of public schools across the nation.

Also in June of 1997 they announced a **cutting edge information tool, called the Dashboard**, which will connect parents and teachers through the Internet. For example, parents will be able to track a child's math scores or learn more about their child's homework assignments. This tool was developed when several companies responded to a challenge I issued to find a creative way to help parents be more involved in their children's learning.

And several of these companies stepped forward as a result of our conversations and pledged specific help in **making the Internet family friendly** by pledging to make filtering technology and voluntary rating systems effective, easy to use, and widely available.

This is a new kind of working relationship for a new kind of economy. It demonstrates how we can bring some of the newest technologies to bear on some of our oldest of values. It is an example of the new ideas that we can and must bring to the table to accomplish social changes at a time when we are balancing our budget

Nafta Debate With Ross Perot

Al Gore has been an important voice, both within the White House and outside the White House, in seeking passage of important administration market opening initiatives like NAFTA where he took the lead in debating Ross Perot. There were a lot of people inside the White House who thought it would be hard to beat Ross Perot in a NAFTA debate because he was a sound bite king. They urged Gore not to debate Perot. But in the end, that giant sucking sound was the sound of job creation here in America.

REAL PEOPLE WHO HAVE BENEFITED FROM AL GORE'S EFFORTS

Laura Thiesen – The Little Girl from Carthage Tennessee.

Laura is reachable through Jackie Shrago at G2K in Nashville

Almost as soon as Al Gore started talking about the need for an Information Superhighway (20 years ago), he started using a fictitious example of a little girl from his home town of Carthage Tennessee who would one day be able to log on to the Library of Congress.

Although Laura Thiesen, a 9th Grader from Monterey High School in Monterey, TN (about 40 miles outside of Carthage), was not even born 20 years ago when he first started talking about his vision, she is benefiting today from it. Laura's school is now receiving E-rate money to connect to the Internet allowing her to log on to the Library of Congress from her classroom and every other library across the country that is now on the Internet. When Al Gore met with her last year, she told him how it is changing her entire career outlook and allowing her to chase her dreams. Now Al Gore wants to finish the job of connecting every classroom so that every child has access to the Internet and can chase their dreams

Ann Pulliam – Social Security Number used to steel identity

(703) 847-0820

In 1995, Ann Pulliam and her husband had their social security numbers used to steel their identities and had no legal recourse. Today, she still does not know how they got her social security number – it could have been sold. In 1998, she joined Al Gore in calling for new legislation to stop make identity theft a crime. Congress passed and the President signed such legislation later that year. The identity thieves first used the Pulliam's social security numbers to get credit cards which they then used to cash checks worth more than \$5,000. The scheme involved using the Pulliam's names to set up a phony company in Baltimore; listing the company as their place of employment on credit applications; and unlisting the Pulliam's home phone number to prevent credit card companies from verifying the information. Ms. Pulliam and her husband, who live in McLean Virginia, contacted the police and others but no one took up the cause on the grounds that the Pulliam's hadn't suffered any legally-recognized harm. Eventually the identity thief was put behind bars for mail fraud and attempted murder, not identity theft, after he tried to run down Secret Service agents who were investigating the matter. Now, because of the new legislation that Al Gore called for, identity theft is a crime.

Tim and Helen Remsburg (Amy Boyer's parents)

At the LA privacy event

(603) 881-4487

Just last year, Tim Remsburg brought the tragic story of his daughter's death to Al Gore's attention. Last year, a man named Liam Youens bought a 21-year old Amy Boyer's Social Security number for \$45 from an Internet web site. Armed with this critical private piece of information, he was able to locate Amy Boyer's place of work where he stalked and killed her. Al Gore, has called for new legislation to make sure that what happened to Amy Boyer, never happens to anyone else. Al Gore has proposed new legislation to make it a crime to sell Social Security numbers.

Victor Shen – In the most isolated area of the country – Now connected to learning
Doug Penn is his teacher/Principal (907) 472-2575
dpenn@wht.csd.gcisa.net

Victor Shen is a 16 year old Junior who is one of more than 30 million American children who are now online because of the Vice President's e-rate. Victor lives in Whittier Alaska – perhaps the most remote region of the United States. Whittier is cut off from the rest of the world for 6 months out of the year because of its remote location and severe weather. Victor was cut off from commerce, cut off from transportation, cut off from society, and cut off from pursuing his dream to become a famous mathematician. But thanks to Al Gore's effort and the e-rate, Victor's school is now connected to the Internet and Victor is now connected to learning and connected to his dream. Victor wanted to grow up to be a mathematician. But his teachers didn't have the best resources to teach him nor could they afford an Internet connection to connect Victor to his dream. But thanks to the E-rate, Victor can realize his dream. The Whittier Community School is now online because of the 90% discount they received from the E-rate. Now the E-Rate and the Internet are helping send Victor to Australia. He found and applied to the People to People Student Ambassador Program online and now he will be able to travel far beyond his small village of Whittier to become part of the global village. The E-Rate has enabled Victor and all the students of the Whittier Community School to expand the walls of the classroom and see all the wonderful opportunities that lie beyond Whittier.

Communities on Phone Patrol.

In order for people to feel safer in the communities they live, in 1996 Vice President Gore challenged the Cellular Telecommunications Industry Association to apply wireless technology to help the American people who join neighborhood watch groups to patrol their communities in the fight against crime. Less than two months later the, the wireless industry launched Communities On Phone Patrol (COPP) at a White House ceremony.

Results: 500,000 volunteers are protecting 53 million Americans with new phones: Since July of 1996, the wireless industry has armed 10,713 watch patrols with 12,457 wireless phones and airtime to make their communities safer. Today, nearly 500,000 volunteers are using wireless phones to protect 53 million Americans. These volunteer patrols with wireless phones are making a difference. Police departments and neighborhood watch groups from across the country are reporting a decrease in crime, improved safety for volunteers and safer neighborhoods due to the use of wireless phones. According to a study by the Community Policing Consortium, a national organization of law enforcement agencies which is administered and funded by the U.S. Department of Justice, wireless phone patrols report 42,000 crimes each month, totaling over 500,000 each year.

Making a difference in People's lives: More telling are the stories of the 34 police officers who report COPP phones have saved a life and the hundreds of community heroes who have used their wireless phone patrols to stand tall in their neighborhoods and take back their streets.

These people are reachable through Tom Wheeler, President of CTIA 202 736-3213

- **Marvin Hancock.** While on COPP patrol in Miami Florida, Marvin Hancock witnessed a waitress being stabbed and used his COPP phone to summon life saving medical assistance and help police apprehend the suspect. Marvin noted that the "cellular phone was the exact technology that he needed."
- **Cindy Bowen.** Cindy Bowen, a parent patrol volunteer in Reno, Nevada, helped save the lives of several young children caught in the crossfire of a gang fight by calling police.
- **Sherry Apelt.** Sherry Apelt, a seventy-year old grandmother, leads her neighbors on patrol every night in Philadelphia to make sure their families are safe.

LifePage The LifePage program was officially introduced in 1983 by then-Representative Albert Gore Jr., sponsor of the National Organ Transplant Act Bill, which created the organ waiting list, at a news conference in 1983. It provides potential organ transplant recipients with a way to remain in constant contact with their hospital without always having to be near a telephone through the use of pagers. The program has helped more than 40,000 transplant patients in just the last seven years. LifePage provides free pagers to patients awaiting organ transplants so they can be reached immediately when an organ becomes available. Gore held hearings in 1983 where Patients testified to Gore's Science and Technology subcommittee about great physical and psychological strain while waiting for word of a possible donor. They told of feeling chained to their telephones, fearful they might miss a critical phone call. The industry association PCIA named an award after Al Gore and now awards the Albert Gore Jr. LifePage award every year for people who have helped save lives through this program.

Examples

These People are reachable through: Lee Sampson --Manager, LifePage Operations
sampsonl@pcia.com
(703) 739-0527

Deena Hendrickson

Deena Hendrickson went to pick up her LifePage pager the morning of January 26, 1996 - her daughter, Alexa, was on the waiting list for a kidney. The very next day the hospital called the house, desperately trying to contact Deena to bring Alexa in, because a donor had become available.....however, Deena was in the shower and didn't hear the phone. As Deena stepped out of the shower she heard a strange noise, as she tried to locate its source, she realized that it was the new pager she had just been issued. She got the page, called the hospital and took Alexa in, with plenty of time to spare. The transplant was successful.

Darwin Sherrod

Darwin Sherrod, of St. Louis, MO, was enjoying a labor day picnic. A beautiful afternoon, spent with friends and family and lots of good food. During the course of the fish fry, he dropped his pager straight into the deep fry. Luckily, he retrieved it successfully, cleaned it off, and then twenty minutes later it started beeping! The hospital had found him a pair of kidneys. That was ten years ago.

Charles Horn

On December 17, 1996, Charles Horn was celebrating the holidays at a party at his hospital. Unbeknownst to Charles, an organ donor had been found and his transplant team was calling his home in Kennett, MO trying to find him. So even though he was in the same building where the transplant was to be performed, the team had no way of knowing his whereabouts, he would have returned home too late. Luckily the team had his pager number and the operation was successful.

Kenneth Anderson

Kenneth Anderson, according to his mother, Kathy, was in a state of healthy denial. He had been transplanted once already, and even though his body was rejecting the organ, he was still the most active person she knew. Always on the go, engaging in many activities, spending time with friends - his pager afforded him the opportunity to lead the life of a normal young person. On the day Kenneth got his transplant the hospital had tried to reach him at home, but not only was Kenneth at a friend's house, Kathy was out as well. The hospital was able to reach Kenneth through his LifePage pager, his friend drove him to the hospital, and today he is as active as ever.

Helen Mutono – Using E-Commerce to Save Orphans in Uganda who have lost family to AIDS.

Helen is reachable at (215) 247-8043 in Philadelphia or (256)-(45)-34727 in Uganda. Al Gore has a basket at home made by Helen Mutono, a Ugandan woman who uses the Internet to sell African baskets and uses the proceeds to help children who have been orphaned by AIDS in Africa. She is a great example of the power of electronic commerce and why Al Gore has tried to promote global electronic commerce. She recently wrote Al Gore to say: "For the grandmothers and aunts who are burdened with the responsibility of caring for these orphans, access to the Internet maybe the only way of reaching the global market and making real income from their handicrafts."

Infant Formula – Marvin Hill

In 1979, Gore led an investigation into infant formula and then passed the Infant Formula Act in 1980 to assure that infant formulas contain all the nutritional ingredients needed for proper development of babies. Marvin D. Hill, of Memphis, Tenn., testified at Gore's hearings that his 9-month-old son, Douglas, got sick after he was put on Neo-Mull-Soy infant formula that was marketed with an insufficient amount of Chloride, a life-sustaining nutrient. More than 130 infants who had been fed nothing but the deficient formulas didn't grow properly, suffering severe weight loss and malaise. At the time Marvin Hill, asked: "If you can't trust infant formula, how can you trust anything else you might eat?" (AP May 20, 1980) Gore brought the issues to light when he became concerned that his daughter Karenna may have been affected by one of the formulas.

Economy

- **Joe Bramante.** Bramante is a horse dentist in New Hampshire. Joe is a strong supporter of Al Gore because he has seen what his leadership on the economy has meant for him and others in his state. Joe met the Vice President at the WNDS forum in New Hampshire on December 14, 1999.

Environment

- **Diane Dayson.** Diane Dayson is the Superintendent of Liberty Island National Park in New York. She credits reading Al Gore's book *Earth in the Balance* with inspiring her as an environmentalist. The Vice President met Superintendent Dayson in April 1999, when she gave him a tour of the Ellis Island Museum.

Creation of Empowerment Zones

- **Joann Crowder.** Several years ago Al Gore met with Joann Crowder. She had been unemployed for eight years and was on welfare. A resident of the Detroit Empowerment Zone, she lived a couple of blocks from Piston Packaging and Automotive. She was hired by Vinnie Johnson, CEO, who has used federal tax credits and job training resources to employ and train residents living in the EZ. Joann has worked for the company since 1995. In May 1998, she met Gore again. She updated her personal story and told him about how her job had provided her with stability and savings and allowed her to assume her mother's mortgage. She now was a homeowner living in her neighborhood which is being revitalized by the residents.
- **Nancy Santana.** Four years ago, Nancy Santana was on welfare, and lived in an efficiency apartment in Philadelphia with her three children. With help from an empowerment zone grant that she learned about on the Internet, Nancy started a cleaning business that today employs twenty-five people. Nancy introduced the Vice President at the empowerment zone conference in Columbus, Ohio, on June 28, 2000.

Welfare-to-work

- **Tonya Phillips.** Tonya had been on and off welfare most of her life, so when the Administration passed welfare reform, she seized the opportunity. Tonya was hired through the federal Welfare-to-Work initiative led by the Vice President. Secretary Alexis Herman served as her mentor. Today, Tonya is in pre-apprenticeship training for machine metal model making at NASA. This office develops turbo machinery and works on experiments for space shuttle flights. Her supervisor is thrilled with her performance and says she is an inspiration to her colleagues. She told Gore, "My sons tell everybody that their mom works on the space shuttle!" The Vice President met her in an issue forum on November 20, 1998, at the Department of Labor.

- **Herlinda from Texas.** In San Antonio, Al Gore met a woman named Herlinda. She had given up on finding work, and had gone on welfare. She had many challenges to face – English was her second language, and she didn't think she had the skills to hold a job. Herlinda had begun to conclude that maybe she didn't deserve one. Then she signed up for job training at the Christian Women's Job Corps, which is part of the Welfare-to-Work Coalition. There, she met a woman who mentored her through prayer and Bible study, and she soon began to regain her self-confidence. Faith gave her a new feeling of self-worth, of purpose – something no other program, no matter how technically sophisticated, could give her. When the Vice President met her, she told him that for the first time in years, she had applied for a position at Wal-Mart. Then she looked him in the eye, and said with pride, "I know I'll get the job." She did. Herlinda was recently honored as employee of the month in her workplace. The Vice President met Herlinda in San Antonio at a W2W issues forum on June 26, 1998, and later told her story in his speech about faith-based organizations.

Well-known Americans

- **Jim and Sarah Brady.** More than 500,000 felons, fugitives, and stalkers have been stopped from buying guns since the Brady Law was enacted. The Bradys can recognize Al Gore's leadership in support of the Brady Law and other tough, common sense gun safety measures.
- **Marc Andreessen.** A founder of Netscape and a highly visible leader of the New Economy, Marc Andreessen can attest to Al Gore's leadership in technology. As one of the first policymakers to grasp the significance of the Internet and other emerging technologies, Al Gore led the way in funding critical investments in research and development.
- **Christy Turlington.** Christy Turlington can speak about Al Gore's work to prevent teen smoking.

October 12, 1993

MEMORANDUM FOR THE OFFICE OF THE VICE PRESIDENT STAFF

FROM: JACK QUINN
SUBJECT: BRIEFING BOOK

I want to take this opportunity to reaffirm that the Vice President's daily briefing book is and always has been a confidential document. It has been brought to my attention that the confidentiality of this document is not always respected. Copies should NOT be given to interns. Senior staff who receive a copy of the book are responsible for ensuring that it remains confidential within their office.

Furthermore, staff should continue to route all event related memos to the Vice President through the briefing book. I cannot stress strongly enough the importance of confidentiality in ensuring that the Vice President receive candid and thorough information for events and meetings through the briefing book. I trust that these guidelines will be followed. Please see Jim if you have any questions.

OCTOBER 14, 1993

MEMORANDUM FOR JACK QUINN

FROM: JIM KOHLENBERGER

SUBJECT: CONFIDENTIALITY OF THE BRIEFING BOOK

SUMMARY

There is a concern, recently brought to my attention by LeeAnn and Natalie, that sensitive memos should not be included in copies of the briefing book given to you and other senior staff because the copies are too widely available to junior staff and interns. While it is new information to me that copies of the book are available to interns, I do not share the concern that you and other senior staff should not see routine memos that contain sensitive information. In fact, every memo in the book has sensitive information and should be treated as such. I'd like to ask you to send around the attached memo to all OVP staff.

BACKGROUND

The briefing book is an important tool for keeping senior staff informed about issues on the Vice President's agenda. I've thus far, accommodated all requests for truly sensitive memos to go only to the VP only and not to senior staff. Be assured I intend to keep honoring such requests for truly confidential memos. However, one OVP shop now asks that a majority of its briefing memos not be circulated in senior staff copies of the book. In most cases, the memos at issue are much less sensitive than an event memo for a meeting with a member of Congress. While this may seem trivial, the long term implications could be great.

The staff that currently receive copies of the book include you, Michael Gill (a file copy), Bob Lehrman, Elaine Kamarek, Goody Marshall, Kris Van Geisen (for Tony), Marla Romash, Greg Simon, Dennis Alpert, Callie Shell, Mrs. Gore, Beth Prichard, and Katie McGinty.

RECOMMENDATION

To satisfy these confidentiality concerns, rather than limiting the content of senior staff copies of the book, I would like to limit the book's availability by reaffirming that the book is a confidential document and that senior staff are responsible for maintaining that confidentiality. I have prepared a draft memo from you to all staff reaffirming that policy.

In addition, I have also included language in the draft memo to avoid the rare situation where event related memos skirt the briefing book and are taken to Beth directly cluttering the Vice President's in-box further. The briefing book is, and always has been, an invaluable information source for Al Gore. Thank you in advance for helping to ensure that the briefing book remains a confidential document.

To: Gregory C. Simon/OVP
cc: Toby Donenfeld/OVP
From: Jim Kohlenberger/OVP
Date: 08/24/95 05:34:42 PM
Subject: Budget Update

Greg,

There are several things I want to put on your radar screen in the budget area.

First, there are several events we need to think about the VP doing in September.

The President's staff are considering an EITC event for September. If the President doesn't do it I think the VP, because of his ownership of the EITC, should do a "Republican EITC cuts are a slap at the working poor" event on either labor day or on September 23rd when reconciliation is due.

During the September 11 back to school week, we want the VP to do a campus rally in Pittsburgh. Heidi was going to follow through with scheduling.

For the end of September, we would have the VP do a major speech at the National Academy of Engineering on technology cuts.

Second, I have been working with Sallet, Sperling and others to put together a major education/technology initiative that could be announced in September. Don Baer and other seem to be keen on the message. We are pursuing time on the POTUS's schedule on September 6th in California for an outreach meeting and have time on the 21st in San Francisco with the POTUS and the VP for a message event. Gene seems to be interested in using the 21st to build momentum for an event the next week. A briefing book on the whole educational technology problem goal and initiative will be together by the 8th. Sallet or Toby can give you more detail.

The initiative might consist of 4 components.

1) Computers in Classrooms -- A computer in every classroom by 2000. An executive order to channel federal used computers and private sector computers to non-profits who could reconfigure them for classrooms. Also, a possible regulatory change to allow schools to use chapter 1 funds to lease computers. Chapter 1 is billions of dollars.

2) Computer content -- stand up with major CEOs who would join with us in making sure that computers in the classroom are as enriching and engaging as Nintendo is.

3) Wired classrooms -- we would also do something with getting classrooms wired. It may be possible to talk about FCCs Time Warner social contract where Time Warner will provide connections to every school in its service area -- about 10% of the country.

*John Baer - Simon has great plan Jim K should call
415/330-5700*

4) Teacher Training -- We would create a U.S. Tech Corps -- an effort to get computer experts from the private and public sectors to volunteer in schools to train teachers and fix equipment etc. Also, we are exploring an announcement of a chicken-in-every-pot type statement about teacher training.

Before we get too much further on the education technology initiative, we need to bring Jack and the VP up to speed. Your guidance there is appreciated.



OFFICE OF THE VICE PRESIDENT
WASHINGTON

May 4, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM: JIM KOHLENBERGER

SUBJECT: RESPONSE FOR DAVID JOINER REGARDING SATURDAY MAIL DELIVERY

SUMMARY

This memo responds to your request for an answer to the question posed by David Joiner in a letter to the President. His question is:

Is Saturday morning home mail delivery worth the cost?

DISCUSSION

From an operational standpoint, it would not be practical or cost-effective to reduce the present level of postal services provided. Delivery is only one element in the overall costs, and reducing delivery would not decrease costs for collection, processing and transportation. Essentially, you would end up with twice as much mail for Monday delivery resulting in additional personnel costs. The storage of undelivered mail and overtime for overburdened delivery routes because of large accumulations of mail for delivery would offset any possible savings.

Additionally, Public Law 101-136, the Treasury, Postal Service and General Government Appropriations Act, requires the Postal Service to maintain six-day delivery at the same level as during the previous fiscal year. This language is similar to language in several previous Public Laws and Acts.

Banks and businesses are the most vocal opponents of reductions in weekend delivery. Business mailers, who account for a large percentage of the Postal Service's revenue, depend on Saturday delivery for their advertisements.

Late last year, speculation grew when Marvin Runyon, the Postmaster General, was rumored to be considering reducing service on Tuesdays and Thursdays as an alternative to Saturdays. See the attached article. Runyon has since clarified his remarks and stated his support for continued six day service.



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Banks and businesses are the most vocal opponents of reductions in weekend delivery. Runyon, however, is rumored to be considering reducing service on Tuesdays and Thursdays as an alternative. I have attached an article that detailing Runyon's consideration of a four day mail delivery option.

The Associated Press
October 15, 1992

Saturday Mail To Stay, But What About Tuesday and Thursday?

The U.S. postmaster general says he wants to keep Saturday mail service but has asked his staff to consider the possibility of reducing residential mail deliveries to four days a week.

Marvin T. Runyon, the postmaster general, said today he was not actually proposing such a cutback or even ordering a formal cost study of such a move.

But Runyon said he offered the idea as part of asking Postal Service management staff to explore all possible cost savings.

His suggestion was to eliminate Tuesday and Thursday mail for home deliveries, keeping deliveries on Monday, Wednesday, Friday and Saturday. Business deliveries would remain six days a week.

Runyon made the suggestion to his staff on Tuesday and mentioned it in an interview with editors and reporters of The Washington Post, which reported the remarks today.

Previous proposals to cut residential delivery, including on Saturdays, have met strong opposition from Congress and elsewhere.

In separate remarks prepared for delivery today to an organization of large business mailers, Runyon said he is committed to keeping Saturday deliveries because of its popularity with large business mailers.

"Like many Americans, I wondered if Saturday delivery was necessary," Runyon said in remarks being delivered today to a committee of the Mailers Council.

"Many residential customers I met told me, 'I really don't need Saturday mail delivery. I can wait until Monday.' However, I found that Saturday delivery is extremely important to business customers. As a result, I want to strengthen our commitment to Saturday delivery."

The Post reported Runyon was told by postal executives that they had never considered a four-day schedule for home deliveries.

"It might make sense because I have had a lot of people say, 'You know, we don't need mail every day,'" Runyon said.

Runyon has ordered a large reorganization of the Postal Service since he took over three months ago, including the elimination of 30,000 to 40,000 jobs. He told the Post that without those cost-cutting steps, the Postal Service would be faced with a \$ 2 billion deficit next year - enough to boost the price of a first class letter to 35 cents.

FROM: POST MASTER GENERAL'S
OFFICE

We have no plans to reduce the frequency of mail delivery or the number of days our post offices are open from the present six days per week. In Public Law 101-136 the Treasury, Postal Service and General Government Appropriations Act, 1990, the Congress required the Postal Service to maintain six-day delivery at the same level as during the previous fiscal year. This language is similar to language in several previous Public Laws and Acts.

From an operational standpoint, it would not be practical or cost-effective to reduce the present level of postal services provided. As an example, delivery is only one element in our overall costs, and reducing delivery would not decrease costs for collection, processing, and transportation. In addition, the storage of undelivered mail and overtime for overburdened delivery routes because of large accumulations of mail for delivery would offset any possible savings.



OFFICE OF THE VICE PRESIDENT
WASHINGTON

May 4, 1993

MEMORANDUM FOR THE VICE PRESIDENT

FROM: JIM KOHLENBERGER

SUBJECT: RESPONSE FOR DAVID JOINER REGARDING SATURDAY MAIL DELIVERY

SUMMARY

This memo responds to your request for an answer to the question posed by David Joiner in a letter to the President. His question is:

Is Saturday morning home mail delivery worth the cost?

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Additionally, Public Law 101-136, the Treasury, Postal Service and General Government Appropriations Act, requires the Postal Service to maintain six-day delivery at the same level as during the previous fiscal year. This language is similar to language in several previous Public Laws and Acts.

FEBRUARY 1, 1994

MEMORANDUM FOR THE VICE PRESIDENT

FROM: JIM KOHLENBERGER
SUBJECT: SCHEDULING PRIORITY MAPS

I'm enclosing several existing targeting maps for your information per our conversation. We can put together virtually any kind of long-term targeting map based on any information we can come up with. I am led to believe that Ricki has some of the same kind of targeting maps that we have put together for you. There are basically three types of maps:

- ✓ First, there are trip maps that highlight the number of trips made by the various principals divided by media market. Enclosed are several travel maps covering the entire first year.
- ✓ Second, there are priority maps where various statistical inputs can be weighted to highlight the priority regions. Priority maps can include almost anything. In the past, priority maps have included such things as:
 - The 1992 Clinton/Gore result
 - 1994 marginal Senate, House and Gubernatorial races
 - 1996 priorities
 - 1992 Ross Perot percent
 - Electoral vote of the state
- ✓ Third, there are deficit maps. After priorities are set with priority maps, the weighted priority is compared to the actual number of trip to the state producing a map of scheduling targets. The enclosed Vice-Presidential Scheduling targets map is a deficit map.

The National Committee for an Effective Congress (NCEC), a non-profit group that the DNC contracts with for maps, is working on a new priority map that will be finished late this week. It will include '94 races (weighted at 75%), and '96 priority states (weighted at 25%). These will be priority maps and not deficit maps.

If we can think of the criteria, they can do the maps. We are also in the process of setting up the software and data to do your own in-house mapping. Let me know if you have some specific ideas on maps.

AUGUST 9, 1993

Jim - does it
where -
end?
J.Q.

MEMORANDUM FOR THE VICE PRESIDENT

FROM: JIM KOHLENBERGER

SUBJECT: ANSWER TO QUESTION ON DISASTER ASSISTANCE

This memo in response to your question:

What happens to a property owner whose farm is half in county 'A' (declared a disaster area) and half in county 'B' (not a disaster area)?

ANSWER

For a Presidentially declared disaster, it is highly unlikely that such a situation would actually occur because of contiguous county provisions written into law. When a county is declared a disaster area, the contiguous counties are automatically also declared disaster areas preventing just such an instance. Thus, if a farmer has damage in county 'A' (a declared disaster area), county 'B' would probably also be a declared disaster area because it is a contiguous county. Attached is a state-by-state list of disaster and qualifying contiguous counties.

In the unlikely situation that a farmer does have land that crosses from a disaster to a non-disaster county (e.g., a farm that spans several counties), the farmer qualifies for assistance only in the county where a disaster has been designated and only for qualified losses. Below is a description of the farm loan program that would most likely apply.

DISASTER ASSISTANCE AVAILABLE TO FARMERS

For agricultural losses, the type of disaster assistance that most likely applies is the farm loan program administered by the Farmers Home Loan Administration (FmHA). Eligibility is limited to family farmers who cannot obtain credit elsewhere. Victims can apply in person at FEMA application sites or by calling a 1-800 telephone number. Farm loans include:

- Emergency loans from the Farmers Home Administration (FmHA) at 4.5% with up to a 40-year repayment period to replace buildings, equipment, livestock and supplies not covered by insurance.
- Twenty-year loans to farmers at the same interest rate to cover losses of more than 30% on crops or livestock. The amount will be 80% of the loss amount.
- Guaranteed commercial loans from FmHA with reduced interest rates for real estate or to purchase or refinance feed, seed, fertilizer, livestock, supplies.
- FmHA loan forgiveness up to \$ 300,000. Loans can be restructured, with payments deferred five years.

The counties eligible for loans as of July 14 are:

IOWA

All 99 counties.

ILLINOIS

Primary disaster counties (38) are:

Adams, Alexander, Boone, Bureau, Calhoun, Carroll, DeKalb, DuPage, Gallatin, Hancock, Hardin, Henderson, Henry, Jackson, Jersey, JoDavies, Johnson, Kane, Lake, Lee, McHenry, Madison, Massac, Mercer, Monroe, Ogle, Pike, Pope, Pulaski, Randolph, Rock Island, St. Clair, Saline, Stephenson, Union, Whiteside, Williamson and Winnebago.

Included as contiguous to primary counties (22) are:

Brown, Clinton, Cook, Franklin, Greene, Hamilton, Kendall, Knox, LaSalle, McDonough, Macoupin, Marshall, Morgan, Perry, Putnam, Schuyler, Scott, Stark, Warren, Washington, White and Will.

MINNESOTA

Primary disaster counties (12) are:

Carver, Chippewa, Faribault, Freeborn, Goodhue, Houston, Lac qui Parle, LeSueur, Martin, McLeod, Ramsey and Scott.

Included as contiguous are (17):

Anoka, Big Stone, Dakota, Dodge, Fillmore, Hennepin, Kandiyohi, Meeker, Olmsted, Rice, Steele, Swift, Wabasha, Waseca, Washington, Winona and Wright.

NEBRASKA

Primary counties (22) are:

Antelope, Burt, Butler, Cass, Colfax, Cuming, Dodge, Douglass, Fillmore, Gage, Holt, Jefferson, Knox, Madison, Merrick, Nance, Nemaha, Otoe, Pierce, Saunders, Thurston and Washington.

Included as contiguous (29) are:

Boone, Boyd, Cedar, Clay, Dakota, Dixon, Garfield, Greeley, Hall, Hamilton, Howard, Johnson, Keya Paha, Lancaster, Loup, Nuckolls, Pawnee, Platte, Polk, Richardson, Rock, Saline, Sarpy, Seward, Stanton, Thayer, Wayne, Wheeler and York.

SOUTH DAKOTA

Primary counties (17) are:

Aurora, Beadle, Brown, Charles Mix, Clark, Codington, Davison, Day, Douglas, Grant, Gregory, Hamlin, Jerauld, Marshall, Roberts, Sanborn and Spink.

Included as contiguous (15) are:

Bon Homme, Brookings, Brule, Buffalo, Deuel, Edmunds, Faulk, Hand, Hanson, Hutchinson, Kingsbury, Lyman, McPherson, Miner and Tripp.

WISCONSIN

Primary counties (20) are:

Buffalo, Chippewa, Clark, Dunn, Florence, Forest, Jackson, Juneau, Langlade, Lincoln, Marathon, Menominee, Oneida, Pepin, Pierce, Price, Rusk, Shawano, Vernon and Vilas.

Included as contiguous (13) are:

Ashland, Barron, Bayfield, Eau Claire, Iron, La Crosse, Monroe, Polk, Sawyer, St. Croix, Taylor, Trempealeau and Washburn.

Office of the Vice President

From: Jack Quinn Mark Merick
646-4008

Date:

	Action	FYI		Action	FYI
THE VICE PRESIDENT					
Alpert, Dennis			McGinty, Katie		
Campbell, Todd			Prichard, Beth		
Fuerth, Leon			Romash, Marla		
Harris, Skila			Simon, Greg		
Kamarek, Elaine			Wilson, Tony		
Marshall, Thurgood					

Jim:
CAN YOU TALK TO SOMEONE AT FEMA
AND DO A MEMO FOR THE V.P.
ON THIS QUESTION:

WHAT HAPPENS TO A PROPERTY OWNER
WHOSE FARM IS HALF IN
ZONING "A" (DECLARED A DISASTER
AREA) AND HALF IN "B" (NOT
A DISASTER AREA)

THANKS JACK

County A
Primary Disaster
county
Most Damages are
in this county

County B
Contiguous Disaster
County

County C
Non-disaster
County

Farm

Fall Planning Priorities

This Fall the Vice President can follow through on three major promises by launching three major initiatives -- initiatives that he has worked to bring about for several years. He can launch the E-Rate in September, Launch the Global Information Infrastructure in October, and Launch the International Space Station in November.

Launch the E-Rate. With the push of a button, the Vice President can make real his commitment to wire every classroom in the country to the Internet by the year 2000 by launching the E-Rate program and electronically notifying recipients of the \$1.9 billion to go to 30,000 schools districts and libraries across the country. Although the time frame for such an announcement is still not clear, the earliest we expect to be able to notify schools and libraries is by late September. After talking to validators, the Vice President could join with a young child to bush a button and symbolically light up a map of the country showing every school that will get wired. We can use the event to involve members of Congress and move beyond the political controversies.

- **Amplification:** The Vice President can then amplify the announcement with a satellite tour to several targeted cities across the country where every classroom in every school will be wired as a result of this announcement.

- **E-Rate Victory Tour**

In the days and weeks following the E-Rate announcement, we can continue to amplify the announcement with a series of events around the country. We could pick schools 1) where contractors are wiring and plugging-in the computers, 2) where there are compelling erate stories and testimonials, 3) where we can announce new grant money which builds upon the E-rate and helps to break through in regional markets.

- ✓ **Teacher Learning:** We can announce \$39 million in new Department of Education Challenge Grants which help us ensure our goal of making sure that these technologies are as easy for teachers to use as chalkboards are today.
- ✓ **Distance Learning:** We can announce \$12.5 million in Department of Agriculture, Distance Learning grants to help make the point that now we can take teaching from one school into others. The DLT grants help finance end user equipment, infrastructure and software.
- ✓ **Community Learning:** We can announce \$20 million in Department of Commerce Grants (TIAP) which help to connect communities and improve access to cultural, educational, and training resources throughout their community. These grants build on the E-Rate by ensuring that children can use community resources in the classroom.

Launch the Global Information Infrastructure. After making the first ever phone call on a new satellite based telephone system that for the first time allows people anywhere on the globe to talk (September 23rd), the Vice President can make the keynote address at the International Telecommunications Union (October 12th in Minneapolis) and make several important announcements that help extend the benefits of the information age to the most remote village in the farthest corners of the globe. This event builds upon the Vice President's successful 1994 trip to Buenos Aires where he addressed the same conference and laid out 5 principles for creating the Global Information Infrastructure. Iridium brings the Global Information Infrastructure to life and marks the beginning of a series of new satellite based global communications systems coming online beginning this fall and over the next two years that will eventually provide high speed Internet service from anywhere on the globe. When half of the people on the planet have still never made a phone call, these new networks that the Vice President first talked about in his 1994 speech, can have a profound impact.

Launch the International Space Station. Al Gore is the recognized leader in space issues both because of his leadership in Congress but also because he expended a lot of personal capital ensuring Congressional support for the \$40 billion space station. The Vice President can take credit for the new International Space Station when it begins launching in November. Over the next several years there will be nearly continuous drama in the sky as American astronauts with international partners beam home dramatic images as they begin the awesome task of constructing the station.

- **Phone Call to John Glenn in Space.** On October 29 the Shuttle launches with John Glenn. The Vice President can call John Glenn aboard the Space Shuttle to congratulate him and highlight the fact that the next Shuttle launch (in December) will mark a new era in American Space flight with the first American launch of the Space Station.
- **Simultaneous Countdown of Russian Launch.** On November 2nd, the first piece of the International Space Station is tentatively scheduled to launch from Russia -- its a U.S. made part. The Vice president can join the U.S. Astronauts who will make the next trip on the Shuttle in December and watch a simultaneous countdown on television of the Russian launch.
- **First U.S. Launch and Inauguration.** On December 3rd, the Vice President can go to Cape Canaveral to meet with the workers who have helped build the space station and be there to launch the first U.S. crew into space who will connect the first two pieces together in space. The Vice President may also be able to officially inaugurate the Space Station.

121 v
November 24, 1997

MEMORANDUM FOR ELI ATTIE

FROM: JIM KOHLENBERGER

SUBJECT: MIKE WALLACE

Mike Wallace has a very distinctive interview style and patterns that seem to drive the topics he chooses for his question segments. Below is an analysis of his style, patterns in the topics he chooses, some examples, and sample questions he may ask the Vice President.

Analysis:

To get a sense of the type of questions that Mike Wallace might ask, I went through transcripts from interviews Mike Wallace did on 60 minutes with major political figures over the last several years including Senator Phil Gramm, Senator McCain, Governor Mario Cuomo, Governor Ann Richards, and Web Hubbell. I also looked at other interviews on 60 minutes that were not done by Wallace that included Bill Clinton in January of 1992 and Bob Dole during the '96 campaign. The President's interview was done by Steve Kroft who has a very different style than Wallace.

Wallace Topics

Looks for Contradictions. Wallace tries to snag an interviewer on apparent contradictions in their life. For example, Senator Gramm wants to cut government but he is a product of government programs. McCain want to be campaign finance reformer but he also was involved in one the biggest fundraising scandals in history. Web Hubbell was a public servant, ethics officer and confidant to the President, but is now a criminal. For the Vice President, it may be that he is viewed as a boy scout and not involved with the President's scandals but actually has just as many of his own between the phone calls, the Buddhist temple, and Molten Metal. Or it may be contradictions between past and present on tobacco or something else.

Explores Acknowledged Public Weaknesses. On profile pieces he goes to the heart of what the interviewer has previously described as their greatest weakness. Said another way, he goes to the area that the interviewer has previously acknowledged he must overcome to be successful in their public perceptions. For Gramm it was ugliness. He and his wife had talked previously about it and made jokes about it. For McCain it was always being a member of the Keating five. For the Vice President it may be the perception that he is stiff and wooden or not like the President in terms of "feeling people's pain."

Ignores Negotiated Topic Agreements: Wallace regularly ignores agreed upon ground rules. For instance, with Web Hubbell, Wallace says "Hubbell and his attorney said he would not talk about that alleged hush money, but that didn't stop us from asking about it." When he interviewed Ann Richards, her first response to his first question was, "I knew you'd do it! I knew you'd do it!" Although you can never tell when an agreement was honored. As for the Vice President, I am not privy to the negotiations for this interview so don't know what may have been taken off the table.

Very Occasionally Challenges an Answer. He has caught interviewers off guard occasionally by challenging their answers -- generally when they don't conform to his style (see below). He may say -- "that's not answering," as he did when Cuomo tried to turn the question around. Or "now wait a minute, now-now" as he did with Senator Gramm when Wallace tried to say he sounded like Gingrich for President and Gramm disagreed saying it sounded like Phil Gramm for President..

Wallace Style

Wallace has a very definitive style consisting of four or five question segments per interview. Each question segment begins with a series of what are essentially statements that the interviewer must answer affirmatively. These statements/questions generally get the interviewer in the habit of answering in short affirmative statements. He then asks the real question -- in what may be an attempt to get the interviewer to again answer affirmatively for a question that probably deserves an explanation or negative answer. He often lays out what he believes to be factual statement -- not a question -- and waits for an affirmative response -- often ending the statement with a "right?" or a "no?" At the end of the sequence, the real question is often more open ended often beginning with "Was it fair that..., explain it to me, ... or what happened?"

This style puts Wallace in charge of telling the story, and by asking questions that the interviewer agrees with, he generally appears to be on the interviewers side of the story until the final questions in the sequence where there is a contradiction.

Style example: Phil Gramm

- Your dad was a master sergeant, right?
- And your brother, Don, was a military man.
- And you went to a military academy. You were in your 20s during Vietnam.
- You were a Vietnam hawk, right?
- And you never served. You took student deferments.
- Student deferment just like Bill Clinton
- Don't you worry that perhaps there is going to be a lot of talk about you, Army, Vietnam, against Bob Dole the war hero?

Style Example: Web Hubbell

- You were the chief justice of the Supreme Court of Arkansas for a while.
- You were the mayor of Little Rock at the age of 31.
- I think you were the chief of ethics for the Rose Law Firm, no?
- And you broke the law -- Mr. Hubbell, explain it to me.

Style Example: Web Hubbell

- Newsweek reported that you were taken to the grand jury in Little Rock
- Just once?
- In Chains?
- Unheated cell?
- Is Ken Starr out to get you?
- I was talking to some of my colleagues yesterday. 'Oh come on,' they said. 'Wallace don't be a patsy. This man's a con man.' What do I tell them?

Some Possible Questions for the Vice President:

(based on the above analysis and a number of Mike Wallace interviews)

On The Phone Calls:

- The Republicans were out spending you?
- This wasn't your idea, they asked you to make the phone calls?
- You used a credit card?
- No one ever told you that the money would go into the soft money accounts?
- Would you place the phone calls again if you had the chance?
- White House Counsel said phone calls to raise money on White House property was wrong, but you made the phone calls anyway. Why?

On scandals:

- You've been shielded from the President's scandals like Whitewater, his dalliances, the travel office probe, right?
- There's a perception out there that you are a real boy scout. They say that you are boring.
- So they are surprised when you are caught with your hand in the cookie jar so to speak making phone calls. The press really focussed on you on the phone calls, not the President.
- And Thompson focussed on you too.
- Maybe the Republicans are thinking that you would be hard to beat.
- Are the Republicans out to get you?
- Are you taking the fall for the President?

Buddhist Temple:

- You saw it as normal that you were doing an event at a Buddhist Temple.
- You thought it was a community outreach event.
- You didn't see any money transferred.
- And it would have been normal that John Huang and Maria Hsia, two Democratic fund raisers, were there and had organized the event?
- But money was raised at the event and Nuns were later reimbursed for their contributions. That's illegal. What happened?

Year 2000:

- You were one of the youngest members of Congress.
- You ran for President in '88
- And you think you've been a good Vice President?
- And you think you will be able to get around this latest fundraising stuff?
- Doesn't this still hurt your chances?

APRIL 12, 1995

MEMORANDUM FOR GREG SIMON

FROM: JIM KOHLENBERGER
SUBJECT: FARM BILL

The NEC decision memo on the 1995 farm bill outlines the components of a report that the Administrations would develop and transmit to Congress. The authors of the decision memo believe most agricultural interests would likely view the package favorably, that it would be seen as progressive, creative but not bold.

In general terms, Jacquie related the VP's record on the farm bill as always with the farm block -- no real distinguishing hot buttons (save tobacco).

DECISION POINTS

Following are the list of issues that the OMB, USDA, DPC, and NEC group was unable to reach consensus on and will therefore be central to the NEC meeting. I've included some brief notes on their relationship to the Gore record.

1) SUGAR

The authors include four options for the sugar program -- from the status quo to indicating support for change without specific recommendations. CEA advocates bold change on all three of the commodity programs (sugar, peanuts & cotton) while most of the other departments recognize political realities. At the same time, Al Gore opposes aspects of the sugar program. Although throughout his career he has consistently voted for the sugar program -- he has no recorded votes against the subsidy -- he reversed himself in EITB because of the environmental damage to the Everglades caused by sugar production, and on the principle that public spending should not encourage environmental destruction. It should be noted that the reaction of sugar producers (particularly in the Northern Plains, Louisiana, Florida, Hawaii, Texas, and California) will be strong to major reforms.

"I, for one, have decided as I write this book that I can no longer vote in favor of sugarcane subsidies; looking beyond this particular case, I want to shift the burden of proof to the advocates of subsidies, to show that ecological problems will not occur as a result of distorting the market." (EITB, Pg. 341)

2) PEANUTS

Like the sugar program, the authors have included several options that range from the status quo to phasing out the program. Georgia is the state most affected. Jacquie indicates that Gore always voted with the farm block on peanuts. JFE peanut butter is located in Knoxville.

3) COTTON & RICE

Two options are included for cotton -- maintain the status quo or eliminate the step-2 program. The South, California and Arizona are most effected. Jacquie indicates that Gore has always voted with the farm block on cotton & rice. This was Pryor's issue and we stuck with Pryor.

4) CONSERVATION RESERVE PROGRAM

This is the only major environmental issue on the table. USDA is currently drafting regs to implement a December announcement of USDA's intention to offer all CRP participants that opportunity to modify and extend their contracts upon maturity. The announcement was made to ensure CBO included adequate funding for the CRP program in its baseline. USDA interprets its announcement to preclude a reconsideration of the environmental benefits of a CRP contract as a condition of its renewal. However, other offices believe that under a reauthorized CRP program, USDA should reconsider the benefits of each contract as it is renewed. OMB and others are pretty solid on this issue. CEQ were the ones who put this on the table. I would think the VP would support basing CRP contracts on environmental benefits. The VP highlighted CRP in his floor statement prior to final passage of the 1990 farm bill.

"The Conservation Reserve Program has been particularly successful in my State, and the 5-year extension will ensure the continued effectiveness of this important initiative."

5) INTERNATIONAL FOOD AID

One option contemplates eliminating PL 480 Title I. As you know, this issue always engages the maritime community -- they are the shippers of our commodities -- and the agricultural community who argue that they have to pay higher prices when carrying things on US only flagged vessels. Jacquie says that we were not for amending PL 480 in the last farm bill round because it may have disproportionately affected the South. However today, I suspect the VP would treat it as a sustainable development issue and support extension of the program. NEC, after discussions with State and US AID, weighed in strongly last night against termination of the program arguing that there is another group looking at Function 150 issues together. That leaves OMB and USDA as the only advocates for termination.

6) RURAL INFRASTRUCTURE DEVELOPMENT

One option goes into how to fund the \$100 million per year for new initiatives -- including a rural information infrastructure initiative. While this decision point is how to fund the initiative, you need to look at the initiative itself. I've done a quick summary below.

THE FARM BILL IN GENERAL

Outside of the decision items, there are several items in the administration farm bill report that are important to highlight.

TOBACCO

As you know, the VP has always had an interest in the tobacco program. NPR made some recommendations to make the No-Net-Cost tobacco program truly no net cost. The report would indicate administration support for changes in the tobacco program without specific recommendations. I assume that is consistent with the NPR recommendation.

RURAL INFRASTRUCTURE DEVELOPMENT

Among other things, this initiative would shift the focus in rural investments from traditional infrastructure to information infrastructure. One initiative would create information grant universities much like land grant universities allowing institutions to become electronic information centers providing tele-medicine, tele-commuting, and distance learning opportunities to rural residents. Another proposal includes the creation of an Interagency Rural Telecommunications Working Group to coordinate federal policy in this area. Additionally, it would create a Clearinghouse to demonstrate the best practices in these areas.

FOOD AND NUTRITION PROGRAMS

As you know, NPR made major recommendations in the area of Electronic Benefit Transfer (EBT). This proposal, consistent with NPR's recommendation, calls for eliminating the statutory prohibition against imposing EBT costs on retailers and by lifting the state by state EBT cost neutrality cap.

PESTICIDES

This farm bill report would include the core principles from last years pesticide package. (DeLaney, children, minor use, food safety, and registration sunset.)

R&D

As I read it, it focusses agricultural R&D more specifically. It also would initiate a new program to train extension and other federal staff to train others on appropriate environmentally sound pest management practices.

DAIRY

Waste handling on dairy farms is an important environmental issue and important in reducing non-point source water pollution. One recommendation would be to provide dairy producers with appropriate incentives for environmentally beneficial practices:



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MARCH 2000

Net Policy And The Candidates

Public policy will impact the Internet economy in nine key areas. Yet the top four presidential candidates do poorly when graded on whether they have shown that they get the Net and its implications for society.

2 THE LANDSCAPE

- The Net is redefining how businesses operate, consumers shop, people communicate, and politics is conducted.

4 ANALYSIS

- Public policy's role in the development of the Internet economy will increase rapidly over the next five years.
- The debate will focus on nine core areas.
- The candidates have not articulated their positions on many issues governing the development of the Internet economy.

15 ACTION

- Candidates have to expand their thinking on the Net.
- eBusinesses have to increase their nonexistent lobbying.

16 WHAT IT MEANS

- Issues become embroiled in an "Internet Civil War."

17 RELATED MATERIAL

18 GRAPEVINE

The Internet wrecks havoc with government measurements. Industry should fear a privacy Chernobyl. Net vendors may need some help to collect sales taxes. Americans still haven't learned their lesson on privacy.

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THE LANDSCAPE

The Growing Reach Of The Internet

Our research shows how deeply the Internet is changing American life. It is fostering whole new business models -- and is becoming a far-reaching cultural phenomenon that is reshaping society.

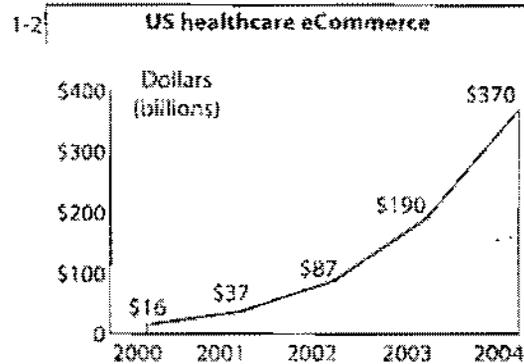
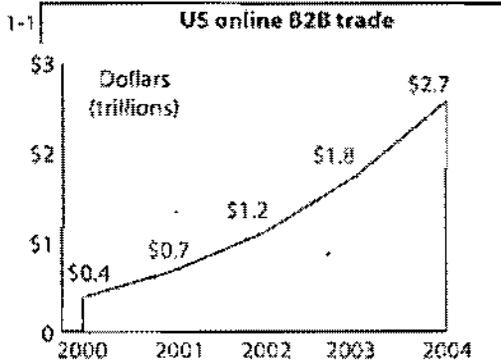
IT'S THE INTERNET, STUPID

The Internet is becoming a more integral part of society every day (see Figure 1).

The Internet is:

- **Redefining how business-to-business trade operates.** By 2004, many Net-native trading models will account for 53% of the \$2.7 trillion in B2B eCommerce in 2004 (see the February 2000 Forrester Report "eMarketplaces Boost B2B Trade"). An increasing percentage of industries like healthcare will be conducted online (see the December 1999 Forrester Report "Sizing Healthcare eCommerce").
- **Changing the way we communicate.** The Internet is changing the way people socialize, and by 2003 60 million US households will be connected to the Internet (see the January 1999 Forrester Report "Consumers' Digital Decade"). Likewise, businesses will be sending more than 200 billion email messages in 2004 as part of their marketing and customer service efforts (see the January 2000 Forrester Report "The Email Marketing Dialogue").
- **Changing how consumers shop and manage their money.** US consumers spent \$20 billion online in 1999; by 2004 US consumers will spend \$184 billion online (see the September 1999 Forrester Report "Post-Web Retail"). And by 2003, consumers will manage \$3.1 trillion of their financial assets online (see the March 1999 Forrester Report "Net Investing Goes Mainstream").
- **Becoming a global phenomenon.** In Europe and the rest of the world, a larger share of economic activity is being conducted on the Internet (see the December 1999 Forrester Report "Europe: The Sleeping Giant Awakens").
- **Reshaping the way we do politics.** John McCain revealed the medium's potential by raising \$3.7 million over the Web since winning the New Hampshire primary. Other sites, like Voter.com and SelectSmart.com, are exploring the Net's potential as a source for interactive political information.

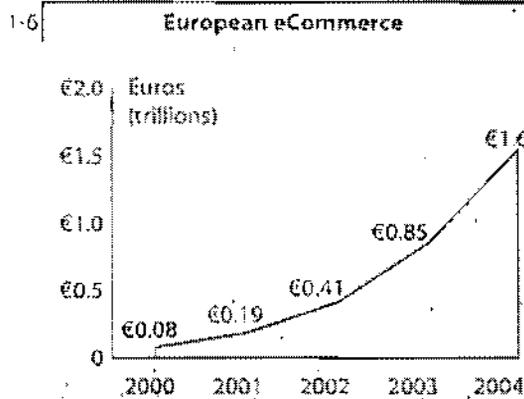
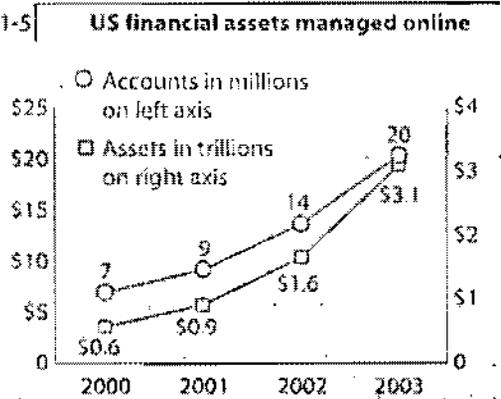
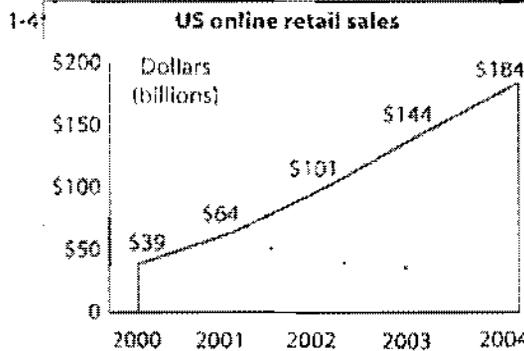
Figure 1 Sizing The Growth Of The Internet Economy



1-3 US households connected to the Internet

	2000	2001	2002	2003
Internet*	44.4	51.3	56.0	59.8
Shopping online**	28.4	36.4	42.1	46.8
Managing assets***	3.8	4.8	6.7	9.7

Number of households (millions)



Sources:

- 1-1: February 2000 Forrester Report "eMarketplaces Boost B2B Trade"
- 1-2: December 1999 Forrester Report "Sizing Healthcare eCommerce"
- 1-3: * January 1999 Forrester Report "Consumers' Digital Decade"
- ** September 1999 Forrester Report "Post-Web Retail"
- *** March 1999 Forrester Report "Net Investing Goes Mainstream"
- 1-4: September 1999 Forrester Report "Post-Web Retail"
- 1-5: March 1999 Forrester Report "Net Investing Goes Mainstream"
- 1-6: December 1999 Forrester Report "Europe: The Sleeping Giant Awakens"

Source: Forrester Research, Inc.



ANALYSIS

The Intersection Of Public Policy And The Net

Public policy decisions and the Net will become increasingly intertwined. Future policy debates will occur in nine areas that fall into two classes: 1) the rules for how the Internet operates, and 2) the Net's impact on existing institutions. None of the presidential candidates has thoroughly addressed all of these areas.

PUBLIC POLICY'S EXPANDING ROLE IN THE NET'S DEVELOPMENT

The casual Net governance of the past will give way to highly politicized policy battles as powerful financial interests, issue groups, and impassioned voters weigh in on the process. The exploding volume of online commerce, the increasing magnitude of change brought on by innovative Net business models, and the growing role of the Internet in our daily lives add up to one conclusion: The stakes have become too high to leave Internet decisions outside the democratic political process.

The Internet's big bang is creating new business models, forms of property, and modes of communication. But those light-speed innovations threaten to end up like Russian capitalism if they outpace the basic legal framework necessary to keep the Net from turning ugly and limiting its own growth.

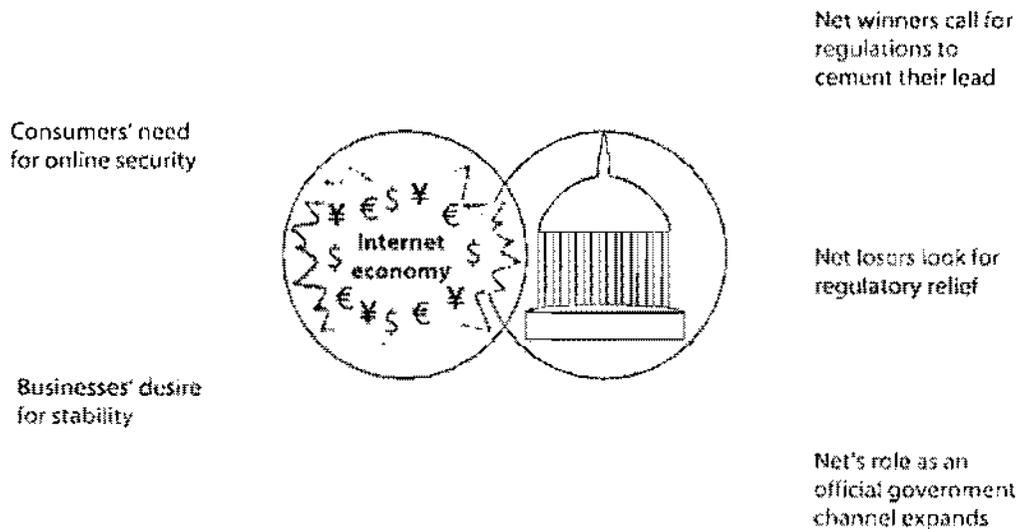
Forces Driving Expansion Of The Government's Role

Five factors will drive government's more activist role in the Internet economy (see Figure 2):

- 1) **Consumers' need for "security."** Individuals need to feel comfortable and secure on the Net before they will participate. Two-thirds of consumers already worry about their online privacy and shop online less as a result (see the September 1999 Forrester Report "The Privacy Best Practice"). This confusion is compounded by the hubris of many Net startups. The belief that they have an "Internet manifest destiny" leads companies like DoubleClick to stumble into hornets' nests of controversy, stirring up calls for the government to step in.
- 2) **Businesses' desire for stability.** Before companies turn their business models inside out or invest in Web-based technologies, they need to understand the

Figure 2 Forces Driving Government's Expanded Role In The Internet Economy

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Source: Forrester Research, Inc.

governing legal and accounting framework. The recent battle over the use of bots to vacuum up price information from eBay is just one example of how companies will look to the courts and Congress for rulings and clarification.

- 3) **Losers seeking relief.** With eCommerce accounting for a quarter of the economy by 2004, companies that lose out will claim their competitors have been unfair. Just as US automakers asked for strict import quotas when Japanese competition heated up, casualties in the Internet economy will seek a helping hand from government.
- 4) **Winners wanting to cement their lead.** Online success stories won't all be free-market purists, either. Leading firms have always turned to government to shelter them from competition, and in the hypercompetitive, undifferentiated online world, companies will do the same. Amazon.com and priceline.com have already turned to government-issued patents to hinder the competition. Others will find themselves supporting regulation to stop small, bottom-feeding companies from tainting the industry with shady practices.
- 5) **The Internet's role as official channel.** Government functions such as driver's license renewal, permit applications, and even voting will rapidly move online (see the February 22, 2000 Forrester Brief "Online Voting Slow To Get Out The

Vote"). This growing role as a channel for official government business will provide an increased justification for regulation of the Internet.

And It's Not Just About Regulation

As pressures build for the government to make Internet policy, decisions will have to be made on issues more complex than a simple choice between a pure hands-off policy and Draconian regulation.

- **Which laws apply?** Policymakers must decide which current laws make sense on the Net and which do not (see Figure 3). Despite simplistic cries of "Hands off the Internet," vast bodies of US law already apply to the online universe. Child pornography and securities fraud are just as illegal online as in the physical world. But in other cases, the application of existing law to the Net makes government look silly -- the FEC's initial ruling (since abandoned) that links to candidates' Web sites must be counted as political contributions. There's no automatic way to judge which current laws make sense on the Net and which don't; each must be interpreted on a case-by-case, commonsense basis.
- **Where should government intervene?** Faced with novel problems not covered by current law, the policy challenge is to tell where the rapid evolution of technology will render regulations harmful or obsolete and where the Net could benefit from government action like defining the role of digital signatures in contracts.
- **What level of intervention is required?** Government has a broad spectrum of options at its disposal, ranging from heavy-handed actions like Truman's federal takeover of striking steel mills in 1952, to the gentlest suggestion from a midlevel bureaucrat to a businessman on the golf course (see Figure 4).

POLICYMAKING WILL HAPPEN IN NINE MAIN AREAS

After analyzing the Internet economy, Forrester believes that arguments about how and when the government should intervene fall into nine basic areas over the next half-decade (see Figure 5). These nine issues can be divided into two distinct groups:

Figure 3 The Internet Brings A New Focus To Governance

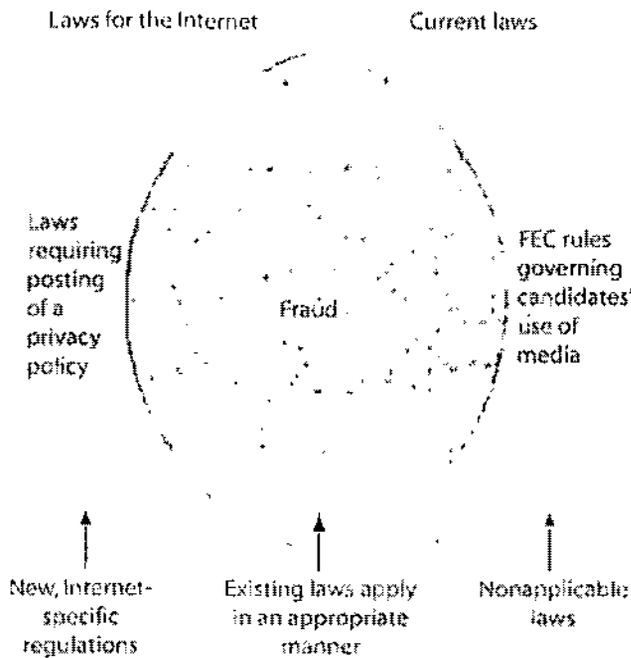
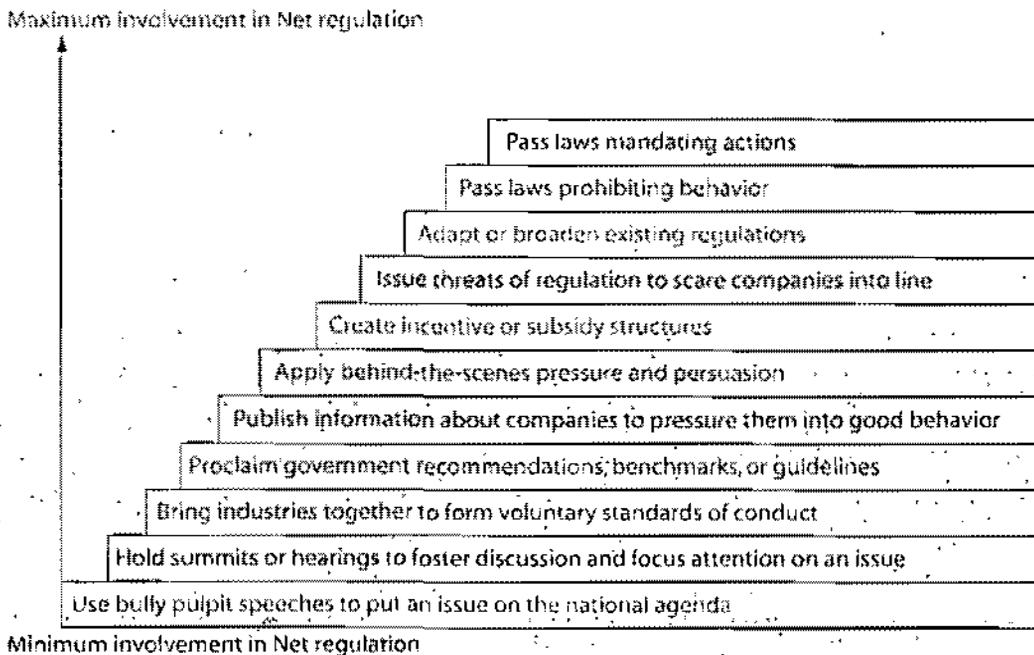


Figure 4 The Spectrum Of Government Approaches To Regulating The Net



Source: Forrester Research, Inc.

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Figure 5 A Slate Of Net Policy Issues Faces The Next President

Rules for how the virtual road will operate:

Access	<ul style="list-style-type: none"> • Digital divide: Should government be activist in getting citizens online -- and getting them broadband? • Antitrust: Will the government need to take action to ensure that access to the Net remains competitive, cheap, and open? Should universal access be applied to phone and Net access? • Telecom regulation: Should the government create subsidy structures to ensure that rural and other underserved Americans can afford to get online?
Skills and education	<ul style="list-style-type: none"> • Growing a talent pool: What can the government do to maintain a base of skilled technology workers? • Retraining: What can the government do to retrain workers for technology jobs? • Importing: Should the nation import highly skilled workers or force companies to cultivate US talent?
Privacy and security	<ul style="list-style-type: none"> • Databases: Should an active trade in citizens' and consumers' commercial, financial, or medical data be permitted? • Privacy: Should Web sites be required to post policies? Should it be OK to track Net surfers? Who owns the information flowing through eMarketplaces? • Security: What surveillance powers should authorities be given to fight online crime? What balance is struck between risk and openness?
New eCommerce regulation	<ul style="list-style-type: none"> • Rules of engagement: Where should the government set limits, ground rules, or standards for eCommerce? Where do the interests of consumers need government protection? • Intellectual property: Where is there a public interest in limiting free speech by defining some information as "property" for businesses and consumers? • eBusiness models: Do eMarketplaces violate antitrust laws? Who has jurisdiction on contract law? What privacy issues do they raise? • New online tools: What are the roles and legality of innovations like bots, online advice, configuration engines, and automated response email?

Efforts to manage Net-driven change in the real world:

Sovereignty	<ul style="list-style-type: none"> • Net governance: Who should govern functions like domain name registration? • Federalism: Can the Internet work well at the national level without a drastic regulatory shift from the state to the federal level? • International: Where should the US give up sovereignty in order to secure the cooperation of foreign nations?
Existing industry regulation	<ul style="list-style-type: none"> • State regulatory regimes: Will state regimes that cover everything from alcohol and automobile sales to the medical and legal professions, pharmacies, and insurance be overhauled or replaced by federal regulation to allow for workable Net commerce in these areas?
Taxation	<ul style="list-style-type: none"> • Sales taxes: How should they be handled on the internet? • Net-specific taxes: Should taxes on the Internet -- or on telecom gateways -- be imposed?
Free speech	<ul style="list-style-type: none"> • Restricting content: Should a new Communications Decency Act be enacted? Who is liable for fraudulent information posted on financial billboards? • Protecting children: Should there be unrestricted access to the Net in public places such as libraries?
eGovernment	<ul style="list-style-type: none"> • Administration: How should the Net be used to improve public services? • Electoral politics: How should campaign finance regulations be applied online? • Online voting: Should online voting be encouraged?

Source: Forrester Research, Inc.

- **Rules for how the virtual world will operate.** Many public policy issues will center on proposals to clarify and codify how the Net and the Internet economy will function. Examples include privacy regulations to raise consumer comfort and rules establishing the validity of digital signatures to indemnify online businesses.
- **Efforts to manage Net-driven change in the physical world.** A separate class of activities will involve efforts to contain or manage the Net's ramifications in the outside world. The growth in online retail has already triggered a firestorm of debate about how to simplify sales tax codes that vary widely by locality (see the February 7, 2000 Forrester Brief "Internet Sales Taxes Don't Need A Tea Party").

Rules For How The Virtual World Will Operate

Several of the most high-profile fights over the Internet involve the rules for eBusiness. They must be resolved if the Internet is to live up to its promise and leave billions and billions served.

- **Access.** The most basic Internet issue is who can access the Net and how. As vital functions of American life move online, advocates for the poor will increasingly demand government action to spread Net access, and rural populations will demand broadband at subsidized prices. The root of the matter: Will the government need to intervene to keep the Net open and cheap?
- **Education.** The technology sector's ravenous appetite for skilled workers will keep the education issue simmering for years. Industry supporters will call for higher immigration quotas as an instant solution, while others oppose visa expansion to force companies to hire more Americans. Unions will call for worker retraining regulations as eMarketplace efficiencies lead to layoffs.
- **Privacy and security.** One of the biggest areas of promise associated with the Internet economy is sites' ability to personalize their offers based on information collected about consumers. Similarly, on the B2B side, the ability of eMarketplaces to rationalize the information flow is seen as a panacea for fragmented industries and supply chains. But this potential is also at the heart of consumers' and businesses' privacy concerns. The DoubleClick debate is just the beginning as the issue cuts across political boundaries: The left fears corporations, the right suspects government, and everyone worries about criminals.
- **New eCommerce regulation.** The Internet needs the same type of mechanisms for trusted, reliable interactions that have long existed in the offline world: signatures and other authentication mechanisms, watertight contracts law, and ways of judging identity. The intangibility of the Net makes such institutions even more vital: Online shoppers lack visual cues to a store's legitimacy like

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peeling paint and shoddy merchandise -- witness the ease with which a fake Alaska Airlines Web site diverted donations after the recent air crash. But how could systems be set up to prevent such a fraud without ruining the privacy and accessibility of the Net?

Efforts To Manage Net-Driven Change In The Physical World

Internet hypergrowth has been relatively smooth so far, but as the Net expands its reach and disrupts existing institutions, it will encounter growing resistance and become the center of intense political debate. This second wave of controversies will focus not on how the Net operates but on the entities affected by the Internet economy.

- **Sovereignty.** The Internet exerts a strong centralizing pressure on government because its "aspatial" nature supercedes any local attempts to govern it. State regulations that interfere with eCommerce will come under increased scrutiny. Businesses will push for federal laws if the alternative is a state-by-state regulatory tangle. Internationally, governments will be forced to shift authority to international organizations to cooperate over the Net. That will raise hackles from nationalists and leftists about the loss of sovereignty and democratic control. Another source of conflict will be the Internet Corporation for Assigned Names and Numbers (ICANN) (or its future equivalents), which has powers that include the ability to define a Web address out of existence. As the Internet grows, there will inevitably be controversies and calls for reform and government accountability.
- **Existing industry regulation.** The complex process of meshing existing regulations with the Internet will generate a lot of political sparks. Ford and General Motors' efforts at selling cars directly to consumers have already collided with state dealership franchise laws. The states have vast regulatory systems governing insurance, gambling, firearms, medicine, law, insurance, and other areas. Online efforts in these areas will run into interference from state regulators enforcing current laws and bolstered by middlemen hoping to protect the status quo.
- **Taxation.** Already, local governments are striving to preserve their sales tax revenue base, having lost \$525 million in unpaid Internet sales taxes in 1999 alone (see the February 24, 2000 Forrester Brief "States Lose Half A Billion In Taxes To Web Retail"). They will run up against both resistance to tax hikes, which is at a historically high level, and the current sense that to slow the Net is to impede its manifest destiny.

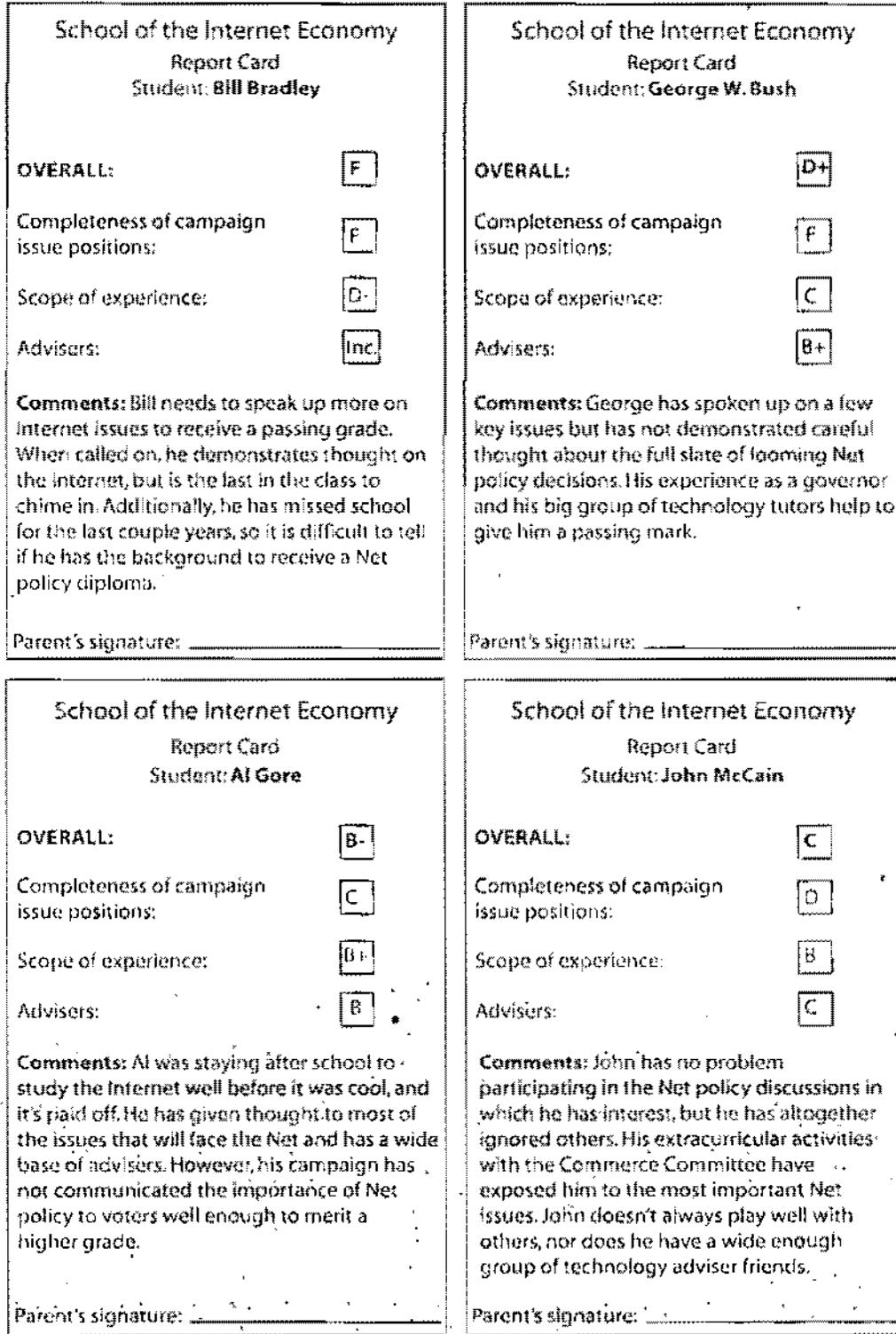
- **Free speech.** The Supreme Court's decisive rejection of the Communications Decency Act took some of the punch out of this issue, but it will continue to underlie many Internet issues due to the increasing commodification of information. In the US, commodities have often been regulated by the government, but speech has never been. When they merge, the First Amendment issues quickly become Byzantine. And not all issues will involve the government; the Anti-Defamation League recently called on Yahoo! not to index hate sites, for example.
- **eGovernment.** The shift of government functions and services to the Internet will remain in the public eye. Why? The idea will remain popular, and politicians will scramble to get behind it. But several obstacles will work against it: access issues like the digital divide, the inability to retain IT workers at government salaries, and the host of questions surrounding online voting.

THE PRESIDENTIAL CANDIDATES' RATINGS

With Internet policy issues set to proliferate over the next presidential term, it is more important than ever that the next president get the Net. He will make appointments to key posts in the FTC, the FCC, and the Commerce Department, where decisions on issues like privacy and eBusiness regulation will be made. He will lead efforts to coordinate Net policy with foreign governments. And he will make judgments about legislation with the potential to remake the Internet for good or ill. To assess the candidates' readiness to lead in the Internet economy, Forrester graded their understanding and insight in three areas (see Figure 6). (Our findings should not be construed as an endorsement or as an assessment of who is the best candidate overall.)

- **Does he take positions on Internet issues?** We examined the major candidates' stated policies in the nine issue areas and judged whether they had expressed positions during this campaign that were clear, considered, documented, and well-communicated to the American people. Each candidate was given a grade from 0 to 11 on each issue, and given a total score from 1 to 100.
- **What is his track record?** We examined the candidates' experience in dealing with the Net, looking at whether they had involved themselves in the issue in ways other than simply casting votes. An A+ candidate would have experience in a variety of government and private-sector technology positions.
- **How are his advisers?** We asked the campaigns to furnish us with a list of the candidates' technology advisers. Forrester judged each group on size, breadth, and

Figure 6 The Presidential Candidates' Internet Economy Grades



Source: Forrester Research, Inc.

experience in terms of both the core technologies and the eBusiness ramifications of the Net.

Bill Bradley

Bill Bradley remains largely an unknown on technology policy. His Web site contained very little of substance on the subject, and he has not made any technology issues a prominent part of his campaign. Most of our interviewees reported a lack of any sense of where he stood on the issues. Despite repeated requests, we were unable to secure an interview with anyone in his campaign. His overall grade was an F.

- Bradley took clear positions on the digital divide, education, free speech, and taxation issues, but his positions were vague or absent on the other five areas, leading to a positions grade of F. The only mention we found of privacy -- one of today's hottest issues -- was in the transcript of an online chat session.
- Bradley never engaged deeply with technology issues in any public way during or after his time in the Senate. He reportedly sought out Silicon Valley executives for discussions when he spent time at Stanford in 1998, but his lack of direct technology-issue experience gives him a grade of D- for track record.
- The Bradley campaign did not furnish us with a list of his technology advisers, so his grade in this area is an incomplete.

George W. Bush

George W. Bush has become the favorite of Silicon Valley. Few of our interviewees had negative comments about him, although some wondered whether his support for a few key items on the industry agenda, such as China trade and higher quotas for H-1B visas, translated into a true understanding of the Net. Overall grade: D+.

- Bush's most complete positions were in education, taxation, and eGovernment, but for a governor, he had surprisingly little to say on eCommerce regulation or sovereignty issues. He also had limited visibility on access or even on privacy, which added up to an issue grade of F.
- As a governor, Bush did not have the opportunity to be involved with technology policymaking at the national level. His position did expose him to eGovernment, taxation, and other issues, however -- although Texas' decentralized state government meant that his personal role was limited. Grade: C.
- Bush has brought in an impressive slate of technology figures, including major industry leaders like Michael Dell and James Barksdale, as well as hundreds of other technology players, raising his advising grade to a B+.

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Al Gore

Al Gore's record of involvement in technology policy is deeper than any other leading politician's. While his record has been stellar and his advising circle strong, he did not score well on several looming policy issues. The bottom line for Gore: a grade of B-.

- On policy positions, Gore showed at least some strength on all the issues except existing industry regulation, which none of the candidates addressed well. He was especially strong on access issues and eGovernment, boosting his grade to a C.
- As a senator, Gore was intimately involved with much of the legislation that shaped the Net as we know it today, and he has taken the lead on technology policy for the Clinton administration. Some interviewees held that despite his experience, his support for hopelessly unworkable policies such as the Communications Decency Act and encryption export controls betrayed a lack of understanding of the Internet. Grade: B+.
- Gore's long-standing interest in technology and his positions as a senator and vice president have helped him plug into a wide-ranging network of Internet experts, the most prominent of which are John Doerr and Marc Andreessen. Grade: B.

John McCain

John McCain's chairmanship of the Senate Commerce Committee positioned him to deal with some key technology issues, and with a few glaring exceptions he has taken clear and prominent stands on the nine issue areas. Our interviewees were strongly divided over McCain's readiness to lead the Internet economy, but a recurrent theme was concern over his alleged unpredictability. His overall grade was a C.

- Like Bush and Gore, McCain scores well on education, and he's made the taxation issue a prominent part of his campaign. He has also taken a clear and prominent position on the free-speech issue of library porn filtering, but he fell short in the other areas. Grade: D.
- As chairman of the Senate Commerce Committee, McCain has had significant experience dealing with telecom regulation and other important elements of technology policy. But critics cite McCain's opposition of the Telecom Act of 1996 and early support of encryption controls as evidence that he may not quite get the Net. Grade: B.
- While McCain has a wealth of Commerce Committee contacts at his disposal, he has not achieved the same depth to his technology advising team as establishment front-runners Gore and Bush. Grade: C.

ACTION



The growing overlap between public policy and the Internet economy will leave players at every level with issues to address.

- **Vendors and Dot Coms must expand lobbying efforts.**
Given that most industries are not regulated at the federal level, firms will have to beef up their efforts in the states if they are going to make their views heard. It will also be important to educate officials at all levels of government, who often lack the technology expertise of businesspeople.
- **Industry players must keep the big view in mind.**
Internet companies need to keep in mind not only their immediate interests but also the good of the Internet as a whole. They are like a tenant in a shopping mall: No matter how nice their store is, they won't make optimum profits if the mall as a whole is shabby and unpleasant.
- **Candidates must sharpen their eBusiness thinking.**
As our grading reveals, the presidential hopefuls' thinking on the implications of eBusiness is spotty. They need to broaden their base of advisers and develop a more detailed set of policies, especially when it comes to understanding the ramifications of the new eCommerce business models and the Net's impact on existing regulations. And they need to communicate to the voters their positions -- or at least their general approaches -- when it comes to the big Internet policy questions of our time.
- **The next president should start a National Internet Service.**
One of the biggest obstacles preventing many schools and libraries from helping close the digital divide is their shortage of the technical skills needed to set up and run computer systems. The next president should establish a youth service that gathers technically astute students to serve as systems administrators for these organizations.

WHAT IT MEANS



Debate will create "Net-radicals" and "Net-conservatives."

Net-radicals, drawn from both the left and right of today, will want to change the architecture of the Net for social, political, or economic ends. Net-conservatives, on the other hand, will want to freeze in place what they see as the Net's glory days, even if government intervention is needed to do so. A third group of "Net-liberals" will argue against government intervention, no matter how the Net evolves. Resentments over such differences could add a whole new motivation for hack attacks and online vandalism.



Issues will become bogged down in an "Internet Civil War"

Many Net debates carry the added baggage of being, at their core, states' rights issues. This makes it very hard for Republicans to be both pro-business and pro-Internet and at the same time keep government at the local level. Members of Congress are caught between providing consumers with the security they want while maintaining the support of businesses and local politicians at the state level. In the short term, most legislators will sidestep the Internet to avoid upsetting the states' rights apple cart. This political two-step will slow down the development of the Internet economy areas that are regulated by the states, like insurance and automobiles.



Serious international divisions will fracture the Net.

Everyone today pictures the Net evolving into a single global network. But when the Internet gets big enough to matter in countries outside the US, a host of thorny cultural differences will spring to the fore. Other nations, most of which lack the anti-statist traditions of the United States, won't be shy about taking action to bring the Internet into conformity with their national preferences. Belligerent leaders or tensions over outside issues will drive some nations to opt out of the US-led Internet and try to construct a parallel, competing, and incompatible network.



Consumers and businesses will tire of ceaseless change.

So far, the Net's role as a nonstop French Revolution bringing constant, radical change has been celebrated. But as the costs of endless disruption begin to mount, consumers and businesses will begin creating formal and informal institutions that sacrifice efficiency for the sake of some stability.

RELATED MATERIAL

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For this report, Forrester interviewed heads of public policy at leading technology firms, as well as members of governmental organizations, political Web sites, leading thinkers on Internet policy, and the technology advisers of the presidential candidates.

Companies And Organizations Interviewed For This Report

America Online www.aol.com	G7 Group www.g7group.com	Progress & Freedom Foundation www.pff.org
Bush For President www.georgewbush.com	Gore 2000 www.algore2000.com	Joel Reidenberg, Fordham Law School www.fordham.edu/law
Michael Capuano, US Congress www.house.gov/capuano	govWorks.com www.govworks.com	Republican National Committee www.rnc.org
Cato Institute www.cato.org	Grassroots.com www.grassroots.com	US Department of Commerce www.doc.gov
Consumer Federation of America www.consumerfed.org	Hands Off The Internet www.handsoff.org	VeriSign www.verisign.com
Democracy Online Project www.democracyonline.org	Hewlett-Packard www.hp.com	VirtualSprockets www.virtualsprockets.com
Dewey Square Group www.deweysquare.com	House Committee on Commerce www.house.gov/commerce	Voter.com www.voter.com
E-LOAN www.eloan.com	McCain 2000 www.mccain2000.com	Young Integrity Project www.young-integrity.org
Election.com www.election.com	Microsoft www.microsoft.com	Wiley, Rein & Fielding www.wrf.com
Electronic Privacy Information Center www.epic.org	National Association of Counties www.naco.org	World Wide Web Consortium www.w3.org
eMusic www.emusic.com	National Governors' Association www.nga.org	Yahoo! www.yahoo.com
Ernst & Young www.ey.com	New Democrat Network www.newdem.org	
Michael Froonkin, University of Miami School of Law www.law.miami	PoliticsOnline www.politicsonline.com	
	Privacy Journal www.townonline.com/privacyjournal	

Related Research

- February 2000 Forrester Report "eMarketplaces Boost B2B Trade"
- December 1999 Forrester Report "Europe: The Sleeping Giant Awakens"
- September 1999 Forrester Report "Post-Web Retail"
- January 1999 Forrester Report "Consumers' Digital Decade"

GRAPEVINE

The Internet wreaks havoc with government measurements.

As eCommerce reinvents the economy, it's changing all the old rules for measuring it. Eliot Maxwell, special adviser to the secretary of the Commerce Department, told us that a big question is how to measure the impact that Dot Coms are having on the economy -- even beginning with questions like, "Is Dell a retailer or a manufacturer?" Tim Adams of the G7 Group added, "Measuring productivity is key to US monetary policy, as well as the actuarial tables used in determining Social Security funding."

Industry should fear a privacy Chernobyl.

One Washington source sympathetic to Internet companies told us, "The industry is one bad story away from a privacy meltdown." The industry, he said, is assuming that the fuss over privacy is coming just from zealots. But if a privacy bill reaches the floor, "No one will be able to vote against it" because lawmakers can explain why they're for privacy regulation in a sentence, but to explain a no vote requires an essay. Add in the fact that this year's compressed election-year session leaves little time for deliberation or lobbying, and it's likely the industry "will get killed" on privacy.

Net vendors may need some help to collect sales taxes.

We spoke with Joe Crosby, national director for state tax legislative government services at Ernst & Young, who favors a move to a simplified, incentive-based tax system. Crosby proposes standardizing the vendor compensation system. He says about half of states currently compensate sellers for the cost of collecting sales taxes -- ranging from Colorado which pays back 3.3% of collected revenues to vendors, to Mississippi, which reimburses sellers a paltry \$50 per month. With changes in online sales tax laws looming, the federal government may have to pony up more than pocket change to give online vendors the tools to collect sales tax from the residents of all 50 states.

Americans still haven't learned their lesson on privacy.

Solveig Singleton, director of information studies at the Cato Institute, shared her views on Net privacy. She brought up an oft-overlooked area of the debate -- the government's own privacy violations. She points to the US government's use of census data to place Japanese-Americans in concentration camps during World War II as an abuse of information that should act as a warning to citizens today.