

**THE WHITE HOUSE**

WASHINGTON

June 15, 1995

MEMORANDUM FOR LEON PANETTA

FROM: Laura D'Andrea Tyson

SUBJECT: Long Range Plan

**I. International Economy**

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

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

**Objectives:**

- Prepare for APEC Leaders Summit (Fall 1995) in Japan to review a copy of the blueprint setting forth proposals to achieve free and open trade in the region by no later than 2020.
- Continue the discussion process begun at the Latin America Summit to achieve free and open trade and investment in the Western Hemisphere and start negotiations with Chile on accession to NAFTA.
- Seek fast track authority from Congress in 1995 to pursue trade initiatives in order to reduce barriers to U.S. exports without hurting national security.
- Reauthorize the Export Administration Act to adopt administrative reforms that liberalize controls on high- tech exports.
- Continue to pursue market-opening with Japan in the Japanese Framework talks and with other countries on a case-by-case basis.
- Work to establish an effective WTO and resolve the GATT issues left over from the Uruguay Round (financial services and basic telecommunications).

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

**Goal:** Explore opportunities for trade liberalization with the European Union. (Kyle)

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

**Goal:** Work on the integration of China, Russia and the economies-in-transition into WTO and the global economy. Also emphasize the integration of the BEMS (Big Emerging Markets) into the global economy. (Kyle)

## **II. Science, Technology, and Infrastructure**

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

### **Objectives:**

- Develop Administration consensus on final details of a USG proposal to the INTELSAT Working Party on June 13.
- Coordinate the Administration's efforts to build international support for the USG position -- including interventions in various international forums by State, Commerce, Treasury and the White House.
- Support and coordinate interagency efforts to build domestic political support for USG position -- largely from US satellite producers, US consumers of satellite services and from US-owned, separate satellite systems.
- Coordinate the development of an Administration views on whether Inmarsat P has been implemented in a way that meets the criteria set out by the USG last fall, and if not, whether COMSAT should be allowed to offer Inmarsat P services within the US.

**Goal:** Amend bilateral agreements that provide a more liberal aviation environment with Japan and certain EU countries. (Deich)

### **Objectives:**

- Coordinate and support Departmental efforts to resolve the dispute between Federal Express and the Government of Japan regarding Fedex's desire to operate between Japan and the Phillipines.
- Coordinate Administration consideration of proposals to allow limited antitrust immunity for certain code-sharing operations in the context of some type of "open skies" agreement with Germany.
- Support efforts to negotiate cargo, pricing, charters and new access UK.

**Goal:** Achieve legislative reforms in some of the personnel, procurement and budget constraints that now hamper the FAA's ability to adopt new technologies and a more efficient air traffic control system. (Deich)

### **Objectives:**

- Coordinate the development of an Administration position on whether to accept any substantive reforms other than a government-corporation as meaningful steps toward developing a more efficient ATC system.

**Goal:** Obtain congressional authorization for State Infrastructure Banks (SIBS) similar to those proposed in the President's Budget. (Deich)

**Objectives:**

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

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

**Objectives:**

- Support interagency review of Administration policy on commercial space launch; support implementation of decision to seek greater consistency in space launch agreements with Russia, China and (potentially) Ukraine.
- Review the objections by Sen. Bingaman and other Congressional critics to the Administration's policy on commercial remote sensing.

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

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

**Goal:** Defend the President's investments in science and technology, especially Commerce Department's Advanced Technology Program, ARPA investments in dual-use technologies, and High Performance Computing and Communications Initiative. (Robyn/Kalil)

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

**Goal:** Provide policy guidance to the Export-Import Bank regarding applications such as the one submitted by Pratt-Whitney in which it requests financing for the export of P-W engines for use on Ilyushin-96 aircraft. (Robyn)

### III. Markets/Regulatory Issues

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

**Objectives:**

- Ensure that legislation repealing Glass-Steagall also maintains the Financial and structural integrity of the financial system, and the Administration's role in its regulation.
- Take a constructive, catalytic role in helping Congress structure and pass a long-lasting SAIF fix.
- See Home Loan Bank reorganization legislation through to a successful conclusion.

**Goal:** Bring the work of the Advisory Committee on Greenhouse Gas Reduction from Personal Motor Vehicles to a successful conclusion, on time (end of September). (Seidman)

**Objectives:**

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

**Goal:** Complete pension simplification legislation that (i) increases funds available to plan participants; (ii) reduces plan terminations; and (iii) increases plan coverage, with the President getting credit, particularly with small business, for proposing the package. (Seidman)

**Goal:** Keep the Administration well-positioned in the debate concerning disaster [earthquake] insurance. (Seidman)

**Objectives:**

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

**Goal:** Achieve regulatory reform legislation in this Congress that the President can sign.

**Objectives:**

- Work within White House processes to maximize Administration visibility and credibility on commitment to reform. Champion reform in ongoing rulemakings and REGO II deliberations; pursue major opportunities for reform through administrative actions; excise language antithetical to reform from Administration statements to the public and the Hill.
- Find and build Administration and ultimately Hill support for a legislative position that actually does streamline and lighten regulatory burdens. Reduce current 100+ page procedural bills to circa ten-page performance-based mandate.

#### **IV. Human Capital**

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

**Objectives:**

- Regardless of the legislative success, to implement these basic principles as fully as possible through Administrative action and Presidential leadership under existing authority.
- Implement the Technology Learning Challenge throughout the next year to demonstrate (1) the full potential of new, interactive learning technology to improve lifelong learning and (2) the extent of the market in schools, homes, and workplaces for such interactive learning and communication.

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

- to end public and project-based housing as we know it by substituting a rapid transition to

vouchers

- to consolidate dozens of separate programs into two, performance-based, incentive block grants for community development and housing
- to create a much more agile FHA to partner with other major financing sources to expand home-ownership opportunities in underserved market niches. (Dimond)

**Objectives:**

- provide support to enact major elements of these reforms in this session of Congress
- provide support to implement administratively as much of the principles of this reform as possible
- support the revisions to HUD's Urban Report to make sure that such New Covenant approaches (empowerment zones and CDFIs, in addition to the HUD Reinvention) are highlighted.

**V. Environment/Natural Resources**

**Goal:** Enact legislation re-authorizing and reforming the Superfund program, while preserving its fundamental tenets. (Holstein)

**Objectives:**

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

**Goal:** Enact legislation lifting the 22-year ban on exports of Alaska North Slope (ANS) crude oil. (Holstein)

**Objectives:**

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

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

**Objectives:**

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

**VI. General Economy**

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

**Objectives:**

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

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

**Objectives:**

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

**Goal:** Develop tax reform/simplification policy options that promote (i) fairness, (ii) simplicity, and (iii) efficiency, while assuring revenue neutrality.

cc: Erskine Bowles, Harold Ickes