

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman to the President; RE: Foreign Lobbyists (2 pages)	05/25/1995	P5
002. memo	Michael Waldman to the President; RE: Foreign Lobbyists (2 pages)	05/26/1995	P5
003. memo	Michael Waldman to Leon Panetta; RE: Making the most of the Foreign Lobbying Announcement (3 pages)	06/05/1995	P5
004a. memo	Sally Katzen, et al. to the Chief of Staff; RE: Sen. Boren's revolving-door proposal (2 pages)	12/20/1993	P5
004b. memo	Michael Waldman to Sally Katsen; RE: Revolving door and ethics issues (1 page)	n.d.	P5
005. memo	Michael Waldman, Bruce Reed to the President; RE: Lobby Reform Initiative (5 pages)	03/20/1995	P5
006. memo	Michael Waldman to Harold Ickes; RE: Foreign Lobbying (2 pages)	07/18/1995	P5
007. memo	Michael Kantor to Harold Ickes; RE: Foreign Lobbyists - Options (3 pages)	07/19/1995	P5
008. memo	Harold Ickes, Jennifer O'Connor to Leon Panetta, Erskine Bowles; RE: Agency positions on a proposed ban on contacts with agents of foreign governments (7 pages)	07/20/1995	P5
009. memo	Michael Waldman to Bruce Reed, et al.; RE: Foreign Lobbying (3 pages)	06/28/1995	P1/b(1), P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13643

FOLDER TITLE:

[Lobbying]

2006-0469-F
db1433

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

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

MEMORANDUM FOR SALLY KATZEN

FROM: MICHAEL WALDMAN

SUBJECT: REVOLVING DOOR AND ETHICS ISSUES

Attached is a draft memorandum on the Boren bill. Bruce Reed and I have reviewed the issue, and he is reviewing this draft this AM. As you will see, my views on what we should do have hardened. I believe that, post-Howard and Roy, it would be dangerous for us to intercede -- for the first time ever on any such ethics bill -- on the revolving door issue, of all issues.

As for the draft OGE letter on the Conyers bill: I do not object to OGE sending some letter of this sort. But it seems to me that they miss the major argument against the Conyers bill, which is that the conduct that Conyers is seeking to affect is covered by the Levin-Bryant bill. Levin-Bryant requires disclosure of a wider array of activities than current law. It does so for all lobbyists -- not just former government employees. Levin-Bryant strikes the better balance than Conyers. Our comments on Conyers should be couched in that context.

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001. paper	Phil Metzger to Jack Quinn; RE: Why we need the Theme (2 pages)	03/08/1995	P5
002. paper	RE: Political, Congressional, and Government Reform (10 pages)	n.d.	P5
003a. receipt	RE: Credit Card Receipt (1 page)	06/02/1995	P6/b(6)
003b. form	RE: Medical receipt (2 pages)	06/02/1995	P6/b(6)

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13641

FOLDER TITLE:

[Government Reform & Lobbyist] [1]

Debbie Bush
2006-0469-F
db1425

RESTRICTION CODES

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

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83/08/1333 00:10 3813832441 METZGER PAGE 02

WHY WE NEED THE THEME, "NEWTITES NOT READY FOR PRIME TIME"

TO MICHAEL WALUMAN

Problem: GOP House strategy of "tear us down by phony anecdote and harass us if we respond" could be extremely costly government-wide.

- * House GOP is winning points in the battle of public perception by using phony anecdotes to establish the theme that federal agencies are loony and the federal government is out of control -- justifying radical measures -- when our response consists largely of fragmentary, occasional, issue-specific rebuttals unconnected by a theme that takes on this GOP strategy.
- * They're finding that when they legislate on the basis of phony anecdotes, they only get "elite" media criticism which just says, "House GOP actions are wrong and unwise." That doesn't even register with most people, and resonates little if at all.
- * Most dangerously, McIntosh-type threats give them a means to chill some degree of action, and especially to tie up agencies in endless, useless, time-wasting responses.

Solution: Before this strategy becomes a pattern that depletes our capacity to fight back effectively, develop and market the attached theme, making their strategy into a liability by exacting an increasing cost each time they use it.

- * Do this by drawing a consistent, telling theme out of the pieces of their strategy, as the attached does, put a derisive sound bite on it -- that the Newtites are "not ready for prime time" majority power -- sell it to a respected pundit to put out as an overarching insight into Gingrich/House GOP behavior, and be ready to point out each subsequent use of any piece of their strategy..
- * Then, whenever House GOP member(s) do use any piece of the "phony anecdote and harassment" strategy, they will just confirm the negative characterization and elevate it even more into a conclusive judgment, which makes the cost of each subsequent repetition even higher.

TO: JACK QUINN
FR: PHIL METZGER
FAX # 202/4566212
ATTACHED TEXT AS
WE DISCUSSED

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GOP NEWTITES NOT READY FOR PRIME TIME

Theme: Legislative or executive power in a democracy entails a responsibility to exercise that power by work that is serious and reflects in one's decisions at least a minimal regard for the facts one seeks to affect by governing. Legislative majorities with the power of governance over policy and funding have a particular responsibility in this regard. The new Republican congressional majorities, particularly in the House, are in several ways failing this test of responsibility and seriousness -- in short, are suggesting they're "not ready for prime time" majority power.

Hostile or indifferent to facts themselves as a basis for policy, they are terrified of hearing facts from others:

- * Starting House majorityship by censoring the same kinds of personal references to themselves (and especially to Gingrich) that they (and especially he) routinely used for years against Democrats. [Taking down Rep. Carrie Meek (FL) for mere factual description of Gingrich book deal]
- * Taking the cue from Speaker Gingrich that a campaign of false, preposterous, unverified anecdotes is appropriate for legislative debate and as the basis for policy decisions [Serge Kovalski piece in Post 3/3, Post editorial 3/6]
- * Using an orchestrated strategy to make largely or entirely false anecdotes about federal (regulatory) agencies the core of their rationale for "Contract" legislation [NYT Cushman piece on McIntosh (2/28), Post Business section piece on OSHA truth squad and EPA efforts (3/3), Jessica Matthews Post op-ed (3/4)]
- * Reacting to efforts to point out this campaign of legislation-by-phony-anecdote with a hysterical response that tries to intimidate the Administration to stop doing "things that have long been routine functions of officials in the executive branch, practices that lawyers in Republican and Democratic administrations alike have declared legal." [Cushman piece on McIntosh-Browner dispute in NYT 3/5/95]

Refuse to take on simple responsibilities of power if they involve work that doesn't yield instant, high visibility PR:

- * Senate GOP freshmen proposing to abolish Indian Affairs Committee simply because "no one wants on the Committee" [Sen. Grams quote in NYT Magazine 3/5 piece on Dole] -- a brainless, knee-jerk response that eliminating anything in government is inherently desirable even if the rationale for doing so is avoiding nuts-and-bolts work of government that doesn't yield obvious political benefits, not that the issue is inappropriate for federal involvement (which would be racist in light of federal responsibilities to fulfill two centuries of Indian treaties).

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POLITICAL, CONGRESSIONAL, AND GOVERNMENT REFORM

The collapse of public trust in the institutions of government is the fundamental political fact of our time. After two decades of growing disillusion, this break between the people in office and the people who put them there dominates every aspect of American politics, from the noisy bombast of talk shows to the silence of empty voting booths.

Voters believed that Bill Clinton understood this situation, and would act to rectify it. But for all of our efforts over the past two years, the public is now more disillusioned, more embittered, than it was in November 1992.

Our reform agenda should do battle on three fronts:

- Launching a renewed assault on bureaucracy, including the line-item veto; civil service reform to give federal managers the right to hire and fire; the elimination of one or more departments; privatization; and a fundamental overhaul of federal regulatory agencies.

- Shifting power back to the American people, through campaign reform that requires broadcasters to provide free time to candidates; a national initiative and referendum process; and a "citizen frank" that lets citizens contact Congress for free; and

- Fixing Congress, with a constitutional amendment allowing states to limit legislative terms; lobby reform; a ban on gifts; a congressional pay freeze until the budget is balanced; and a 25% cut in congressional staff.

The President should give a major speech to the DLC in early December to signal his intentions in these areas. We cannot wait until the State of the Union.

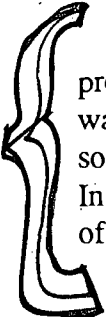
A. Renewed Assault on the Bureaucracy

We should make the most of NPR's success by escalating our assault on the federal bureaucracy, with a relentless, sustained attack on fraud, red tape, unnecessary programs, and counterproductive rules and regulations.

1. Children's Tax Cut Paid for by Cuts in Special Interests. The whole point of reforming government is to give ordinary people a better deal for their tax dollars. One option would be to give them a reform dividend, by eliminating special interest subsidies and using the savings to pay for a children's allowance for middle-class families. Rob Shapiro has identified a series of special interest subsidies; an expanded deduction for middle-class

families with children would cost in the neighborhood of \$40 billion over five years. The savings could go into a trust fund, so that nobody would get their tax cut unless Congress agreed to make the spending cuts. Established interests would attack anyone who goes after their subsidies, but we could press the simple theme that parents can do more for their children with that money than government or those interests can.

2. Eliminating One or More Departments. We could seize back the initiative in the debate over downsizing government by proposing to abolish one or more departments. Two representative candidates might be Energy and HUD. DOE's military energy functions could be merged into the Department of Defense, its energy conservation programs merged into Interior, and the remaining programs such as Bonneville Power sold or eliminated. This could realize savings in the neighborhood of \$8-10 billion a year, and FTE reductions of up to 100,000. In theory, HUD could be privatized and block-granted in the name of ending public housing as we know it.

 **3. A Bureaucracy-Closing Commission.** To maintain the initiative, we could propose legislation to set up a bipartisan bureaucracy-closing commission that would look for ways to consolidate agencies, reduce field offices, etc. We could ask for fast-track authority so that the commission's recommendations would have to be voted on without amendment. In the early days of NPR, we drafted legislation along these lines, but postponed it in the face of Congressional hostility.

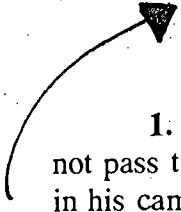
4. Privatization. The NPR has recommended getting government out of the business of things it does not do well. For example, NPR recommended selling the FAA's air traffic control operations. We could also sell the Bonneville Power Authority. Privatization is a way of conducting surgical strikes on the bureaucracy without eliminating an entire agency or rearranging all the boxes.

5. The Right to Hire and Fire. NPR is preparing a sweeping civil service reform bill that will reduce the number of job classifications and give federal managers the right to hire and fire federal workers. Negotiations with unions and management are under way; the bill will be ready to introduce in January.

6. Regulatory Overhaul. Regulatory reform will be a top priority for NPR next year, with an extensive review that brings business leaders and others to the White House to develop a new, more market-based approach to regulation for the 21st Century.

B. Shifting Power Back to the American People

In the end, it will not be enough to change Washington. The American people are ready to take government into their own hands. The spread of information technology makes that possible, and the collapse of political institutions makes it almost certain.



1. Free TV Time for Candidates. A campaign reform bill with public funding will not pass the new Congress. Instead, we should press for the changes the President called for in his campaign -- free TV time for candidates who abide by spending limits, a \$1,000 limit on PAC donations or outright PAC ban, and reforms on soft money. Free TV time has strong public support. Over the years, it has also been endorsed by Bob Dole and Ross Perot. The idea would prompt a major battle with the broadcasting industry and its champions in Congress.

2. National Referendum. The most dramatic and significant reform proposal the President could put forward is a national referendum that would allow the people to vote on issues of national importance.

3. Eliminate the Congressional Frank, and Give It to the American People. The frank is one of the most entrenched and abused symbols of incumbency. We could propose to drastically limit it for Congress and give it to the American people instead. Any individual who wants to send a letter to their Congressman or Senator would be able to do so for free. Postcards, letters from organizations, and letters from another district or state would not be eligible (mail could be delivered directly to the district office to prevent abuse). This is how it works in Canada, where citizens can write Parliament for free.

4. Citizen Participation. Some bipartisan effort to re-energize the citizenry, as the President said in his post-election press conference. A Citizen's Jury is one idea; a joint teleconference with Gingrich et al might be another.

C. Fixing Congress

We should press for major changes in the way Congress does business.

1. Lobby Reform and Gift Ban. We should demand that Congress pass a gift ban and a back-to-basics lobby reform bill as soon as they return. The Republicans raised several bogus objections to the lobby reform bill in the waning days; we should call their bluff, accept those changes if necessary, and pass the bill on a bipartisan basis.

2. Apply Laws to Congress. Legislation applying a host of laws to Congress passed the House but not the Senate this past Congress. We should press Congress to pass it immediately.

3. Insist on Line-Item Veto. The Republican Contract includes a strong version of the line-item veto. We should support it, and insist that it become effectively immediately, not in some future Presidency. (Their version does not specify an effective date.)

4. Term Limits. Republicans pledge to bring to a vote a constitutional amendment limiting congressional terms to 12 years, but they would grandfather in existing Members of Congress. Beyond principled opposition, we can respond in two ways:

a. Call their bluff. We could demand that the 12-year limit on service apply immediately (or by a date certain, such as 1996), and thereby affect sitting members of Congress; and/or

b. Let the states decide. We could support a constitutional amendment to allow states to vote to apply term limits to their own federal representatives. This would be consistent with our legal position that state-mandated term limits are unconstitutional.

5. Endorse Congressional Staff Cuts: In the campaign, the President promised not only to cut the White House staff by 25%, but to challenge Congress to do the same. We should praise the Republicans for doing it.

6. Propose a Way to Balance the Budget by 2002. One response to the Republicans' Balanced Budget Amendment would be to propose a path that leads to a balanced budget by the year 2002, when such an amendment would take effect. If it could be done, such a proposal would steal the Republicans' thunder; and if it actually passed, it might lower interest rates enough to keep the recovery alive.

7. Freeze Congressional and Presidential Pay Until the Budget Is Balanced. If we're going to make significant spending cuts to reduce the deficit, public officials should lead by example. The American people don't get a guaranteed cost-of-living increase. Why should their leaders? A performance-based freeze on Congressional and Presidential pay is a responsible, common-sense alternative to plans to "cut their pay and send them home."

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Social and Moral Values

Many Americans are increasingly pessimistic about basic trends in our society. They sense disintegration in such basic social institutions as families, voluntary organizations, and local communities. They see the threat of violence invading previously safe streets and schools. They deplore what they see as the decline of personal responsibility, which they trace in part to the effects of programs such as AFDC. They experience important elements of the culture--especially television--as working against parents' efforts to raise children with sound character and values. In general, there is a pervasive sense of loss of control that leads many to search for renewed sources of certainty and authority, including religion.

Beyond their obvious moral significance, these sentiments are politically potent. As the economy recovers, social issues become more salient. Recent polls (People for the American Way, Times-Mirror, and others) suggest that a popular majority now places moral decline ahead of economic pressure as the root cause of our nation's problems.

Bill Clinton's use of the bully pulpit to speak out on issues of culture and values has produced some of the peak moments of his presidency. These efforts should become more systematic, and they should be backed by an issues agenda tightly focused on mainstream values. The ultimate goal is to reaffirm for the American people that Bill Clinton shares their values, not the views of out-of-touch elites. The following are some options for exercising moral leadership:

Welfare Reform. The President must not shy away from the looming welfare reform debate. Instead, he should defend the high ground with a proposal, along the lines of the one he offered last year, that combines opportunity with responsibility and gets tough without becoming harshly punitive. Many Republican Senators and Governors will help moderate this debate. One executive action we are prepared to take in this area is aggressive child support enforcement in interstate cases; the Justice Department is preparing to announce several prosecutions.

Teen Pregnancy. Parallel with but distinct from welfare reform legislation, the president should spearhead a national mobilization of non-profit organizations, religious institutions, community leaders and the private sector to fight the epidemic of teen pregnancy and out-of-wedlock births.

Crime. The President should draw a clear line against Republican efforts to tamper with the cops program and the assault ban. New initiatives might include: a strong focus on keeping guns and drugs out of schools (perhaps including a new crime pledge to put a cop in every school that needs one); encouraging local curfews, truancy enforcement, and sweeps in public housing; a nationwide truth-in-sentencing campaign to challenge states to abolish parole; and the already announced effort to hold regional anti-crime forums with the VP to highlight local success stories.

Family Policy. The President has always preferred a children's tax cut because he believes it is good family policy. If we put forward such a tax cut, we should promote it on those grounds. Another related idea that will come up in the tax debate is allowing couples to deduct the cost of adopting a child. We recommended an adoption tax credit in the transition; a sizable adoption deduction is included in the Republican Contract. The President recently signed a provision in the Elementary and Secondary Schools Act that will make interracial adoption easier.

Religion. The President should intensify his efforts to restore religion to its appropriate role in our community life. Specifically:

- * As a counter to Republican calls for a school prayer amendment, he should announce his support for "moment of silence" legislation and declare that his Justice Department will defend appropriately crafted state and local moment of silence laws against constitutional challenge. Alternatively, he could support a "moment of silent prayer" constitutional amendment.
- * He should dramatically raise the visibility of his implementation of the Religious Freedom Restoration Act. (Example: he recently compelled the Justice Department to reverse its position in a case brought under RFRA. That should have been a big story, but it wasn't--in part because we didn't try hard enough to make it one.)
- * The President should ensure that religious institutions are eligible to participate in public programs as long as those institutions are serving generally valid public purposes. Why shouldn't religious institutions play key roles in national efforts to fight drug abuse, reduce teen pregnancy, improve child care and provide mentors for young people?

Character Education. The president should place himself at the head of the growing movement for character education in schools and communities across the country. (He backed a new character education program that was included in the recently reauthorized Elementary and Secondary Education Act.)

TV Violence. Without identifying himself with the cause of censorship, the president can put himself squarely on the side of parents troubled by the impact of televised sex and violence on their children. For example, he could summon network executives to the White House for some highly publicized jawboning.

Immigration. In addition to the implicitly racial dimensions of issues such as welfare reform and crime, the 104th Congress and the 1996 presidential contest will feature debates over the explicitly racial issues of affirmative action and immigration. We must begin work now toward principled and politically defensible positions that the president will be able to maintain in the face of emotional charges and countercharges.

National Service. National and community service was central to the president's 1992 campaign, but it has since become marginal to the administration. There should be a sustained effort to return this program to a prominent position, by spotlighting the accomplishments of community-based service groups supported by AmeriCorps and by drawing the line against coming Republican attempts to gut the program.

*{ - connection on their side
- fear of falling
- income / cost standard of living.*

Middle-Class Relief

economic concerns

Over the past two years, the Clinton Administration has altered the basic direction of the country's economic policy we inherited. Exploding deficits have been replaced by meaningful deficit reduction, investments in people have been reformed and enhanced, government has been downsized, and markets have been opened to American goods and services. As a result, a wobbly recovery has strengthened into sustained growth, investment has surged, exports have increased, and jobs have been created at a rate sufficient to lower unemployment dramatically.

Notwithstanding this progress, recent polls show many Americans remain insecure and anxious about their economic prospects. Average families have not experienced a change in the twenty-year old pattern of income stagnation. The economic reality that elected this President has not changed: Middle-class families are working harder and taking home less.

Our long-term economic agenda of trade, training, and putting our house in order is designed to make the country richer and help workers earn more. Most Americans support this effort. But in addition to long-term strategies for opportunity and growth to help them earn more, they are looking for some immediate way to take home more -- or at least have the government take away less. We believe that we should address this concern in a manner that is fiscally responsible and that is consistent with our longer-term agenda to strengthen families and the economy.

At the same time, we should look for ways to restore confidence in a better future. Many workers suffer from "fear of falling" -- the expectation that if they lose their jobs, their next employment will offer lower pay and reduced benefits. They expect continuing corporate restructuring that will affect middle managers as well as manufacturing workers. Most important, they worry that they will not be able to give their children the same opportunities that they themselves had as young people just starting out. They won't trust some government program to solve these problems for them -- they have no confidence in the institutions we provide or the hope we promise. But they want to know that we understand their plight and will stand up for their interests, not big business, big government, or other narrow interests.

I. Identifying with the Economic Concerns of Ordinary People

One important challenge in the coming year will be for the President to do what he did so well in the 1992 campaign, and show that he understands what ordinary people are going through. This is not a legislative strategy, but a public one:

- Factory visits
- Roundtables with ordinary workers

- Oppose mindless corporate downsizing
- Defend middle-class programs against Republican assault: college loan program, national service, plant closing law, Social Security

II. Education and Training

Re-employment.

National Leader on Education Reform.

// extend the school day
 goal of "Rising Real Income" by the year 2000.

III. Responsible Tax Relief

Children's Tax Cut Paid for by Cutting Subsidies. One bold way to give ordinary people a better deal for their tax dollars would be to propose a children's tax cut paid for by eliminating special interest subsidies. This cut-and-invest strategy, proposed by Rob Shapiro, would give us the high ground of insisting that a middle-class tax cut be fully paid for, and enable us to do so with cuts that would otherwise be off the table for deficit reduction or new investment.

Tax relief for middle-class families with children could take many forms, ranging from a children's tax credit to an expanded standard deduction for each child. The Republican Contract proposes a \$500 per child credit, which would cost an estimated \$118 billion over 5 years. The Treasury Department has developed a series of options which cost \$30-40 billion over 5 years, and provide approximately \$250 per child in tax relief. The major difference between our proposals and theirs is that ours is fully paid for and targeted to the middle class; theirs is a budget buster that goes to families with incomes up to \$200,000.

Perhaps the most attractive option is increasing the standard deduction. According to Treasury, increasing the standard deduction by \$1,800 would cost \$40 billion over 5 years, and provide tax relief of approximately \$250 per child to 19 million families earning between \$10,000 and \$100,000 -- an average cut of \$500 per family. This approach is more progressive than a credit, because it is targeted to families that do not itemize deductions. A credit would provide half as much tax relief to twice as many families for the same amount of money.

How to Pay for It: As Shapiro has argued, the money to pay for this tax relief should come from cutting current spending and tax subsidies that benefit particular industries without serving any overriding social or economic purpose. He originally identified \$225 billion in cuts over 5 years, but a more viable list might include the following:

- * Repealing 936 tax breaks for drug cos. in Puerto Rico \$21.5 billion
- * Reduce deductibility of advertising expenses \$17.5 billion

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- * Cut Energy Supply, R&D grants \$ 6.9 billion
- * Reduce government subsidies to private utilities \$ 3.6 billion
(TVA, REA, BPA, nuclear)
- * Make industries pay for services government provides \$10.2 billion
(market rates for water sales, inland waterways,
nuclear waste disposal, CFTC, FDIC, poultry)

TOTAL \$59.7 billion

Restore Deductibility of College and Training Expenses.

Cost -- ??

Other Pocketbook Issues. We identified several other controversial measures that might address the economic anxiety of ordinary people:

1. Raising the Minimum Wage. This idea is popular, would fulfill a campaign promise, and the Republicans would have a hard time opposing it. On the downside, it will be seen more as an effort to help the working poor than the broad middle class -- and to some extent it would simply supplant the help we have already given those families through the expanded EITC. It would please organized labor, but the small business lobby would once again accuse us of being job-killers.

2. Wage Insurance. One potential way to relieve the "fear of falling" would be to make it possible for workers to buy private wage insurance that would cushion their fall -- a kind of enhanced, extended, but entirely voluntary addition to UI. This might ease people's worries about going from a \$14/hr. job to a \$7/hr. job (although it would do nothing to help them hold onto that job or get it back.) But even more than the Reemployment Act, it would reinforce the doom-and-gloom side of our economic message -- you'll have to change jobs 8 times, you might lose your health insurance, your wages are about to be cut in half, etc. -- and put us in the position once again of promising to cushion America's decline while Republicans promise to create jobs and expand economic growth.

3. Medical Savings Accounts. This is a radical, market-oriented approach to health reform from a middle-class perspective. It should be considered in the health reform debate.

* Tax boning on price increases or
for insurance practices.

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COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13641

FOLDER TITLE:

Political/Government Reform [1]

Debbie Bush
2006-0469-F
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Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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COPY

I. POLITICAL, CONGRESSIONAL, AND GOVERNMENT REFORM

The collapse of public trust in the institutions of government is the fundamental political fact of our time. After two decades of growing disillusion, this break between the people in office and the people who put them there dominates every aspect of American politics, from the noisy bombast of talk shows to the silence of empty voting booths.

Voters believed that Bill Clinton understood this situation, and would act to rectify it. But for all of our efforts over the past two years, the public is now more disillusioned, more embittered, than it was in November 1992.

Our reform agenda should do battle on three fronts:

- Launching a renewed assault on bureaucracy, including the line-item veto; civil service reform to give federal managers the right to hire and fire; the elimination of one or more departments; privatization; and a fundamental overhaul of federal regulation;
- Shifting power back to the American people, through campaign reform that requires broadcasters to provide free time to candidates; a national initiative and referendum process; and a "citizen frank" that lets citizens contact Congress for free; and
- Fixing Congress, with a constitutional amendment allowing states to limit legislative terms; lobby reform; a ban on gifts; a congressional pay freeze until the budget is balanced; and a 25% cut in congressional staff.

The President should give a major speech in early December -- either at the Sanford Center at Duke University, or to the DLC annual meeting, or at Georgetown, where he first pledged to "repair the damaged bond between the people and their government" -- to signal his intentions in these areas. With the Republicans preparing to clean up Congress in early January, we cannot wait until the State of the Union.

A. Renewed Assault on the Bureaucracy

We should make the most of NPR's success by escalating our assault on the federal bureaucracy, with a relentless, sustained attack on fraud, red tape, unnecessary programs, and counterproductive rules and regulations.

1. Eliminating One or More Departments. We could seize back the initiative in the debate over downsizing government by proposing to abolish one or more departments.

Two representative candidates (for example only) might be Energy and HUD. DOE's military energy functions could be merged into the Department of Defense, its energy conservation programs merged into Interior, and the remaining programs such as Bonneville Power sold or eliminated. This could realize savings in the neighborhood of \$8-10 billion a year, and substantial FTE reductions in a department that currently has over 140,000 employees. This would be an effective counter to the Republicans' likely plans to eliminate HUD.

2. A Bureaucracy-Closing Commission. To maintain the initiative, we could propose legislation to set up a bipartisan bureaucracy-closing commission that would have reorganization authority to consolidate agencies, reduce field offices, etc. We could ask for fast-track authority so that the commission's recommendations would have to be voted on without amendment. In the early days of NPR, we drafted legislation along these lines, but postponed it in light of competing Congressional priorities.

3. Privatization. A New Democratic approach to privatization would be based on a set of principles which focused on privatization not as a means to run the government but as a means to get the government out of

a) obsolete businesses such as: United States Enrichment Corporation, Sallie Mae, the Helium reserve, Alaska Power, some Department of Energy labs, market rates on western water, and some underutilized Veteran's Administration hospitals;

b) programs that are viable private sector activities, such as: the Air Traffic Control System (an NPR recommendation that DOT is anxious to pursue), Amtrak, the Export-Import Bank, and the Overseas Private Investment Corporation. (In the same vein: a number of DOD non-core missions could be privatized, but current law prevents this step.)

4. The Right to Hire and Fire. NPR is preparing a sweeping civil service reform bill that will reduce the number of job classifications and give federal managers the right to hire and fire federal workers. Negotiations with unions and management are under way; the bill will be ready to introduce in January.

5. Speed Up the Downsizing. NPR and OMB are preparing legislation to repeal FTE floors in existing appropriations bills, and ban the use of FTE floors in future bills. This could be coupled with a Presidential vow to veto future appropriations bills that limit our ability to downsize. We should also consider directing agencies to accelerate the mandated downsizing of the workforce to accomplish its objectives by 1996 instead of 1999. To illustrate that downsizing the bureaucracy is one of this Administration's signature achievements, we should start a Bureaucracy Clock (in a prominent place like Times Square) that would track our progress. It may also be possible to accelerate downsizing by allowing early retirement without buyouts; we are looking at the cost of legislation once proposed by Roth that would give 500,000 federal employees the ability to retire early.

6. Regulatory Overhaul. There is considerable concern in the public and in the business community that the current regulatory process is too intrusive and too costly. As chair of the Regulatory Advisory Group, the Vice President is setting up a process whereby each member would convene a seminar to explore innovative approaches to regulatory reform. This process would then yield a set of less bureaucratic proposals to reform our regulatory apparatus.

7. Devolution. NPR and OMB are looking at a number of federal categorical programs that could be devolved down to the state and local level, such as: public housing programs, trade and export promotion, economic development, and perhaps job training.

8. Children's Tax Cut Paid for by Cuts in Special Interests. The whole point of reforming government is to give ordinary people a better deal for their tax dollars. One option would be to give them a reform dividend, by eliminating special interest subsidies and using the savings to pay for a children's allowance for middle-class families. Rob Shapiro has identified a series of special interest subsidies; an expanded deduction for middle-class families with children would cost in the neighborhood of \$40 billion over five years. Established interests would attack anyone who goes after their subsidies, but we could press the simple theme that parents can do more for their children with that money than government or those interests can. These cuts are detailed below in the Economic section of this memo.

B. Shifting Power Back to the American People

In the end, it will not be enough to change Washington. The American people are ready to take government into their own hands. The spread of information technology makes that possible, and the collapse of political institutions makes it almost certain.

1. Free TV Time for Candidates. A campaign reform bill with public funding will not pass the new Congress. Instead, we should press for the changes the President called for in his campaign -- free TV time for candidates who abide by spending limits, a \$1,000 limit on PAC donations or outright PAC ban, and reforms on soft money. Free TV time has strong public support. Over the years, it has also been endorsed by Bob Dole and Ross Perot. The idea would prompt a major battle with the broadcasting industry and its champions in Congress.

2. National Referendum. The President could propose a constitutional amendment establishing a national referendum and initiative process, as now exists in the majority of states and in most Western democracies. Initiative measures that pass by a supermajority would be submitted for up-or-down congressional vote, without amendment, within 90 days. Referenda repealing acts of congress would also require a supermajority for passage. A high threshold could be set for ballot qualification (e.g., signatures equal to 5% of the vote in the previous general election, with at least 2% in each state.

Proponents of this idea believe that it could energize voters by involving them directly in policymaking, significantly promote voting and participation, and reduce the sense of distance and alienation now experienced by many Americans vis-a-vis the federal government. Opponents of this idea are concerned about the possibility of well-financed extremist groups exploiting the process, and about less knowledgeable, less socially oriented decision making than the already highly unsatisfactory processes in Congress. (If there is a desire to explore this idea more deeply, a detailed memorandum setting forth the history, operation, and pros and cons of this proposal has already been completed.)

3. Eliminate the Congressional Frank, and Give It to the American People. The frank is one of the most entrenched and abused symbols of incumbency. We could propose to drastically limit it for Congress and give it to the American people instead. Any individual who wants to send a letter to their Congressman or Senator would be able to do so for free. Members of Congress could use the frank to answer letters, but not for free bulk mailings. Postcards, letters from organizations, and letters from another district or state would not be eligible (mail could be delivered directly to the district office to prevent abuse).

4. Citizen Participation. Some bipartisan effort to re-energize the citizenry, as the President said in his post-election press conference. A Citizen's Jury is one idea; a joint teleconference with Gingrich et al might be another. There is also active consideration of a presidential executive order that would establish an interagency working group to encourage more active and direct citizen participation in various aspects of the executive branch.

C. Fixing Congress

We should press for major changes in the way Congress does business.

1. Lobby Reform and Gift Ban. We should demand that Congress pass a gift ban and a back-to-basics lobby reform bill as soon as they return. The Republicans raised several bogus objections to the lobby reform bill in the waning days; we should call their bluff, accept those changes if necessary, and pass the bill on a bipartisan basis.

2. Apply Laws to Congress. Legislation applying a host of laws to Congress passed the House but not the Senate this past Congress. We should press Congress to pass it immediately.

3. Insist on Line-Item Veto. The Republican Contract includes a strong version of the line-item veto. We should support it, and insist that it become effectively immediately, not in some future Presidency. (Their version does not specify an effective date.)

4. Term Limits. Republicans pledge to bring to a vote a constitutional amendment limiting congressional terms to 12 years, but they would grandfather in existing Members of Congress. Beyond principled opposition, we can respond in two ways:

a. Call their bluff. We could demand that the 12-year limit on service apply immediately (or by a date certain, such as 1996), and thereby affect sitting members of Congress; and/or

b. Let the states decide. We could support a constitutional amendment to allow states to vote to apply term limits to their own federal representatives. This would be consistent with our legal position that state-mandated term limits are unconstitutional.

5. Endorse Congressional Staff Cuts: In the campaign, the President promised not only to cut the White House staff by 25%, but to challenge Congress to do the same. We should praise the Republicans for doing it.

6. Reduce Congressionally Mandated Reports. Since 1970, the number of reports mandated by Congress has grown from 700 to 5,300. Many of these reports consume the agencies' time and the taxpayers' dollars for the members' gain; most just gather dust. We could introduce legislation to reduce or eliminate such reports. In Arkansas, the President ordered a complete review of every report produced by the Department of Education, and got rid of those no one read.

7. Freeze Congressional and Presidential Pay Until the Budget Is Balanced. The NEC is preparing another memo on our strategy for the Balanced Budget Amendment. One position we can take in any event is to insist that if we're going to make significant spending cuts to reduce the deficit, public officials should lead by example. The American people don't get a guaranteed cost-of-living increase. Why should their leaders? A performance-based freeze on Congressional and Presidential pay is a responsible, common-sense alternative to plans to "cut their pay and send them home."

II. STANDING UP FOR AMERICAN VALUES

Many Americans are increasingly pessimistic about basic trends in our society. They sense disintegration in such basic social institutions as families, voluntary organizations, and local communities. They see the threat of violence invading previously safe streets and schools. They deplore what they see as the decline of personal responsibility, which they trace in part to the effects of programs such as AFDC. They experience important elements of the culture--especially television--as working against parents' efforts to raise children with sound character and values. In general, there is a pervasive sense of loss of control that leads many to search for renewed sources of certainty and authority, including religion.

Beyond their obvious moral significance, these sentiments are politically potent. As the economy recovers, social issues become more salient. Recent polls (People for the American Way, Times-Mirror, and others) suggest that a popular majority now places moral decline ahead of economic pressure as the root cause of our nation's problems.

Bill Clinton's use of the bully pulpit to speak out on issues of culture and values has produced some of the peak moments of his presidency. These efforts should become more systematic, and they should be backed by an issues agenda tightly focused on mainstream values: work, faith, family, opportunity, responsibility, community. The ultimate goal is to reaffirm for the American people that Bill Clinton shares their values, not the views of out-of-touch elites. The following are some options for exercising moral leadership:

Welfare Reform. Although the looming welfare reform debate can carry substantial risks for us, the President must not shy away from it. Instead, he should look for common ground on the areas where most Americans agree -- time limits, work, child support enforcement, personal responsibility -- and try to shame Republicans out of harshly punitive positions that hopefully are far outside the mainstream. Many Republican Senators and Governors will help moderate this debate. One executive action we are prepared to take in this area is aggressive child support enforcement in interstate cases; the Justice Department is preparing to announce several prosecutions.

Teen Pregnancy. Parallel with but distinct from welfare reform legislation, the president should spearhead a national mobilization of non-profit organizations, religious institutions, community leaders and the private sector to fight the epidemic of teen pregnancy and out-of-wedlock births.

Crime. The President should draw a clear line against Republican efforts to tamper with the cops program and the assault ban. New initiatives might include: a strong focus on keeping guns and drugs out of schools (perhaps including a new crime pledge to put a cop in every school that needs one); encouraging local curfews, truancy enforcement, and sweeps in public housing; a nationwide truth-in-sentencing campaign to challenge states to abolish

parole; federal boot camps; an expanded Police Corps; and the already announced effort to hold regional anti-crime forums with the Vice President to highlight local success stories.

Family Policy. The President has always preferred a children's tax cut because he believes it is good family policy. If we put forward such a tax cut (which raises extremely difficult budgetary choices), we should promote it on those grounds. We should also maintain a strong pro-adoption policy. The idea of allowing couples to deduct the cost of adopting a child may come up in the tax debate. We recommended an adoption tax credit in the transition; a sizable adoption deduction is included in the Republican Contract. The President recently signed a provision in the Elementary and Secondary Schools Act that will make interracial adoption easier.

Religion. The President should intensify his efforts to restore religion to its appropriate role in our community life. Specifically:

- * As a counter to Republican calls for a school prayer amendment, he should announce his support for "moment of silence" legislation and declare that his Justice Department will defend appropriately crafted state and local moment of silence laws against constitutional challenge. (This should be integrated into the overall response to the Jakarta statement and its aftermath.)
- * He should dramatically raise the visibility of his implementation of the Religious Freedom Restoration Act. (Example: he recently compelled the Justice Department to reverse its position in a case brought under RFRA. That should have been a big story, but it wasn't--in part because we didn't try hard enough to make it one.)
- * The President should ensure that religious institutions are eligible to participate in public programs as long as those institutions are serving generally valid public purposes. Why shouldn't religious institutions play key roles in national efforts to fight drug abuse, reduce teen pregnancy, improve child care and provide mentors for young people?

Character Education. The president should place himself at the head of the growing movement for character education in schools and communities across the country. (He backed a new character education program that was included in the recently reauthorized Elementary and Secondary Education Act.)

TV Violence. Without identifying himself with the cause of censorship, the president can put himself squarely on the side of parents troubled by the impact of televised sex and violence on their children. For example, he could summon network executives to the White House for some highly publicized jawboning.

Immigration. In addition to the implicitly racial dimensions of issues such as welfare reform and crime, the 104th Congress and the 1996 presidential contest will feature debates

over the explicitly racial issues of affirmative action and immigration. We must begin work now toward principled and politically defensible positions that the president will be able to maintain in the face of emotional charges and countercharges.

National Service: National and community service was central to the President's 1992 campaign, but it has since become marginal to the administration. There should be a sustained effort to return this program to a prominent position, by making it a regular part of the President's travels to spotlight the accomplishments of community-based service groups supported by AmeriCorps, and by drawing the line against coming Republican attempts to gut the program. The President could also challenge every high school to make community service a part of its curriculum.

POLITICAL, CONGRESSIONAL, AND GOVERNMENT REFORM

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Our reform agenda should do battle on three fronts:

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- Shifting power back to the American people, through campaign reform that requires broadcasters to provide free time to candidates; a national initiative and referendum process; and a "citizen frank" that lets citizens contact Congress for free; and

- Fixing Congress, with a constitutional amendment allowing states to limit legislative terms; lobby reform; a ban on gifts; a congressional pay freeze until the budget is balanced; and a 25% cut in congressional staff.

The President should give a major speech to the DLC in early December to signal his intentions in these areas. We cannot wait until the State of the Union.

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families with children would cost in the neighborhood of \$40 billion over five years. The savings could go into a trust fund, so that nobody would get their tax cut unless Congress agreed to make the spending cuts. Established interests would attack anyone who goes after their subsidies, but we could press the simple theme that parents can do more for their children with that money than government or those interests can.

2. Eliminating One or More Departments. We could seize back the initiative in the debate over downsizing government by proposing to abolish one or more departments. Two representative candidates might be Energy and HUD. DOE's military energy functions could be merged into the Department of Defense, its energy conservation programs merged into Interior, and the remaining programs such as Bonneville Power sold or eliminated. This could realize savings in the neighborhood of \$8-10 billion a year, and FTE reductions of up to 100,000. In theory, HUD could be privatized and block-granted in the name of ending public housing as we know it.

3. A Bureaucracy-Closing Commission. To maintain the initiative, we could propose legislation to set up a bipartisan bureaucracy-closing commission that would look for ways to consolidate agencies, reduce field offices, etc. We could ask for fast-track authority so that the commission's recommendations would have to be voted on without amendment. In the early days of NPR, we drafted legislation along these lines, but postponed it in the face of Congressional hostility.

4. Privatization. The NPR has recommended getting government out of the business of things it does not do well. For example, NPR recommended selling the FAA's air traffic control operations. We could also sell the Bonneville Power Authority. Privatization is a way of conducting surgical strikes on the bureaucracy without eliminating an entire agency or rearranging all the boxes.

5. The Right to Hire and Fire. NPR is preparing a sweeping civil service reform bill that will reduce the number of job classifications and give federal managers the right to hire and fire federal workers. Negotiations with unions and management are under way; the bill will be ready to introduce in January.

6. Regulatory Overhaul. Regulatory reform will be a top priority for NPR next year, with an extensive review that brings business leaders and others to the White House to develop a new, more market-based approach to regulation for the 21st Century.

B. Shifting Power Back to the American People

In the end, it will not be enough to change Washington. The American people are ready to take government into their own hands. The spread of information technology makes that possible, and the collapse of political institutions makes it almost certain.

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2. National Referendum. The most dramatic and significant reform proposal the President could put forward is a national referendum that would allow the people to vote on issues of national importance.

3. Eliminate the Congressional Frank, and Give It to the American People. The frank is one of the most entrenched and abused symbols of incumbency. We could propose to drastically limit it for Congress and give it to the American people instead. Any individual who wants to send a letter to their Congressman or Senator would be able to do so for free. Postcards, letters from organizations, and letters from another district or state would not be eligible (mail could be delivered directly to the district office to prevent abuse). This is how it works in Canada, where citizens can write Parliament for free.

4. Citizen Participation. Some bipartisan effort to re-energize the citizenry, as the President said in his post-election press conference. A Citizen's Jury is one idea; a joint teleconference with Gingrich et al might be another.

C. Fixing Congress

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a. Call their bluff. We could demand that the 12-year limit on service apply immediately (or by a date certain, such as 1996), and thereby affect sitting members of Congress; and/or

b. Let the states decide. We could support a constitutional amendment to allow states to vote to apply term limits to their own federal representatives. This would be consistent with our legal position that state-mandated term limits are unconstitutional.

5. Endorse Congressional Staff Cuts: In the campaign, the President promised not only to cut the White House staff by 25%, but to challenge Congress to do the same. We should praise the Republicans for doing it.

6. Propose a Way to Balance the Budget by 2002. One response to the Republicans' Balanced Budget Amendment would be to propose a path that leads to a balanced budget by the year 2002, when such an amendment would take effect. If it could be done, such a proposal would steal the Republicans' thunder; and if it actually passed, it might lower interest rates enough to keep the recovery alive.

7. Freeze Congressional and Presidential Pay Until the Budget Is Balanced. If we're going to make significant spending cuts to reduce the deficit, public officials should lead by example. The American people don't get a guaranteed cost-of-living increase. Why should their leaders? A performance-based freeze on Congressional and Presidential pay is a responsible, common-sense alternative to plans to "cut their pay and send them home."

Social and Moral Values

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Withdrawal/Redaction Sheet

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Speechwriting
Michael Waldman
OA/Box Number: 13641

FOLDER TITLE:

1994 & Voter Turnout

Debbie Bush
2006-0469-F
db2195

RESTRICTION CODES

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

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

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	David Dreyer to Leon Panetta; RE: Memo to Leon, Harold, Joan, George, Pat G., Mark (2 pages)	08/22/1994	P5
002. memo	Michael Waldman to George Stephanopoulos; RE: Follow-up on Contract Issues (2 pages)	12/14/1994	P5
003. memo	Michael Waldman to Jack Quinn, George Stephanopoulos; RE: Regulation and the GOP Contract (2 pages)	12/14/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13643

FOLDER TITLE:

President and Contract with America

Debbie Bush
2006-0469-F
db2200

RESTRICTION CODES

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

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

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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THE WHITE HOUSE
WASHINGTON

December 14, 1994

MEMORANDUM FOR GEORGE STEPHANOPOULOS

FROM: MICHAEL WALDMAN *MW*

SUBJECT: FOLLOW-UP ON CONTRACT ISSUES

A few thoughts on Monday's meeting:

- Just as I and others did a historical look at the previous "comeback kids," we need to look at how Nixon, Ford, Reagan and Bush dealt with an opposition Congress -- what tricks they had up their sleeves, what the ways are to signal a veto without waving a pen, etc. I always knew what Bush was going to veto without him ever having to say it. Those of you who were in the Congress when the GOP had the White House will have the best sense of this.
- With a shrunken Democratic committee staff, we will need to do more research and legwork for them than would otherwise be the case. This will affect what people here do day-to-day.
- We need to decide where, if anywhere, is the place to try and blow up the railroad tracks. I take your point that the GOP didn't tactically identify the stimulus, we gave it to them by refusing to compromise, larding it with pork, etc. Nonetheless, they knew what the line of attack would be on us -- big government -- and we walked into their trap. We need to set a trap of our own, and wait for them to walk into it (or lure them into it). Simply lobbying a clever amendment or two at each bill they offer is not an ultimate answer.
- We need a complete strategy on how to paint the GOP as the party of wealthy special interests, while making sure that the President is seen as the defender of the middle class against those special interests. It's not enough to be a defender of the middle class; you have to say what you're defending against. Critical to this may be the deregulation piece of the contract (see attached memo to Jack Quinn and you). A frontal GOP assault on regulation may force us to defend those agencies and programs, or willingly watch them be destroyed. While no one likes regulation and red tape, there is also a good, pro-middle class story to be told -- on OSHA.

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cancer prevention, dangerous toys, etc. There needs to be a concerted effort to gather together the relevant agency heads for a political strategy here. This may be a different matter from the VP's effort to rethink and recast the regulatory system -- which I think is very important -- or it may be part of the same process.

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THE WHITE HOUSE
WASHINGTON

December 14, 1994

MEMORANDUM FOR JACK QUINN
GEORGE STEPHANOPOULOS

FROM: MICHAEL WALDMAN MW

SUBJECT: REGULATION AND THE GOP CONTRACT

It is clear that the GOP will seek to use their control of Congress to dismantle the regulatory state. The Contract includes several pieces of legislation that would go after regulation. We can also expect the appropriations and budget processes to take aim at specific agencies or programs.

I know that the Vice-President is convening a process to propose a regulatory overhaul, and as you know I think that is a very good idea. It seems to me that a rather distinct project needs to be undertaken -- possibly separately, possibly folded in to the VP's operation -- to organize a political and public response to the GOP assault. (This may already be underway, so this memo may cover ground that's already well-trod.)

I assume that we want to portray the Republicans as advocates for wealthy special interests, while the President is a defender of the middle class against those who would take advantage of it. The trick is how to do this without seeming to be an advocate of big government and red tape. Obviously, all this presupposes a decision on what posture we want to take on the regulatory issues.

Some possible steps:

- Our regulatory agencies are headed by a number of bright, politically savvy people who can be pulled together for a political strategy group. I'm thinking of Anne Brown (CPSC), David Kessler (FDA), Carol Browner, Anne Bingamen (Antitrust division), Christine Varney, Martinez at NHTSA, Joseph Dear at OSHA, etc.
- They can pull together a ready-to-go compilation of why their regulation has been both reasonable and good for the middle class.
- As Rubin and Bowles have discussed, we have a good deregulatory record.

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which we should trumpet appropriately.

- Thoroughly, intensely studying the GOP's regulatory proposals. For example, our Council of Economic Advisers should be ready to refute the most extreme cost-benefit analysis proposals.

- If we decide to try, at a sub-Presidential level, to defend our regulatory agencies, then we may want to organize the public health, environmental, and consumer groups to fight back.

Again, if this is already being done, then ... never mind. If you need any thoughts/help, let me know. As George remembers, we fought out some of these broad regulatory issues on the Quayle Council, with some success, though the terrain may have shifted rather dramatically since then.

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman; RE: Draft initial communications strategy for run up to U.S.-Japan Summit. (3 pages)	01/27/1993	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13643

FOLDER TITLE:

Japan

Debbie Bush
2006-0469-F
db2201

RESTRICTION CODES

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

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

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January 27, 1993

MEMORANDUM FOR CIRCULATION

FROM: MICHAEL WALDMAN
SPECIAL ASSISTANT TO THE PRESIDENT
FOR POLICY COORDINATION

SUBJECT: DRAFT INITIAL COMMUNICATIONS STRATEGY
FOR RUN UP TO U.S.-JAPAN SUMMIT

I apologize that I am unable to attend today's meeting. This is a very preliminary outline and calendar of what we should be doing to set the stage. It generally deals with matters that are supplementary to the normal process of briefing and feeding the press. Please let me know what subtractions/edits/additions you have. We will clearly need to have a separate discussion of mechanics early next week among press and communications people.

I. AUDIENCE

Japan. The first audience in the run up is the Japanese -- primarily as a means to demonstrate resolve to their government officials, who might be understandably skeptical of our determination. In addition, if appropriate, a secondary Japanese audience would be the Japanese people themselves (who would be susceptible to an argument that Japan will be left behind, or that their consumer welfare would be helped by the changes we seek).

Domestically. There are three separate media audiences with whom we should be concerned.

General/White House press. As a macropolitical issue, the negotiation and summit will be transmitted to the public through the networks and the general press. We need to show that an unsuccessful summit -- if that is what occurs -- is the result of resolve and perserverence by the Clinton Administration, rather than a bungled policy. The key is to lay the predicate now: to inoculate these reporters so that our explanations do not seem like ex post facto rationalizations.

Trade and foreign policy press. These specialty reporters have already been covering this issue, to a greater or lesser degree. They need to be kept apprised on a regular basis, through regular channels.

Free-trade elites/editorial boards. There is a small universe of journalists, primarily editorialists (but also some business writers), who blanch at anything that smacks of managed trade. To assuage the elite press, we

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need to convince them that we are not abandoning free trade, merely bargaining hard to open markets.

II. TASKS

(This schedule assumes that the President calls Prime Minister Hosakawa over the weekend, and that the summit will be on schedule.)

Week of January 31

WH background sessions beginning Monday or Tuesday (1/31-2/1)- start process of 'inoculating' White House reporters. The key reporters should be brought in for a background session with some of the deputies -- e.g., Bo Cutter, Charlene Barshevsky (sp?)

White House press briefings - Dee Dee Meyers can announce an escalation in the negotiations from the podium. Again, it won't necessarily get noticed, but it will drive home our determination.

"Exclusive" view of the negotiations to a sophisticated reporter -- e.g., Tom Friedman (NYT), Peter Behr (WP), Gerry Seib or Al Hunt (WSJ).

Preparation for weekend shows (Thursday, 2/3) - The weekend shows will not likely focus on this issue, nor do we particularly want them to. However, this could come up among the pundits. We need to make sure that the regular White House people who are talking to the participants in McLaughlin, Capital Gang, Meet the Press, Brinkley etc. put forward our "we are hanging tough" line.

Editorial board briefings - Given the possibly Pavlovian free trade reaction at some editorial boards, it makes sense for Deputy-level officials to call -- and possibly meet with -- the relevant editorial writers at the Washington Post, New York Times, Wall Street Journal and possibly USA Today.

Using the regular daily briefings -- The departments will continue to do their normal schedule of briefings. We should maintain and update daily talking points about the status of the negotiations to be used (and followed!) by spokespeople from all the agencies.

Week of February 7

(NOTE: As we pull into this week, we will have a better sense of the profile and tone that we want to convey.)

Principals or deputies at White House briefing (Monday)- It may make sense to use the briefing room to lay out our negotiation goals and our

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expectations for the summit. This can be at the Secretary-level, or, if a lower key is sought, the deputies.

Ambassador Mondale -- Because of his domestic stature and reputation as a trade hawk, Mondale would be an ideal spokesperson if we want to turn up the volume. We should consider bringing him back by midweek to conduct a briefing and appear on interview programs.

Columnists -- Wednesday or Thursday (2/9 or /10), we should bring in columnists and relevant correspondents for a briefing with the President or other senior officials.

Foreign press (esp. Japanese press) - Separate briefings for foreign press.

III. COORDINATION

Speaking with one voice. We need to narrow and identify which senior officials should be the primary spokespeople will be for the administration. It doesn't work, as a general matter, to have five or six spokespeople -- the press will just play them off against one another.

Daily talking points (see above).

Interagency coordination. We need to ensure that there is a regular conference call among agencies as this unfolds. This could be part of the regular daily communications/public affairs conference call.

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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. fax	Kent Markus to Michael Waldman; RE: Telephone number (partial) (1 page)	n.d.	P6/b(6)
002. memo	Michael Waldman to the President; RE: Campaign Finance Reform Revision (3 pages)	06/10/1993	P5
003. memo	Michael Waldman to the President; RE: Call from Sen. Wellstone on Campaign Reform (1 page)	05/25/1993	P5
004. paper	RE: Recommended Telephone call (2 pages)	06/07/1993	P5
005. memo	Michael Waldman to Mack McLarty, et al.; RE: Senate Consideration of Campaign Reform Legislation (1 page)	05/24/1993	P5
006. memo	Michael Waldman to the President; RE: Campaign Finance Reform Decisions (7 pages)	03/12/1993	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13643

FOLDER TITLE:

Campaign Finance Reform - 1993 [1]

Debbie Bush
2006-0469-F
db1434

RESTRICTION CODES

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

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

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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93 JUN 7 P4:01

June 7, 1993

RECOMMENDED TELEPHONE CALL

TO:

Sen. Carl Levin ①
(202) 224-6221
Contact: Gordon Kerr, AA

DATE:

Before Tuesday

RECOMMENDED BY:

Michael Waldman and Steven Ricchetti with
concurrence of Howard Paster and George
Stephanopoulos

PURPOSE:

To seek to dissuade Levin from cosponsoring a
crippling amendment to campaign finance
reform bill -- and to ask his help in
dissuading Sen. Exon from offering the
amendment. Levin is key because if he
cosponsors, it gives other Democrats cover.
If he doesn't, then Exon might not even
proceed.

BACKGROUND:

Sen. Levin has opposed public funding before
in private meetings. His concern is
primarily political -- giving opponents a
club with which to beat Democrats.

However, he has voted for public funding in
the past (e.g., he supported S.3 last year
and was a cosponsor of this year's bill).

If we can persuade Levin to refrain from
cosponsoring or supporting Exon, that would
be significant, since Levin gives Senate
liberals "cover" for voting to weaken the
bill.

TOPICS:

1. We are on the verge of winning major
victory on political reform. You are calling
to ask Sen. Levin not to vote for an
amendment that could cause the campaign
finance reform bill to fall apart.

2. Communications vouchers are an essential
part of the plan. They keep your campaign
pledge to "open up the airwaves." Without
them, candidates would have to raise even

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3. We have taken care this year to ensure that no general tax revenues are used for these vouchers. The money comes from repealing the deductibility of lobbying.

4. (IF APPROPRIATE) We refrained from taking a position on the Wellstone amendment on gift disclosure, even though you personally supported it and had pushed it through in Arkansas, because Levin said it would scuttle the lobby disclosure bill. We're in the same position here. If vouchers are knocked out of the bill, much of the Democratic-side support for the bill falls out -- editorial boards, advocacy groups, etc.

5. (IF APPROPRIATE) Levin has voted for communication vouchers before, when he voted for S.3. The lack of backlash last time shows that this is not a killer vote, politically. Also, he won't protect himself much by opposing public funding now.

5. Ask Levin to urge Exon not to introduce the amendment.

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THE WHITE HOUSE

WASHINGTON

May 24, 1993

MEMORANDUM FOR MACK MCLARTY, HOWARD PASTER,
GEORGE STEPHANOPOULOS, JACK QUINN,
STEVE RICCHETTI, JOAN BAGGETT, RICKI SEIDMAN,
PAUL CAREY, KAREN HANCOX

FROM: MICHAEL WALDMAN MW

SUBJECT: SENATE CONSIDERATION OF
CAMPAIGN REFORM LEGISLATION

I'm back in the saddle, more or less, after my week at home with the newest Democrat. As you know, the Senate takes up campaign finance reform this week. Three immediate matters.

1. First, some parameters. I believe the White House a) should not be involved in or take positions on amendments generally, but b) should oppose amendments that gut or eliminate key legislative provisions (which are spending limits, public funding, PAC limits, the lobbyist provisions, and soft money).

Right now the one amendment that I'm worried about from a Democrat is the possible Dorgan amendment to strike the public financing and replace it with a constitutionally dicey tax on campaign spending by those who exceed spending limits.

If motions to strike public funding come from Republicans, we should be able to beat them narrowly, but ones from Democrats are real trouble. I am going to have Susan Brophy talk to Dorgan, and possibly the VP or others, to let him know that we don't want him to do this -- unless someone tells me not to.

2. Attached is a letter from the President to Mitchell and/or Moynihan clarifying that we still want to use the lobbying deduction to pay for CFR, despite the Ways and Means action. Mitchell and Senate Finance have a version of the lobbying deduction that raises enough money to meet the deficit total and pay for communications vouchers. Our posture should always be confidence that this is what we want and how the public funding should be paid for.

This needs to go soon, hopefully today, so that Mitchell can use it on the floor tomorrow.

3. Recognizing that the budget is issue #1, #2, and #3 at the moment, we need to make sure we don't suffer a surprise defeat on political reform either. We may be calling on the VP or Mack to do targeted phone calls, lobbying and/or media visibility on this issue.

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman to the First Lady; RE: Campaign finance reform (4 pages)	03/07/1993	P5
002. memo	Michael Waldman to the President; RE: Campaign finance reform options (15 pages)	03/06/1993	P5
003. memo	Michael Waldman to David Wilhelm, Kent Marcus; RE: The DNC's proposal on soft money [2 copies] (7 pages)	03/01/1993	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13643

FOLDER TITLE:

Campaign Finance Reform - 1993 [2]

Debbie Bush
2006-0469-F
db2203

RESTRICTION CODES

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

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MARCH 1, 1993

MEMORANDUM FOR DAVID WILHELM

FROM: Michael Waldman

SUBJECT: The DNC's proposal on soft money

I believe that the DNC's proposal on soft money is a step in the right direction. However, I believe that it does not go nearly far enough in changing the current system, and thus avoiding a significant political setback for the president.

Simply put, it not only doesn't shut down the soft money system, it doesn't seem to me to place a significant dent in it. I explain my concerns below.

We must bite the bullet on this difficult issue. We have no choice but to accept dramatic soft money limits, and try to make the best of it, rather than seek to pretend that we do not have to accept such limits. Under your leadership -- and that of President Clinton -- I believe that the DNC and the rest of the Democratic party can be remade into a genuine grass-roots organization, and that this can be done while weaning ourselves from soft money.

I believe that these provisions can be softened for the DNC by a) expanding the availability of hard money; b) phasing in its provisions (perhaps even beyond the 1994 effective date for the rest of the bill); and c) expanding the presidential checkoff to include matching funds for small contributions for parties; and d) setting up segregated funds to guarantee that adequate resources go to the field and that cooperation with state parties continues.

I cannot over-stress the urgency of coming to closure on this. Ross Perot is testifying tomorrow, as is George Mitchell. We need greater specificity and a decision from the President. Let's see what we can resolve today. Ultimately, it is likely that he will have to decide.

The political context

Let me spell out the reasons why I think we have so little room to maneuver here.

* Soft money is the piece of campaign finance reform that reflects our self-interest, just as PACs do for Congress. So

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far, we have been lucky -- little ink on our soft money donors, who they are, etc. But we will not be so lucky if we are perceived as protecting the soft money system.

* During the campaign, the President committed to a) supporting S.3's soft money provisions, and b) giving up soft money. He subsequently used more general language -- but that only buys us so much room. (If you think otherwise, look at the recent spate of editorials calling on us to live up to our campaign promises on reform, such as banning soft money.) A significant retreat from S.3's soft money provisions will be seen as a big broken promise.

* As Stan Greenberg and other have repeatedly told us, what we do will be perceived as "reform" or "sellout" depending on what Common Cause and the press tell the public. As you know, Wertheimer is in a rigid posture on this stuff. We may be able to move/undercut him, but if we can't, his thumbs down becomes quite significant. (Mitchell is his protector, and if we move Mitchell, that will help.)

* Our wiggle room is further diminished by Sen. Mitchell's zeal on this issue. These provisions are his; he will fight for them; and anything we do that is seen as a significant retreat from S.3's soft money language will be the subject of public posturing by the Majority Leader. The House Democrats will be in no mood to rescue us.

Specific concerns about the DNC's proposal

My general sense is that the proposal doesn't take a big enough "hit" on our own money. I am particularly interested in the answer to the question I posed the other day: how much money would this proposal cost the DNC and/or state parties? How would it actually affect operations? I do not mean to prejudge the answer to that question.

Here are my specific thoughts about the DNC's proposal:

* Coordinated campaigns -- By retaining coordinated campaigns, with state party money raised gifts of unlimited size, your proposal simply walks away from the main soft money proposals in S.3. You rightly say that if the federal candidate's name is used, then the funds should be counted as federal. But how much game playing will that lead to?

If you want to preserve coordinated campaigns, I strongly recommend that you think of some way to have federal and state parties and candidates put money in in a disclosed and limited way. The concept we discussed last week -- the one you and Larry Gold separately pointed toward -- would be a good place to start.

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*materials spec.
adv. of 26*

* Larger campaign limits -- As you know, at present individuals are (putatively) limited to giving \$25,000 to federal candidates and parties. Your proposal would change this to \$25,000 to candidates, \$25,000 to parties per year -- in other words, \$200,000 per couple per cycle. That's hardly limiting the role of big money. And it favors the wealthy, who in turn favor Republicans. While this may be defensible if soft money were barred, it simply isn't within the framework of your proposal.

* Loophole in the "no fundraising" provision -- S.3 restricts soft money fundraising by federal candidates, and your proposal does too. But it would exempt dinners and other party events. If this is a normal Jefferson-Jackson dinner that will benefit the state party (e.g., last week's event in Georgia), I have no problem with that. But this can't include fundraising dinners that are in reality for the presidential candidate's soft money accounts. That was, after all, what the President's Dinner (Bush-Quayle '92's big bash) did last spring.

* No party spending limit -- We can't simply discard the state party spending limit. We should quibble with the size of the limit, but we must accept the limits -- they are too integral a part of the proposal, and it's too difficult to defend deleting them.

* The \$75,000 contribution limit for DNC soft money -- Added to the expansion of hard money, this would allow huge contributions to continue. What about the idea of a phase-down, as you suggested?

Again, that's \$600 per couple per pres. cycle.

Recommendation for further proposals by the DNC

Within the constraints that I see, I believe that our proposal can, at most, do the following things:

* I would push to expand the allowable amount of hard money that can be given to the party: to \$20,000 or \$25,000, or perhaps your idea of \$25,000 to candidates, and \$25,000 to parties if the severe soft money restrictions are retained.

* Segregate out coordinated campaigns; set up a "grassroots campaign committee," and require local and federal candidates to pool their money if 75% of candidates on a slate agree to make the grassroots committee their sole operation for GOTV, voter reg., etc. The funds for these activities would have to be limited, perhaps coming under federal hard money limits or some similar set of restrictions. But it would free up the soft money for other state activities (e.g., party expenses, candidate-specific media, etc.)

* Finally, as you proposed, carrots as well as sticks to encourage small contributions should be introduced. I would recommend to the extent possible using the framework of the current presidential public financing system -- e.g., expand the

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checkoff to \$5, use the convention money, etc. This could provide a pool of matching funds amounting to, say, \$20 million.

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MARCH 1, 1993

MEMORANDUM FOR DAVID WILHELM AND KENT MARCUS

FROM: Michael Waldman

SUBJECT: The DNC's proposal on soft money

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* Soft money is the piece of campaign finance reform that reflects our self-interest, just as PACs do for Congress. So far, we have been lucky -- little ink on our soft money donors, who they are, etc. But we will not be so lucky if we are perceived as protecting the soft money system.

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* During the campaign, the President committed to a) supporting S.3's soft money provisions, and b) giving up soft money. He subsequently used more general language -- but that only buys us so much room. (If you think otherwise, look at the recent spate of editorials calling on us to live up to our campaign promises on reform, such as banning soft money.) A significant retreat from S.3's soft money provisions will be seen as a big broken promise.

* As Stan Greenberg and other have repeatedly told us, what we do will be perceived as "reform" or "sellout" depending on what Common Cause and the press tell the public. As you know, Wertheimer is in a rigid posture on this stuff. We may be able to move/undercut him, but if we can't, his thumbs down becomes quite significant. (Mitchell is his protector, and if we move Mitchell, that will help.)

* Our wiggle room is further diminished by Sen. Mitchell's zeal on this issue. These provisions are his; he will fight for them; and anything we do that is seen as a significant retreat from S.3's soft money language will be the subject of public posturing by the Majority Leader. The House Democrats will be in no mood to rescue us.

Specific concerns about the DNC's proposal

My general sense is that the proposal doesn't take a big enough "hit" on our own money. I am particularly interested in the answer to the question I posed the other day: how much money would this proposal cost the DNC and/or state parties? How would it actually affect operations? I do not mean to prejudge the answer to that question.

Here are my specific thoughts about the DNC's proposal:

* Coordinated campaigns -- By retaining coordinated campaigns, with unlimited state party money raised gifts, your proposal simply walks away from the main soft money proposals in S.3. You rightly say that expenditures which mention a federal candidate's name would have to be paid fully in federal dollars. But how much game playing will that lead to?

If you want to preserve coordinated campaigns, I strongly recommend that you think of some way to have federal and state parties and candidates put money in a disclosed and limited way. The concept we discussed last week - the one you and Larry Gold separately pointed toward - would be a good place to start.

* Larger campaign limits -- As you know, at present individuals are (putatively) limited to giving \$25,000 to federal candidates and parties. Your proposal would change this to \$25,000 to candidates, \$25,000 to parties per year -- in other words, \$200,000 per couple per two-year cycle. That's hardly limiting the role of big money. And it favors the wealthy, who

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in turn favor Republicans. While this may be defensible if soft money were barred, it simply isn't within the framework of your proposal.

* Loophole in the "no fundraising" provision -- S.3 restricts soft money fundraising by federal candidates, and your proposal does too. But it would exempt dinners and other party events. If this is a normal Jefferson-Jackson dinner that will benefit the state party (e.g., last week's event in Georgia), I have no problem with that. But this can't include fundraising dinners that are in reality for the presidential candidate's soft money accounts. That was, after all, what the President's Dinner (Bush-Quayle '92's big bash) did last spring.

* No party spending limit -- We can't simply discard the state party spending limit. We should quibble with the size of the limit, but we must accept the limits -- they are too integral a part of the proposal, and it's too difficult to defend deleting them.

* The \$75,000 contribution limit for DNC soft money -- Added to the expansion of hard money, this would allow huge contributions to continue. Again, that allows a couple to contribute not only \$200,000 per two-year cycle, but \$1,000,000 (including soft money) per presidential cycle. What about the idea of a phase-down, as you suggested?

Recommendation for further proposals by the DNC

Within the constraints that I see, I believe that our proposal can, at most, do the following things:

* I would push to expand the allowable amount of hard money that can be given to the party: to \$20,000 or \$25,000, or perhaps your idea of \$25,000 to candidates, and \$25,000 to parties if the severe soft money restrictions are retained.

* Segregate out coordinated campaigns; set up a "grassroots campaign committee," and require local and federal candidates to pool their money if 75% of candidates on a slate agree to make the grassroots committee their sole operation for GOTV, voter reg., etc. The funds for these activities would have to be limited, perhaps coming under federal hard money limits or some similar set of restrictions. But it would free up the soft money for other state activities (e.g., party expenses, candidate-specific media, etc.)

* Finally, as you proposed, carrots as well as sticks to encourage small contributions should be introduced. I would recommend to the extent possible using the framework of the current presidential public financing system -- e.g., expand the checkoff to \$5, use the convention money, etc. This could provide a pool of matching funds amounting to, say, \$20 million.

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman to Leon Panetta, Harold Ickes; RE: Campaign Finance Reform - Other Options (1 page)	03/29/1995	P5
002. memo	Michael Waldman to Leon Panetta, Joan Baggett; RE: Unions and Campaign Finance Reform (2 pages)	12/13/1994	P5
003. memo	Michael Waldman, Steven Ricchetti to the President; RE: Campaign Finance Reform Conference - Decision Needed (3 pages)	03/31/1994	P5
004. memo	Michael Waldman to Ricki Seidman, et al.; RE: Campaign Finance Reform Timing (1 page)	03/17/1994	P5
005. memo	Michael Waldman to Campaign Finance Reform Meeting; RE: Issues in Conference (4 pages)	03/03/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13643

FOLDER TITLE:

Campaign Finance Reform 1994 & 1995

Debbie Bush
2006-0469-F
db2204

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

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FILE

THE WHITE HOUSE
WASHINGTON

March 17, 1994

MEMORANDUM FOR RICKI SEIDMAN
RAHM EMANUEL
DAVID DREYER

FROM: MICHAEL WALDMAN

SUBJECT: CAMPAIGN FINANCE REFORM TIMING

Here's a heads-up on the campaign finance reform conference

Negotiations have been proceeding fast and furious, and most major issues have been more or less resolved.

The original goal -- strongly held by the House leadership -- was to finish redrafting the bill, then appoint conferees (how a bill really becomes law), report it out of conference, and bring it for a floor vote all before the recess. This is highly unlikely because of deadlock on a few key points, and the difficulty of putting together funding sources for the public financing.

It is my guess now that the legislation will be done after they come back from recess, and will go to the floor a week or two after that. (It all depends on various scandals and how they mutate.) It is possible that it will drag on beyond that; most pessimistically, into April or even May.

I will argue very strongly that if we come up with a good bill out of the conference, the President's public schedule should include both some time pushing for it -- we may have to break a GOP filibuster -- and a high-profile signing ceremony. A win on campaign finance reform, again depending on whether the bill is regarded as anything to crow about, will be a surprise (the press don't expect it) and will be seen as real gridlock-breaking. (Plus, in light of The Troubles, it is not a bad bit of positioning for us.) But we need to put a little presidential time into it for people to believe that he had anything to do with it. (I believe that Greenberg, at least, believes there are real benefits to garnering credit for this if it happens.)

I'll keep you posted.

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March 3, 1994

MEMORANDUM FOR CAMPAIGN FINANCE REFORM MEETING

FROM: MICHAEL WALDMAN

SUBJECT: ISSUES IN CONFERENCE

I. Major issues that may need WH involvement

A. PACs

House: 1/3 of spending limit (\$200,000, plus inflation and exemptions); size of PAC gifts remains at \$5000 per election (\$10,000 per cycle).

Senate: Bans PACs. Since this is clearly unconstitutional, and will be taken out of the bill, it has a fallback position: PAC contributions limited to 20% of the spending limit, and the size of individual PAC gifts is cut to \$2500 (\$5000 per cycle).

Analysis: Final passage requires "something" to be done about the House PAC provisions, even if the changes have insignificant real-world impact. Senate final passage requires the votes of GOP moderates, who support a PAC ban. And Synar et al. have made headway with the press in branding it as phony reform. Common Cause has proposed to the House that they move to \$5000 per cycle, which would allow CBC members to have their PACs max out to them in the primary. In point of fact, such a restriction would hinder the PAC fundraising of few members, given the aggregate PAC cap. But it would be some movement on the issue. House leaders say they won't move on this, but in reality they may be holding out in negotiations.

Issue: Do we -- through the President, or another senior official -- weigh in at the appropriate moment to reduce the size of the House PAC contribution limit?

B. Public financing

Senate bill: No relevant provision.

House bill: The bill's most lauded feature are the communications vouchers (matching funds for small contributions up to 1/3 of the spending limit). The legislation did not fund the vouchers, however.

Analysis: The House leadership is committed to finding a way to fund the legislation -- and they believe it can be done in the legislation, without going

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back to Ways and Means. They are examining a variety of options for the funding. (See attached.)

Issue: We simply need to keep in touch with them as they put together the funding mechanisms.

C. **Lobbyist provisions**

Senate bill: The Senate passed a version of the proposal -- first brought to the table by the White House -- to ban contributions from lobbyists to the lawmakers they contact for a period of one year.

House bill: Did not include it.

Analysis: Sam Gejdenson says this is a "bill killer" for his colleagues. His staff says that he asked the President about it on their trip to Connecticut, and the President said he didn't really care about it. Nonetheless, the Senate wants to stick with it. The White House has argued for it in the conference discussions (as much a matter of saving face as anything else). We have been asked to redraft the Senate provision to make it more like what we originally proposed.

Issue: Do we continue to push for this, as a matter of legislative negotiating strategy as much as anything else?

D. **FEC**

At one point, I thought we might need to weigh in on this, but now I think we don't.

Background: In the Spring, both the WH and the leadership agreed that we needed to strengthen the FEC. The provisions were taken out of the Senate bill at the behest of the Republicans, and taken out of the House bill at the behest of Rep. Al Swift, who wanted to do a separate, bipartisan FEC bill in his subcommittee. He has now relented, realizing that the GOP will never cooperate. He is working with the House and Senate conferees to craft new FEC reforms to go into this bill.

I. Party money/presidential campaign provisions

A. **Soft money**

The House and Senate bills are largely identical to the legislation we so painfully negotiated in the Spring. There are four major differences between the two bills:

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a. PAC contributions to party committees -- Today, a PAC can give \$15,000 to a party committee. The House proposes raising that to \$20,000, the amount that an individual can give.

b. Soft money fundraising by federal officials for state candidates -- The Senate bill bars federal officials from raising soft money for state legislative candidates in federal election periods. The House bill does not. Gephardt's Tom O'Donnell promised Wertheimer that this would be taken care of in conference, a deal that was "cosigned" by George Stephanopoulos. Now the House is balking, but this is just a negotiation tactic.

c. Public funds for the grassroots funds -- The Senate bill (and our soft money deal) expands the presidential grant to give approximately \$11 million every four years to the campaigns for transfer to the state grassroots funds. Joe Sandler of the DNC was assured by O'Donnell that this would also be taken care of in conference. Now the House is blustering that they will hold this hostage to the increase in PAC contributions to party committees.

d. Harriman Center -- The House bill allows national parties to raise soft money for the ongoing operation of a broadcast facility, i.e., the Harriman Center. The question is really how narrowly to tailor the exemption. Since the Republicans are now miles ahead of us -- e.g., GOP-TV -- should we allow them subsidize their broadcast empire with soft money?

B. Presidential debates

At the behest of Sen. Graham and Rep. Markey, the legislation requires presidential candidates who accept public financing to debate three times. In the Spring, the President was asked about this provision, and expressed support for a debate requirement.

The provision is logistically very flawed, however. Cliff Sloan -- who was an intellectual father of the Commission on Debates -- is grappling with how to make the provision work. One option would be to take it out altogether, or merely to render it toothless.

C. Party foundations

The legislation currently contains no provisions that deal with party foundations. As we know, the DNC cancelled its plans to run the health care campaign through a foundation. In the meantime, the RNC has launched the National Policy Forum, which will likely absorb much of their operations -- in undisclosed corporate money.

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Issue: Should this legislation bar party foundations that undertake the normal functions of the parties?

D. Exploratory committees

The Senate bill counts toward the spending limit expenditures by exploratory committees and campaign committees for other offices. (In other words, candidate X who spends \$100,000 through his House committee before declaring for the Senate must count that amount toward his Senate limit.)

Proposal: Should we apply the same rule to Presidential campaigns? President Clinton now faces a bevy of Republicans who are running against him using personal PACs, campaign committees, exploratory committees, etc. This would barely affect the President's reelection campaign. On the other hand, it would affect future Democratic challengers if we should lose.

E. Affinity cards/merchandising

The House bill allows parties (as well as PACs and other committees) to develop affinity cards and merchandising arrangements with corporations. The Senate bill contains no such provision. The House now is rethinking, arguing that this looks like a loophole that will allow significant corporate contributions -- primarily to Republicans.

Issue: Do we care about this? Do we care about affinity cards more than merchandising -- i.e., can we redraft this to make it narrower?

F. Presidential campaign spending limits

There are two revisions to the Presidential campaign spending limit (in addition to the additional public funding for grass-roots funds):

1. It repeals the current state-by-state spending limits for campaigns in primaries. Now there will be an aggregate primary-season spending limit.
2. It repeals the 20% compliance costs exemption in the presidential spending limit, but raises the actual spending limit by the same amount. We need to make certain that the numbers add up.

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Bruce Reed, et al. to the Chief of Staff; RE: Options for Political and Government Reform (4 pages)	10/31/1994	P5
002. memo	Bruce Reed, et al. to the Chief of Staff; RE: Options for Political and Government Reform (5 pages)	10/21/1994	P5
003. memo	Bruce Reed, et al. to the Chief of Staff; RE: Strategy for Political and Government Reform (7 pages)	11/01/1994	P5
004. memo	Michael Waldman to the President; RE: Political Reform - Action Needed (4 pages)	05/31/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13643

FOLDER TITLE:

Political and Gov't Reform

Debbie Bush
2006-0469-F
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RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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October 21, 1994

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
Michael Waldman
Paul Weinstein

SUBJECT: Options for Political and Government Reform

Whatever the results of the upcoming elections, the President will need to put forth a bold, coherent set of reform initiatives to make government, Congress, and the political system work. It is no longer a question of whether Congress will address reform issues; the only question is whether we will be leading the reform fight or being left behind.

In consultation with Rahm Emanuel, Jack Quinn, Elaine Kamarck, Cliff Sloan, Stan Greenberg, and others, we have assembled some preliminary options that could be included in the President's reform agenda. We list them here in four categories: 1) reform issues the Republicans are sure to push immediately; 2) Administration initiatives left over from this Congress; 3) relatively low-risk, low-profile ideas; and 4) bold ideas. This list is far from complete; if it makes sense, we can convene a more thorough process to canvass ideas and prepare an actual proposal.

I. Response to the Republican Agenda

The Republicans have made it clear that government reform -- as they define it -- is an early priority for action should they take control. They are likely to press a host of issues:

1. Balanced Budget Amendment. With this expected to pass easily in the next Congress, we will need to decide whether to amend, oppose, or accept it:

a. Demand line-item veto. One option would be to demand that it include a Constitutional line-item veto that would make it easier to balance the budget. We should insist on the strongest possible version of this veto, not the enhanced rescission authority that passed the House this time.

b. Capital/operating budget alternative. In the campaign, the President said he could support a balanced budget amendment that separated capital and operating expenses so that long-term investments would be encouraged and operating costs reduced.

c. Freeze Congressional and Presidential pay until budget is balanced.

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2. Term Limits. Republicans pledge to bring to a vote a constitutional amendment limiting congressional terms to 12 years. But they would grandfather in existing Members of Congress. Beyond principled opposition, our response might be:

a. Call their bluff. We could demand that the 12-year limit on service apply immediately (or by a date certain, such as 1996), and thereby affect sitting members of Congress.

b. Let the states decide. We could support a constitutional amendment to allow states to vote to apply term limits to their own federal representatives. This would be consistent with our legal position that state-mandated term limits are unconstitutional.

c. Change the debate. We could counter with our political reform proposals -- campaign finance and lobby reform -- so that we at least force them to swallow some medicine and give us some credit for reform.

3. Cuts in Congressional Subcommittees and Staff. The Contract pledges to cut committee staff by 1/3, and to reduce the number of committees and subcommittees. They did not pledge to cut personal staffs (see below).

II. Unfinished Business

1. Lobby Reform and Gift Ban. The lobby reform/gift ban legislation is basically sound (requiring registration of lobbyists, full disclosure of expenses and sources of funds, barring gifts, meals, etc. from lobbyists to lawmakers). Disclosure of grass-roots lobbying expenses was pulled from the bill, and would probably be off the table in future versions of the bill, even though it was not the real reason for defeat.

The Counsel's office suggests that some of the provisions of lobby reform could be implemented unilaterally. We could require that any professional lobbyist who seeks to contact the executive branch would have to register and disclose under the provisions of the legislation. There is no constitutional bar to this.

2. Campaign Finance Reform. The failure of campaign finance reform legislation this year, coupled with the Republican ascendancy in Congress, makes it extremely unlikely that a comprehensive campaign reform bill (with public funding) would pass. However, the issue has not lost its salience. Our options include:

a. Limited bill (soft money only). Common Cause and other reform groups intend to push for separate passage of the soft money provisions of the legislation, effective for this presidential election. This would likely pass, and we need to decide whether we would want to accede to it, take the lead on it, or resist it.

b. Comprehensive bill. We could propose a comprehensive bill including public funding, to keep the high ground. If so, we may want to strengthen the other provisions -- particularly, propose a lower PAC limit -- with the assumption that none of it will pass.

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c. Free TV time. In addition to, or instead of, a comprehensive bill, we could propose free time for candidates (or for candidates who abide by spending limits). This proposal has been advanced by the President, Dole, and Perot over the years. Alternately, it could be done through the FCC.

d. Base closing commission. Trevor Potter, the chair of the Federal Election Commission, will be proposing that campaign finance reform legislation be crafted by a bipartisan commission whose recommendations would be acted upon by the President and Congress following the base-closing model. Alternately, we could simply appoint our own bipartisan commission to draft a proposal. This would require a Republican co-chair and members with genuine partisan credentials (i.e., not just an Eliot Richardson-type).

3. Apply Laws to Congress. Legislation applying a host of laws to Congress passed the House but not the Senate this past Congress. This would be a relatively noncontroversial measure (with the public, anyway).

III. Low-Risk Ideas

1. Full-Scale Assault on Bureaucracy. One of the most promising reforms is already under way -- a significant downsizing of the federal bureaucracy. We could do more to speed up and dramatize this effort through:

a. Accelerated reduction of the workforce: Buyout authority expires in March 1995, and NPR recommends that we should make the most of it while it lasts. We could also ask the Cabinet to meet its FY99 goals by 1996, in return for a pledge that departments which meet their targets will not be punished further down the road.

b. Repeal of all FTE floors: We can introduce legislation to repeal FTE floors, including the VA, and veto any appropriations bills that contain them.

c. REGO SWAT team: The President could appoint a kind of bureaucratic bomb squad -- an elite group of troubleshooters and investigative journalists who report directly to him. Any time a story breaks about fraud or mismanagement in the bureaucracy, they would move in, get to the bottom of it, and report back within days with recommendations to the President. They could also uncover such troubles before they become public. This has been done before: FDR dispatched journalist Lorena Hickok around the country to see how the New Deal was really working.

2. Reduce Congressional Bureaucracy. The Republican Contract calls for dramatic changes in Congress, some of which they might regret were they to take over. We should press the case for changes of our own:

a. Cut Congressional staff overall by 25%. In the campaign, the President promised not only to cut the White House staff by 25%, but to challenge Congress to

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IV. Bold Ideas

1. National Referendum. Most major democracies have national referenda to allow their people to vote on issues of national importance. For example, in recent years, Italians have voted on divorce and abortion; Spain voted on membership in NATO; and Austria and Sweden voted on the use of nuclear power. In the U.S., 43 states allow their legislatures to submit referenda to the people, and 24 states allow citizens to sponsor initiatives. In Arkansas, some of Governor Clinton's best known legacies -- such as ethics reform -- were enacted in this way.

Establishing a binding national referendum would require a Constitutional amendment. Such an amendment might provide for putting an issue to a nationwide vote if the legislatures in 3/4 of the states recommended it or if petitioners gathered signatures from 1% of the population of every state. As Constitutional safeguards, the referendum could require 60% approval to be enacted, and could be overturned by a 2/3 vote in the Congress. A tamer approach might send any approved referendum to the Congress for final approval, and require Congress to pass it within one year or submit a revised version to another vote of the electorate.

Is this a good idea? For starters, this is the one truly popular reform idea that has not been appropriated by either party. The best argument for direct democracy is that it enables the broad public to make its voice heard when the congressional system is unresponsive or gridlocked. It also changes the balance of power between the President and Congress, since the President still has most claim to the national megaphone. The advance of information technology will make this process easier (and perhaps inevitable). The strongest argument against a referendum is that it could fall prey to extreme social or fiscal proposals, and that it might make it impossible to rationally conduct the rest of the public's business. (Not that it's so easy today.) In addition, campaign spending on referenda is even harder to regulate than in candidate elections.

2. Sweeping Reorganization of Government. Our attack on the bureaucracy could go further, and propose the actual elimination of one or more departments or functions.

a. Panetta-Kerrey plan. This proposal, put forward during the 1992 primary campaign, called for consolidating the current 14 cabinet-level departments into seven: Defense, State, Justice, Treasury, Human Resources, Natural Resources, Economic Policy. Kerrey argued that cutting the number of cabinet departments would reduce administrative costs of the Federal government by 25 percent over a ten-year period. At the time, the Clinton campaign dismissed it as rearranging the boxes, but it had some appeal.

b. Base-closing commission. Alternately, we could propose a base-closing commission or fast track model for government reorganization, reform, and reinvention -- a Hoover Commission or Grace Commission with teeth. Under a fast track model, a commission would propose legislation, which would have to be voted on by the Congress with no amendments. Under a base-closing model, the recommendations

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would stand unless they were overturned by a 2/3 vote. Either version would require authorizing legislation. A fast-track process was considered by the administration at the outset of the REGO review in 1993, but was set aside due to likely congressional hostility.

3. Reform Trust Fund (Children's Allowance Paid for by Cutting Special Interest Subsidies). The President's most prominent remaining campaign promise (and the Republicans' last hope for a wedge issue) is the middle-class tax cut. One option would be to set up a trust fund to use savings from eliminating unnecessary government subsidies to pay for a children's allowance for middle-class families. Rob Shapiro has identified a series of special interest subsidies; an expanded deduction for middle-class families with children would cost in the neighborhood of \$20-40 billion over five years. Nobody would get their tax cut unless Congress agreed to make the cuts. Established interests would attack us, but we could press the simple theme that parents can do more for their children with that money than government or those interests can.

4. Tax Reform for Business. The tax code is littered with special preferences for certain types of businesses -- pharmaceutical, advertising, dairy, life and casualty insurance -- which together cost nearly \$50 billion in lost revenues. We could propose simplification of the tax code that would eliminate special tax incentives for a few businesses and use the savings to implement an across-the-board, long-term capital gains tax reduction and a tax cut for business spending on worker training. These measures (which would cost around \$25 billion a year) would level the playing field for all business, and give us a pro-business, pro-investment fight.

5. Eliminate the Congressional Frank, and Give It to the American People. The frank is one of the most entrenched and abused symbols of incumbency. We could propose to take it away from Congress and give it to the American people instead. Any individual who wants to send a letter to their Congressman or Senator would be able to do so for free. Postcards, letters from organizations, and letters from another district or state would not be eligible (mail could be delivered directly to the district office to prevent abuse). This is how it works in Canada, where citizens can write Parliament for free.

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November 1, 1994

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
Michael Waldman
Bill Galston
Paul Weinstein

SUBJECT: Strategy for Political and Government Reform

The collapse of public trust in the institutions of government is the fundamental political fact of our time. After two decades of growing disillusion, this break between the people in office and the people who put them there dominates every aspect of American politics, from the noisy bombast of talk shows to the silence of empty voting booths.

Voters believed that Bill Clinton understood this situation, and would act to rectify it. But for all of our efforts over the past two years, the public is now more disillusioned, more embittered, than it was in November 1992. Whatever the results of the upcoming election, the President should put forward a bold, coherent set of reform initiatives to make government, Congress, and the political system work.

I. The Case for Reform

Why is a bold reform agenda so important?

First, the public demands it. Citizen cynicism and anger is deep and pervasive. Voters perceive a failure of government to act decisively and effectively. They see a federal government that hordes money and power, endless bickering between two seemingly outdated political parties, and a proliferation of special interests that drown out the voices of average citizens. When John Kennedy was President, 76% of the people said they trusted the federal government to do what was right all or most of the time. Today, after betrayals from Vietnam to Watergate to "Read My Lips," only 22% of the people give that same answer.

Moreover, much of this critique of Washington and government is valid. Government is bloated, irrational, and inefficient — an ossified institution in an era of constant innovation. Special interests do have too much power; a \$300 million campaign overwhelmed health care, gun groups practically derailed the crime bill, and some 80,000 lobbyists of every pinstripe have succeeded in diluting or defeating scores of proposals. Congress is paralyzed

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by partisanship and resistant to change. Changing the way Washington does business is perhaps the most significant legacy we could leave.

Finally, restoration of trust in government and politics is essential to the success of the rest of our agenda. As we have learned over the past two years, we cannot count on public support for health care, welfare reform, deficit reduction or any other issue unless we first persuade them that we understand what's wrong with government and have set about to fix it. Conversely, an agenda that links political reform with our efforts to make bipartisan progress on health care, welfare reform, reemployment, and other issues should strengthen and reinforce those efforts.

To be sure, this administration has made a real start on this front. The Vice-President's reinventing government initiative has been the quiet success story of the first two years. As a result of the NPR, we have dramatically shrunk the federal workforce, and passed sweeping procurement reform legislation. We imposed the toughest ethics requirements ever on our senior officials, and repealed the deductibility of lobbying expenses. We proposed tough and well-regarded campaign finance and lobbying reform bills. And we have taken on more vested interests than any administration in decades. But these efforts have not been enough to overcome the rising tide of public cynicism.

The Coming Battle

Today's "mad-as-hell" atmosphere is not a flash in the pan, but a firebell in the night. The reform impulse was strong two years ago; by every indication, it is even stronger today. It is no longer a question of whether Congress will address reform issues; the only question is whether we will lead the fight or be left behind.

Early in the next term, we can expect the Republicans to press forward with their reform agenda:

- balanced budget amendment;
- term limits;
- cuts in congressional committees and staff.

On Election Day, voters in 8 states are expected to approve term limits referenda, bringing to 23 the number of states that have backed limits. The issue will heat up even further when the Justice Department appears before the U.S. Supreme Court to argue that these state measures are unconstitutional.

Ross Perot's 19% of the vote was the second highest by a third party candidate this century, surpassed only by Theodore Roosevelt in 1912. Polls indicate that -- if he were to run today -- Perot's vote would not slip significantly. Support for independent candidates generally is at levels not seen in half a century.

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When the new Congress convenes in January, fully half its members will be freshmen or sophomores, nearly all of whom ran on a platform to "change Washington."

A Three-Front War

This memorandum lays out the elements of a sustained, vigorous reform campaign. Tentative stabs at congressional or political reform, pursued separately and quietly, will neither succeed nor break through to the public. Instead, we must mount an aggressive, comprehensive campaign, as we have done on other issues, from the budget to NAFTA to the crime bill. A concerted effort to change the way Washington does business will not only offer the President the chance to rise above partisan and narrow interests, but do more to advance the rest of our substantive agenda than anything else we could do over the next few months.

Our reform agenda should do battle on three fronts:

- Shifting power back to the American people, through campaign reform that requires broadcasters to provide free time to candidates; a national initiative and referendum process; and a "citizen frank" that lets citizens contact Congress for free;

- Fixing Congress, with a constitutional amendment allowing states to limit legislative terms; lobby reform; a ban on gifts; a congressional pay freeze until the budget is balanced; and a 25% cut in congressional staff; and

- Launching a renewed assault on bureaucracy, including the line-item veto; civil service reform to give federal managers the right to hire and fire; and a fundamental overhaul of federal regulatory agencies.

This memorandum sketches out a 3-6 month campaign to unveil and fight for these proposals.

II. Proposals

A. Shifting Power Back to the American People

In the end, it will not be enough to change Washington. The American people are ready to take government into their own hands. The spread of information technology makes that possible, and the collapse of political institutions makes it almost certain.

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1. **Free TV Time for Candidates.** A campaign reform bill with public funding will not pass the new Congress. Instead, we should press for the changes the President called for in his campaign -- free TV time for candidates who abide by spending limits, a \$1,000 limit on PAC donations, and reforms on soft money. Free TV time has strong public support. Over the years, it has also been endorsed by Bob Dole and Ross Perot. The idea would prompt a major battle with the broadcasting industry and its champions in Congress. On the other hand, it would negate the Republicans' single most powerful public argument against reform.

flesh out

2. **National Referendum.** The most dramatic and significant reform proposal the President could put forward is a national referendum that would allow the people to vote on issues of national importance. Most major democracies have national referenda. For example, in recent years, Italians have voted on divorce; Spain voted on membership in NATO; and Austria and Sweden voted on the use of nuclear power. In the U.S., 43 states allow their legislatures to submit referenda to the people, and 24 states allow citizens to sponsor initiatives. In Arkansas, some of Governor Clinton's best known legacies -- such as ethics reform -- were enacted in this way. We could call for national votes on political reform, health reform, etc., but it would be entirely up to the American people what questions are put on the ballot.

*- pros + con
- more reserach
flesh out*

Establishing a binding national referendum or initiative process would require a Constitutional amendment. Such an amendment might provide for putting an issue to a nationwide vote if the legislatures in 3/4 of the states recommended it or signatures were gathered from 5% of the voters nationwide. As a Constitutional safeguard, the referendum would require 60% approval to be enacted and would be subject to judicial review.

A national referendum is the one truly popular reform idea that has not been appropriated by either party. The best argument for direct democracy is that it enables the broad public to make its voice heard when the congressional system is unresponsive or gridlocked. It could boost voter turnout and enthusiasm; this year, twice as many Californians say they are going to the polls to vote for or against Prop 187 as are going to vote for a particular candidate. The advance of information technology will make this process easier. This administration has helped develop a tamper-proof digital signature, which allows people to provide a legal signature by computer. Direct voting cannot be far behind.

The most frequently advanced argument against a referendum is that it could fall prey to extreme social or fiscal proposals. However, a recent comprehensive study of referenda found that in general, that has not proved to be the case. Another concern is the difficulty of controlling spending by opponents and proponents. Additional safeguards could help address these concerns, such as free TV time for supporters and opponents; a pay-as-you-go rule for proposals with budgetary impact; and limiting referenda to statutory rather than constitutional issues (so that constitutional amendments like term limits and school prayer would go through the same thorough process they do now).

4
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At various times, this idea has been endorsed by leaders ranging from Dick Gephardt to Jack Kemp. In 1981, a Gallup poll showed 52% support for a legally binding national referendum. In recent polls, support has ranged from over 60% to as high as 84%. Among elite opinion, it will be opposed by business interests that prefer dealing directly with Congress, and by some interest groups nervous about the impulses of too much democracy.

3. Eliminate the Congressional Frank, and Give It to the American People. The frank is one of the most entrenched and abused symbols of incumbency. We could propose to take it away from Congress and give it to the American people instead. Any individual who wants to send a letter to their Congressman or Senator would be able to do so for free. Postcards, letters from organizations, and letters from another district or state would not be eligible (mail could be delivered directly to the district office to prevent abuse). This is how it works in Canada, where citizens can write Parliament for free.

*Limit
Frank
- look @
Canada*

4. Citizens' Congress. One dramatic experiment in direct democracy would be to run a national Citizens' Jury or Citizens' Congress that would bring ordinary citizens together to resolve a particular issue. We could invite a random group of citizens from around the country to Washington to deliberate on a given issue -- political reform, crime, community service. They would hear arguments from all sides, their deliberations would be nationally televised, and most important, we would try to take action on the basis of what they recommend. By selecting a small group of ordinary Americans entirely at random and letting them take part in government for a few days, we might spark new interest in participatory democracy and find a new way to get around the special interests to promote common-sense consensus.

5. Take Subsidies from the Special Interests and Return the Money to the American People. The whole point of reforming government is to give ordinary people a better deal for their tax dollars. One option would be to give them a reform dividend, by eliminating special interest subsidies and using the savings to pay for a children's allowance for middle-class families. Rob Shapiro has identified a series of special interest subsidies; an expanded deduction for middle-class families with children would cost in the neighborhood of \$20-40 billion over five years. The savings could go into a trust fund, so that nobody would get their tax cut unless Congress agreed to make the spending cuts. Established interests would attack anyone who goes after their subsidies, but we could press the simple theme that parents can do more for their children with that money than government or those interests can.

6. Devolution of Power to State and Local Governments. Last year, the Administration pushed two major initiatives that would have restored balance to the partnership between federal, state, and local governments. The Glenn-Kempthorne unfunded mandates bill and the President's waiver legislation drew bipartisan support on the Hill. We should aggressively push both bills next year and back it up with a broader devolution strategy. Public trust in state and local government, although weaker than decades ago, remains much stronger than confidence in the federal government.

B. Fixing Congress

Regardless of the outcome of next week's election, we should press for major changes in the way Congress does business.

1. **Lobby Reform and Gift Ban.** We should demand that Congress pass a gift ban and a back-to-basics lobby reform bill as soon as they return. The Republicans raised several bogus objections to the lobby reform bill in the waning days; we should call their bluff, accept those changes if necessary, and pass the bill on a bipartisan basis. ✓

2. **Apply Laws to Congress.** Legislation applying a host of laws to Congress passed the House but not the Senate this past Congress. We should press Congress to pass it immediately.

3. **Insist on Line-Item Veto.** With the Balanced Budget Amendment expected to pass easily in the next Congress, we should insist that it include a Constitutional line-item veto, and argue that it will be hard to balance the budget without it. We should insist on the strongest possible version of this veto, not the enhanced rescission authority that passed the House this time. We may also want to offer our own capital/operating budget alternative. In the campaign, the President said he could support a balanced budget amendment that separated capital and operating expenses so that long-term investments would be encouraged and operating costs reduced. ✓ (tighten that up)

4. **Term Limits.** Republicans pledge to bring to a vote a constitutional amendment limiting congressional terms to 12 years, but they would grandfather in existing Members of Congress. Beyond principled opposition, we can respond in two ways:

a. Call their bluff. We could demand that the 12-year limit on service apply immediately (or by a date certain, such as 1996), and thereby affect sitting members of Congress; and/or

b. Let the states decide. We could support a constitutional amendment to allow states to vote to apply term limits to their own federal representatives. This would be consistent with our legal position that state-mandated term limits are unconstitutional.

5. **Cut Congressional Staff Overall by 25%:** In the campaign, the President promised not only to cut the White House staff by 25%, but to challenge Congress to do the same. The Republican Contract calls for a 25% cut in committee (not personal) staff. We could press forward with our original demand to cut overall staff by 25%. ✓

6. **Freeze Congressional and Presidential Pay Until the Budget Is Balanced.** If we're going to make significant spending cuts to reduce the deficit, public officials should

6
COPY

lead by example. The American people don't get a guaranteed cost-of-living increase. Why should their leaders? A performance-based freeze on Congressional and Presidential pay is a responsible, common-sense alternative to plans to "cut their pay and send them home."

C. A Renewed Assault on Bureaucracy

We should make the most of NPR's success by escalating our assault on the federal bureaucracy, with a relentless, sustained attack on fraud, red tape, unnecessary programs, and counterproductive rules and regulations.

1. The Right to Hire and Fire. NPR is preparing a sweeping civil service reform bill that will reduce the number of job classifications and give federal managers the right to hire and fire federal workers. Negotiations with unions and management are under way; the bill will be ready to introduce in January.

Issue = scope of bargaining

2. The Right to Downsize. NPR and OMB are preparing legislation to repeal FTE floors in existing appropriations bills, and ban the use of FTE floors in future bills. This could be coupled with a Presidential vow to veto future appropriations bills that limit our ability to downsize. We should also consider directing agencies to accelerate the mandated downsizing of the workforce to accomplish its objectives by 1996 instead of 1999. To illustrate that downsizing the bureaucracy is one of this Administration's signature achievements, we should start a Bureaucracy Clock (in a prominent place like Times Square) that would track our progress.

Dis- would adversely affect America

3. Regulatory Overhaul. Regulatory reform will be a top priority for NPR next year, with an extensive review that brings business leaders and others to the White House to develop a new, more market-based approach to regulation for the 21st Century.

4. The President's Fraud Squad. The President and Vice President could appoint a REGO SWAT team or bureaucratic bomb squad -- an elite group of troubleshooters and investigative journalists who report directly to them. Any time a story breaks about fraud or mismanagement in the bureaucracy, they would move in, get to the bottom of it, and report back within days with recommendations. They could also uncover such troubles before they become public, and demonstrate the President's desire for unfiltered information on how his government is working. This has been done before: FDR dispatched journalist Lorena Hickok around the country to see how the New Deal was really working. It would be an opportunity to make a high-profile reform appointment, by naming a prominent journalist to lead the effort.

could be done admin.

take some easy targets

who not in the IG's

5. A Pork-Busting Bill. NPR and OMB can put forward a comprehensive rescission bill, which targets pork in the recently passed appropriations bills.

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Mark Gearan, et al. to David Gergen, et al.; RE: Fall Calendar (3 pages)	07/19/1993	P5
002. memo	Michael Waldman to Mark Gearan; RE: Planning/Coordination (2 pages)	06/22/1993	P5
003. memo	Bob Boorstin, et al. to Mark Gearan, et al.; RE: Crowded calendar for summer and fall (3 pages)	07/12/1993	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13643

FOLDER TITLE:

Fall 1993 [Memos]

Debbie Bush
2006-0469-F
db2206

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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~~CONFIDENTIAL~~ MEMORANDUM

TO: David Gergen
Mack McLarty
George Stephanopoulos

FROM: Mark Gearan
Bob Boorstin
Michael Waldman
Marla Romash
Rahm Emanuel

DATE: July 19, 1993

RE: Fall calendar

Summary

In preparation for the meeting to discuss the Fall schedule and the apparent collision of the three major issues (health care, NAFTA, reinventing government), we have prepared this memorandum to review the timing and the communications issues involved.

This memorandum will be supplemented with a suggested calendar for the balance of the summer thru Labor Day. The team of Boorstin-Waldman-Romash are the Communications Department leads for the long-term policy coordination tracking the planning of Administration initiatives.

Background

During the transition and at the Camp David retreat, the President listed five priorities for his first year in office. They were: 1) an economic growth package, 2) health care reform, 3) political reform, 4) national service and 5) welfare reform. By the August recess, we will have achieved two major legislative victories: the economic package and national service.

But starting Labor Day, a combination of external deadlines, campaign promises and policy priorities will collide. Contrary to the preceding months, we will no longer be able to push issues aside and focus on the economic package.

Our biggest challenge is to set priorities and timetables for the chief issues: health care, NAFTA and reinventing government. If we fail, we face an overcrowded agenda and a reemergence of the "loss of focus" theme that damaged us during the spring.

Issues and Timing

Health care: The health care proposal was promised for May and then delayed until "after reconciliation." The President has repeatedly promised that health care will come after the economic package passes. Surveys indicate that health care remains the second or third priority (behind job creation) for the vast majority of voters, but also that people fear reform is just

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INITIALS: OB DATE: 11/9/11
2006-ENR-2-C

another promise to be broken. Our core supporters are rapidly losing patience and could block passage by throwing their support to alternative plans.

The final decision making process on health care has been delayed, most recently because of fears that numbers would leak in the midst of the reconciliation debate. A detailed policy and supporting data will be ready for release in mid-September but only if a go-ahead on a final policy process is given immediately.

NAFTA: Deadlines established under fast-track legislation and worries about the upcoming Mexican elections are driving resolution of NAFTA. The President has continued to express his conditional support for the treaty, but avoided making any public time-specific commitments. }

Two factors complicate NAFTA timing. First, successful negotiation of the side agreements on labor and the environment. Second, the ongoing lawsuit demanding an environmental impact statement (which the Administration has promised to appeal.)

Reinventing government: The reinventing government task force is scheduled to report on September 7. The task force is proceeding on the assumption that it will reveal its findings and recommendations the week of Labor Day, in a series of major announcements. The National Performance Review is expected to offer significant savings and dramatic changes in government.

Starting as an important priority and part of the President's commitment to change and a government that puts people first, reinventing government has increased in importance in the past several months. As campaign finance reform has lost momentum in Congress and the public becomes increasingly more frustrated with government and politicians, it has become more salient. In addition, surveys indicate that it will prove useful as a watershed issue for those searching for a New Democrat.

Welfare reform: This assumes that the welfare reform task force continues its work through the fall, but that introduction of the plan is delayed until 1994.

Other issues:

In addition to the three big issues, the fall offers other opportunities. These include:

- International jobs summit
- Crime bill
- Continuing immigration legislation
- Education 2000
- Campaign finance reform / lobby ref -
- Wetlands

The question on all these issues: do they clutter or help? Should the President's time commitment and public attachment be limited (i.e. signing the crime bill) or developed into a full-scale initiative?

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The problem:

The problem is pretty simple: neither the President, at least in a public sense, nor the Congress can handle the three big issues simultaneously. By trying to do too much, we raise the possibility that we lose everything. From all perspectives -- policy, politics and press -- we need guidance on how to proceed.

The President has indicated to the Vice President that he is eager to launch the reinventing government initiative during the week following Labor Day. The Vice-President could maintain a high profile on the issue for about 10 days, before turning to the next big issue. The Vice President would then carry the initiative forward throughout the fall, with the President returning to the theme in the State of the Union.

The problem is the competing demands of health care reform and NAFTA. Both will require a substantial, if not exclusive, commitment of Presidential time and public identification for a minimum of several months. Both require consideration by some of the same Congressional committees. And both require assembling difficult, if different, alliances in order to secure Congressional passage.

Some have argued that the very nature of these different alliances may allow, indeed demand, that health care and NAFTA proceed simultaneously. Others doubt that the Congressional process -- and the difficulty of securing passage of either program -- will allow them to proceed hand in hand.

Conclusion

We urgently need guidance on establishing priorities and a chronology for resolving the traffic jam created by reinventing government, health care reform and NAFTA. In the cases of health care and NAFTA, failure to take immediate action threatens the ability of policy teams to present final proposals in time for September action. Failure to decide also means that we could return to the "loss of focus" theme that injured the President's standing during the spring.

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June 22, 1993

MEMORANDUM FOR MARK GEARAN

CC: BOB BOORSTIN
FROM: MICHAEL WALDMAN
SUBJECT: PLANNING/COORDINATION

I believe the planning/coordination effort could be very exciting, and very needed. I don't know how much progress you made on thinking this through after my departure last night, but here are a few thoughts about how it should be structured.

* As I mentioned last night, I am particularly concerned that this has the potential for being very nebulous -- a recipe for frustration. This process will only thrive with empowerment and access. Without these, it could be a grand exercise in wheel-spinning. This needs to be done under the auspices of, and with the input of, someone at a Gergen-Stephanopoulos-McLarty level. (Even with that, this will require considerable diplomacy.) And it can't work unless the people involved are given access to the fora where priorities are set and decisions made. For this to happen, we would need your leadership.

* There are, in my view, several distinct functions that are now not being filled adequately, that could be properly undertaken by the communications department (as well as elsewhere in the White House).

- Traffic cop -- We've gotten better about this, but the WH still lacks the ability to prioritize and order policy initiatives. This entails things such as executive orders, new proposals, scheduled speeches to organizations, etc.
- Message cops -- Even at a non-presidential level, there needs to be a more effective infusion of Clintonite ideology and priorities.
- Issue tracking -- As discussed, the planning operation should systematize the tracking of what the departments and cabinet councils are doing, for our informational and planning purposes.
- Long-term calendar/block schedule -- The compilation and updating of the long
- Injecting a "communications" sensibility early into the process of issue development -- Especially for those issues that are the next major campaigns or projects, we should have communications input early and continuously. Either

COPY

the people involved in planning can play this role, or they can ensure that someone is doing it. (Consider reinventing government; that could be me or Bob, or it could be Marla.)

* We shouldn't get too caught up in structure at first. A good first step would be to think of it as a task-oriented project -- e.g., weekly updates on what's going on; working on and implementing a master schedule and plan for the next six months.

As for Bob's idea of tripartite "teams" that work on the various issues, I think that they probably exist already to a certain degree. To the extent they don't, however, it is a pipe dream to seek to reorganize other people's shops (e.g., legislative) to match this model.

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MEMORANDUM

TO: Mark Gearan
George Stephanopoulos
David Gergen
Mack McLarty

FR: Bob Boorstin
Michael Waldman
Rahm Emanuel
Marla Romash

DATE: July 12, 1993

RE: Crowded calendar for summer and fall

This memo identifies issues that are going to arise this summer and fall and suggests a communications/policy strategy for avoiding issue overflow.

Summer: Between the time the President returns on July 15 and Labor Day, the following issues will require some level of Administration effort and attention:

- (1) Conference report/economic plan and subsequent victory lap;
- (2) gays in the military;
- (3) Flood relief activities;
- (4) Immigration/terrorism legislation;
- (5) Passage of national service legislation;
- (6) Crime bill introduction;
- (7) Community development banks;
- (8) Workforce 2000 Conference

The economic conference should clearly dominate the President's calendar and schedule. As Stan Greenberg has said, we have a limited amount of time to define the program, and we must grab the high ground. The principles of our economic plan -- progressivity, investment and deficit reduction -- must once again be articulated. If the President is deeply involved in the conference negotiations -- and if that is the public message we want to send -- that will necessarily limit his participation in public events surrounding other issues.

The other issues should, for the most part, claim the President's time only when absolutely necessary, or if they buttress the case on the economic plan. One negative issue -- gays in the military -- threatens to swamp mid-July while one positive issue -- National Service -- offers a great opportunity to spotlight momentum on achieving the President's agenda.

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Calendar Memo (Page Two)

Week of July 12

Conference begins
Gays in the military
Community development banks (July 15)
Flood relief

Week of July 19

Conference continues
Immigration/terrorism announcement (July 19)

Week of July 26

Conference continues
Workforce 2000 event (July 26)
National Service passage (?)

Week of August 2

Conference concludes/budget legislation passes

Week of August 9

Budget victory lap
[note: Papal visit]

Week of August 16

Vacation

Week of August 23

Vacation

Week of August 30

Run-up to reinventing government begins (?)

Fall: Starting prior to Labor Day and carrying on through the fall, a number of priority issues threaten to collide. Contrary to the preceding months, we will no longer be able to push issues aside and focus on the economic package. Our biggest challenge will be to move between issues and maintain a theme.

The issues include:

Reinventing government (report due September 7)

Health care

NAFTA

International jobs summit

At the same time, three issues -- crime, political reform, Education 2000 -- can be stressed as desired. (i.e. Should the President's commitment to crime be limited to signing legislation emerging from Congress or should we develop a full-scale initiative with a number of public events to highlight our commitment.)

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From all perspectives -- policy, politics and press -- we urgently need guidance on which issues will be emphasized during the fall and which issues will be delayed until 1994.

One possible calendar envisions parallel development of and stress on the reinventing government and health care initiatives, with NAFTA staying quietly on track. (The obvious bottlenecks remain the Senate Finance and House Ways and Means committees, which have jurisdiction over both health care and NAFTA.) Another envisions a quick look at reinventing government, followed by parallel development of health care and NAFTA [the 1994 State of the Union would reinforce health care and and set up welfare reform for election-year passage.]

The President must decide immediately which of these calendars -- or some other variant -- should be used as a blueprint. Otherwise, we face an overcrowded agenda and a reemergence of the "loss of focus" theme that damaged us during the spring.

Our group will meet regularly to begin developing a detailed plan that can be completed the week of August 16. We can either develop a plan based on two scenarios (as above) or proceed from a predetermined list of priorities.

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Bruce Reed, et al. to the President; RE: Political and Government Reform (6 pages)	11/23/1994	P5
002. memo	Bruce Reed, et al. to the Chief of Staff; RE: Strategy for Political and Government Reform (9 pages)	11/01/1994	P5
003. memo	Michael Waldman to Clinton Campaign, et al.; RE: Standing for change (6 pages)	03/25/1992	Personal Misfile
004. memo	Michael Waldman to Bruce Reed; RE: Campaign finance reform package (3 pages)	06/10/1992	Personal Misfile
005. memo	Michael Waldman to George Stephanopoulos; RE: Political reform (5 pages)	11/23/1992	Personal Misfile

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13643

FOLDER TITLE:

[Political Reform]

Debbie Bush
2006-0469-F
db1435

RESTRICTION CODES

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THE WHITE HOUSE
WASHINGTON

November 23, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
MICHAEL WALDMAN
BILL GALSTON
PAUL WEINSTEIN
ELAINE KAMARCK

THROUGH: JACK QUINN }
CAROL RASCO } gm
ROBERT RUBIN }

SUBJECT: Political and Governmental Reform

Attached for your review is a memorandum outlining options for a political and governmental reform program.

Our goal is to have a bold, coherent and plausible reform agenda, as an integral component of your overall strategy. This agenda could be included as part of a major address in December, if you decide to give one, or in your State of the Union address. As you can see, some of the proposals are conceptually "ready to go," and primarily need a political decision whether to go forward. Others require further work, as part of the budget process or in other appropriate fora.

It is clear that, to break through public cynicism and allow you to retake the mantle of reformer, this program must be both responsible and dramatic. Finding the right mix is the most significant task we now face.

We have a one-hour meeting scheduled for next Tuesday to discuss this with you.

Attachment

cc: George Stephanopoulos

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POLITICAL, CONGRESSIONAL, AND GOVERNMENT REFORM

The collapse of public trust in the institutions of government is the fundamental political fact of our time. After two decades of growing disillusionment, this break between the people in office and the people who put them there dominates every aspect of American politics, from the noisy bombast of talk shows to the silence of empty voting booths.

Voters believed that Bill Clinton understood this situation, and would act to rectify it. But for all of our efforts over the past two years, the public is still disillusioned, more embittered than it was in November 1992.

Our reform agenda should do battle on two fronts:

- Shifting power back to the American people and cleaning up Washington, through: campaign reform that requires broadcasters to provide free time to candidates; a "citizen frank" that lets citizens contact Congress for free; a sweeping effort to produce a leaner, cleaner Congress (lobby reform, a gift ban, applying private sector laws to Congress, a 25% staff cut, reducing unnecessary reports, and a pay freeze until the budget is balanced); and perhaps insisting that any term limits not grandfather current members; and
- Launching a renewed government reform program, through: reducing special interest subsidies; the elimination of one or more departments; faster downsizing of the federal workforce; and initiatives on civil service reform, privatization, devolution, state flexibility, and regulatory reform.

We need to address the role of government and, to use your words, to "repair the damaged bond between the people and their government." Then, toward achieving those objectives, you could propose specific measures from sections I and II from this memo.

I. Giving Government Back to the People

1. Free TV Time for Candidates. A campaign reform bill with public funding will not pass the new Congress. Instead, we should press for the changes the President called for in his campaign -- free TV time for candidates who abide by spending limits, a \$1,000 limit on PAC donations or outright PAC ban, a ban on campaign contributions from lobbyists to the lawmakers they contact, and our soft money reforms from last year. Free TV time has strong public support. Over the years, it has also been endorsed by Bob Dole and Ross Perot. The idea would prompt a major battle with the broadcasting industry and its champions in Congress. And a campaign reform push would put the congressional GOP on the spot.

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2. Eliminate the Congressional Frank, and Give It to the American People. The frank is one of the most entrenched and abused symbols of incumbency. We could propose to drastically limit it for Congress and give it to the American people instead. Any individual who wants to send a letter to their Congressman or Senator would be able to do so for free. Members of Congress could use the frank to answer letters, but not for unsolicited mailings. Postcards, letters from organizations, and letters from another district or state would not be eligible. The citizens' frank could also be applied to letters to the White House.

3. A Leaner, Cleaner Congress. We should propose a comprehensive congressional reform package that presses for major changes in the way Congress does business:

a. Lobby Reform and Gift Ban. We should demand that Congress pass a gift ban and a back-to-basics lobby reform bill as soon as they return. The Republicans raised several bogus objections to the lobby reform bill in the waning days; we should call their bluff, accept those changes if necessary, and pass the bill on a bipartisan basis.

b. Apply Laws to Congress. Legislation applying a host of laws to Congress passed the House but not the Senate this past Congress. We should press Congress to pass it immediately.

c. Insist on Line-Item Veto. The Republican Contract includes a strong version of the line-item veto. We should support it, and insist that it become effectively immediately, not in some future Presidency. (Their version does not specify an effective date.)

d. Endorse Congressional Staff Cuts. In the campaign, the President promised not only to cut the White House staff by 25%, but to challenge Congress to do the same. We could praise Republicans for doing this, but we need to consider the effect of doing this on our Democrats.

e. Reduce Congressionally Mandated Reports. Since 1970, the number of reports mandated by Congress has grown from 700 to 5,300. Many of these reports consume the agencies' time and the taxpayers' dollars for the members' gain; most just gather dust. We could introduce legislation to reduce or eliminate such reports. In Arkansas, the President ordered a complete review of every report produced by the Department of Education, and got rid of those no one read.

f. Freeze Congressional and Presidential Pay Until the Budget Is Balanced. The NEC is preparing another memo on our strategy for the Balanced Budget Amendment. One position we can take in any event is to insist that if we're going to make significant spending cuts to reduce the deficit, public officials should lead by example. The American people don't get a guaranteed cost-of-living increase. Why should their leaders? A performance-based freeze on Congressional and

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Presidential pay is a responsible, common-sense alternative to plans to "cut their pay and send them home."

4. **Term Limits.** Republicans pledge to bring to a vote a constitutional amendment limiting congressional terms to 12 years, but they would grandfather-in existing Members of Congress. Beyond principled opposition, we can respond in two ways:

a. **Call Their Bluff.** We could demand that the 12-year limit on service apply immediately (or by a date certain, such as 1996), and thereby affect sitting members of Congress; and/or

b. **Let the States Decide.** We could support a constitutional amendment to allow states to vote to apply term limits to their own federal representatives. This would be consistent with our legal position that state-mandated term limits are unconstitutional.

II. Renewed Government Reform Program

Unlike the Republicans, our goal is not cutting government for its own sake, but using government for things it can do well and getting it out of the business of things it does badly. As the President has said, we want to cut spending on yesterday's programs and deliver a government that can deal with tomorrow's problems. We should eliminate governmental functions that have outlived the purpose for which they were created. When a state or local government can do a better job, we should give them more authority and control, not new mandates. And when a government function could be done as well or better by the private sector, we should find a way to make it possible.

Such decisions are difficult and far-reaching, and should generally be made in the budget process, where the tradeoffs are fully clear. But it is essential that as we go through that process, we look for bold, compelling ways to dramatize what we're doing. In the first two years, we have made great strides in reinventing government, reducing the deficit, and downsizing the federal workforce. But public cynicism about government is so high that it may well take more visible, dramatic steps to break through. The following ideas are meant to illustrate such an approach.

1. Cutting Special Interest Tax Expenditures or Subsidies.

This cut-and-invest strategy, proposed by Rob Shapiro, would give us the high ground of insisting that a middle-class tax cut be fully paid for, and enable us to do so with cuts that would otherwise be off the table for deficit reduction or new investment. Alternatively, this money could be dedicated toward an education trust fund, deficit reduction, or some other worthy purpose.

Like all other means of creating resources within the budget, Rob's strategy involves difficult decisions that are likely to be hotly contested. An example of a few ideas, or partial ideas that could be considered are:

* Reduce deductibility of advertising expenses	\$17.5 billion
* Cut Energy Supply, R&D grants	\$ 6.9 billion
* Reduce government subsidies to private utilities (REA, BPA, nuclear)	\$ 3.6 billion
* Make industries pay for services government provides (market rates for water sales, inland waterways, nuclear waste disposal, CFTC, FDIC, poultry)	\$10.2 billion
TOTAL	\$38.20 billion

2. Eliminating One or More Departments. We could seize back the initiative in the debate over downsizing government by proposing to abolish one or more departments. The drama of eliminating a whole department far exceeds the impact of cutting numerous smaller programs. This is no easy task, and only makes sense if it could produce real budgetary and FTE savings. But we believe it is worth a careful look.

3. Faster Downsizing. NPR and OMB are preparing legislation to repeal FTE floors in existing appropriations bills, and ban the use of FTE floors in future bills. This could be coupled with a Presidential vow to veto future appropriations bills that limit our ability to downsize. We should also consider directing agencies to accelerate the mandated downsizing of the workforce to accomplish its objectives by 1996 instead of 1999. The current track will bring the workforce under 2 million by late 1996. To illustrate that downsizing the bureaucracy is one of this Administration's signature achievements, we should start a Bureaucracy Clock (in a prominent place like Times Square) that would track our progress. It may also be possible to accelerate downsizing by allowing early retirement without buyouts; we are looking at the cost of legislation once proposed by Roth that would give 500,000 federal employees the ability to retire early.

4. Privatization. A New Democratic approach to privatization would be based on a set of principles which focused on privatization not as a means to run the government but as a means to get the government out of

a) obsolete businesses such as: United States Enrichment Corporation, Sallie Mae, the Helium reserve, Alaska Power, some Department of Energy labs, etc;

b) programs that are viable private sector activities, such as: the Air Traffic Control System (an NPR recommendation that DOT is anxious to pursue), Amtrak, the Export-Import Bank, and the Overseas Private Investment Corporation. (In the same vein: a number of DOD non-core missions could be privatized, but current law prevents this step.)

5. **Devolution.** NPR and OMB are looking at a number of federal categorical programs that could be devolved down to the state and local level, such as: public housing programs, trade and export promotion, economic development, and perhaps job training. We are also preparing initiatives on unfunded mandates, waivers, and state flexibility. A package of initiatives could be announced at the NGA meeting in late January.

6. **Civil Service Reform.** NPR is preparing a sweeping civil service reform bill that will reduce the number of job classifications and give federal managers the right to hire and fire federal workers. Negotiations with unions and management are under way; the bill will be ready to introduce in January.

7. **Regulatory Overhaul.** There is considerable concern in the public and in the business community that the current regulatory process is too intrusive and too costly. As chair of the Regulatory Advisory Group, the Vice President is setting up a process whereby each member would convene a seminar to explore innovative approaches to regulatory reform. This process would then yield a set of less bureaucratic proposals to reform our regulatory apparatus.

November 1, 1994

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
Michael Waldman
Bill Galston
Paul Weinstein

SUBJECT: Strategy for Political and Government Reform

The collapse of public trust in the institutions of government is the fundamental political fact of our time. After two decades of growing disillusion, this break between the people in office and the people who put them there dominates every aspect of American politics, from the noisy bombast of talk shows to the silence of empty voting booths.

Voters believed that Bill Clinton understood this situation, and would act to rectify it. But for all of our efforts over the past two years, the public is now more disillusioned, more embittered, than it was in November 1992. Whatever the results of the upcoming election, the President should put forward a bold, coherent set of reform initiatives to make government, Congress, and the political system work.

I. The Case for Reform

Why is a bold reform agenda so important?

First, the public demands it. Citizen cynicism and anger is deep and pervasive. Voters perceive a failure of government to act decisively and effectively. They see a federal government that hordes money and power, endless bickering between two seemingly outdated political parties, and a proliferation of special interests that drown out the voices of average citizens. When John Kennedy was President, 76% of the people said they trusted the federal government to do what was right all or most of the time. Today, after betrayals from Vietnam to Watergate to "Read My Lips," only 22% of the people give that same answer.

Moreover, much of this critique of Washington and government is valid. Government is bloated, irrational, and inefficient -- an ossified institution in an era of constant innovation. Special interests do have too much power; a \$300 million campaign overwhelmed health care, gun groups practically derailed the crime bill, and some 80,000 lobbyists of every pinstripe have succeeded in diluting or defeating scores of proposals. Congress is paralyzed

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by partisanship and resistant to change. Changing the way Washington does business is perhaps the most significant legacy we could leave.

Finally, restoration of trust in government and politics is essential to the success of the rest of our agenda. As we have learned over the past two years, we cannot count on public support for health care, welfare reform, deficit reduction or any other issue unless we first persuade them that we understand what's wrong with government and have set about to fix it. Conversely, an agenda that links political reform with our efforts to make bipartisan progress on health care, welfare reform, reemployment, and other issues should strengthen and reinforce those efforts.

To be sure, this administration has made a real start on this front. The Vice-President's reinventing government initiative has been the quiet success story of the first two years. As a result of the NPR, we have dramatically shrunk the federal workforce, and passed sweeping procurement reform legislation. We imposed the toughest ethics requirements ever on our senior officials, and repealed the deductibility of lobbying expenses. We proposed tough and well-regarded campaign finance and lobbying reform bills. And we have taken on more vested interests than any administration in decades. But these efforts have not been enough to overcome the rising tide of public cynicism.

The Coming Battle

Today's "mad-as-hell" atmosphere is not a flash in the pan, but a firebell in the night. The reform impulse was strong two years ago; by every indication, it is even stronger today. It is no longer a question of whether Congress will address reform issues; the only question is whether we will lead the fight or be left behind.

Early in the next term, we can expect the Republicans to press forward with their reform agenda:

- balanced budget amendment;
- term limits;
- cuts in congressional committees and staff.

On Election Day, voters in 8 states are expected to approve term limits referenda, bringing to 23 the number of states that have backed limits. The issue will heat up even further when the Justice Department appears before the U.S. Supreme Court to argue that these state measures are unconstitutional.

Ross Perot's 19% of the vote was the second highest by a third party candidate this century, surpassed only by Theodore Roosevelt in 1912. Polls indicate that -- if he were to run today -- Perot's vote would not slip significantly. Support for independent candidates generally is at levels not seen in half a century.

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When the new Congress convenes in January, fully half its members will be freshmen or sophomores, nearly all of whom ran on a platform to "change Washington."

A Three-Front War

This memorandum lays out the elements of a sustained, vigorous reform campaign. Tentative stabs at congressional or political reform, pursued separately and quietly, will neither succeed nor break through to the public. Instead, we must mount an aggressive, comprehensive campaign, as we have done on other issues, from the budget to NAFTA to the crime bill. A concerted effort to change the way Washington does business will not only offer the President the chance to rise above partisan and narrow interests, but do more to advance the rest of our substantive agenda than anything else we could do over the next few months.

Our reform agenda should do battle on three fronts:

- Shifting power back to the American people, through campaign reform that requires broadcasters to provide free time to candidates; a national initiative and referendum process; and a "citizen frank" that lets citizens contact Congress for free;

- Fixing Congress, with a constitutional amendment allowing states to limit legislative terms; lobby reform; a ban on gifts; a congressional pay freeze until the budget is balanced; and a 25% cut in congressional staff; and

- Launching a renewed assault on bureaucracy, including the line-item veto; civil service reform to give federal managers the right to hire and fire; and a fundamental overhaul of federal regulatory agencies.

This memorandum sketches out a 3-6 month campaign to unveil and fight for these proposals.

II. Proposals

A. Shifting Power Back to the American People

In the end, it will not be enough to change Washington. The American people are ready to take government into their own hands. The spread of information technology makes that possible, and the collapse of political institutions makes it almost certain.

1. **Free TV Time for Candidates.** A campaign reform bill with public funding will not pass the new Congress. Instead, we should press for the changes the President called for in his campaign -- free TV time for candidates who abide by spending limits, a \$1,000 limit on PAC donations, and reforms on soft money. Free TV time has strong public support. Over the years, it has also been endorsed by Bob Dole and Ross Perot. The idea would prompt a major battle with the broadcasting industry and its champions in Congress. On the other hand, it would negate the Republicans' single most powerful public argument against reform.

2. **National Referendum.** The most dramatic and significant reform proposal the President could put forward is a national referendum that would allow the people to vote on issues of national importance. Most major democracies have national referenda. For example, in recent years, Italians have voted on divorce; Spain voted on membership in NATO; and Austria and Sweden voted on the use of nuclear power. In the U.S., 43 states allow their legislatures to submit referenda to the people, and 24 states allow citizens to sponsor initiatives. In Arkansas, some of Governor Clinton's best known legacies -- such as ethics reform -- were enacted in this way. We could call for national votes on political reform, health reform, etc., but it would be entirely up to the American people what questions are put on the ballot.

Establishing a binding national referendum or initiative process would require a Constitutional amendment. Such an amendment might provide for putting an issue to a nationwide vote if the legislatures in 3/4 of the states recommended it or signatures were gathered from 5% of the voters nationwide. As a Constitutional safeguard, the referendum would require 60% approval to be enacted and would be subject to judicial review.

A national referendum is the one truly popular reform idea that has not been appropriated by either party. The best argument for direct democracy is that it enables the broad public to make its voice heard when the congressional system is unresponsive or gridlocked. It could boost voter turnout and enthusiasm; this year, twice as many Californians say they are going to the polls to vote for or against Prop 187 as are going to vote for a particular candidate. The advance of information technology will make this process easier. This administration has helped develop a tamper-proof digital signature, which allows people to provide a legal signature by computer. Direct voting cannot be far behind.

The most frequently advanced argument against a referendum is that it could fall prey to extreme social or fiscal proposals. However, a recent comprehensive study of referenda found that in general, that has not proved to be the case. Another concern is the difficulty of controlling spending by opponents and proponents. Additional safeguards could help address these concerns, such as free TV time for supporters and opponents; a pay-as-you-go rule for proposals with budgetary impact; and limiting referenda to statutory rather than constitutional issues (so that constitutional amendments like term limits and school prayer would go through the same thorough process they do now).

At various times, this idea has been endorsed by leaders ranging from Dick Gephardt to Jack Kemp. In 1981, a Gallup poll showed 52% support for a legally binding national referendum. In recent polls, support has ranged from over 60% to as high as 84%. Among elite opinion, it will be opposed by business interests that prefer dealing directly with Congress, and by some interest groups nervous about the impulses of too much democracy.

3. Eliminate the Congressional Frank, and Give It to the American People. The frank is one of the most entrenched and abused symbols of incumbency. We could propose to take it away from Congress and give it to the American people instead. Any individual who wants to send a letter to their Congressman or Senator would be able to do so for free. Postcards, letters from organizations, and letters from another district or state would not be eligible (mail could be delivered directly to the district office to prevent abuse). This is how it works in Canada, where citizens can write Parliament for free.

4. Citizens' Congress. One dramatic experiment in direct democracy would be to run a national Citizens' Jury or Citizens' Congress that would bring ordinary citizens together to resolve a particular issue. We could invite a random group of citizens from around the country to Washington to deliberate on a given issue -- political reform, crime, community service. They would hear arguments from all sides, their deliberations would be nationally televised, and most important, we would try to take action on the basis of what they recommend. By selecting a small group of ordinary Americans entirely at random and letting them take part in government for a few days, we might spark new interest in participatory democracy and find a new way to get around the special interests to promote common-sense consensus.

5. Take Subsidies from the Special Interests and Return the Money to the American People. The whole point of reforming government is to give ordinary people a better deal for their tax dollars. One option would be to give them a reform dividend, by eliminating special interest subsidies and using the savings to pay for a children's allowance for middle-class families. Rob Shapiro has identified a series of special interest subsidies; an expanded deduction for middle-class families with children would cost in the neighborhood of \$20-40 billion over five years. The savings could go into a trust fund, so that nobody would get their tax cut unless Congress agreed to make the spending cuts. Established interests would attack anyone who goes after their subsidies, but we could press the simple theme that parents can do more for their children with that money than government or those interests can.

6. Devolution of Power to State and Local Governments. Last year, the Administration pushed two major initiatives that would have restored balance to the partnership between federal, state, and local governments. The Glenn-Kempthorne unfunded mandates bill and the President's waiver legislation drew bipartisan support on the Hill. We should aggressively push both bills next year and back it up with a broader devolution strategy. Public trust in state and local government, although weaker than decades ago, remains much stronger than confidence in the federal government.

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B. Fixing Congress

Regardless of the outcome of next week's election, we should press for major changes in the way Congress does business.

1. Lobby Reform and Gift Ban. We should demand that Congress pass a gift ban and a back-to-basics lobby reform bill as soon as they return. The Republicans raised several bogus objections to the lobby reform bill in the waning days; we should call their bluff, accept those changes if necessary, and pass the bill on a bipartisan basis.

2. Apply Laws to Congress. Legislation applying a host of laws to Congress passed the House but not the Senate this past Congress. We should press Congress to pass it immediately.

3. Insist on Line-Item Veto. With the Balanced Budget Amendment expected to pass easily in the next Congress, we should insist that it include a Constitutional line-item veto, and argue that it will be hard to balance the budget without it. We should insist on the strongest possible version of this veto, not the enhanced rescission authority that passed the House this time. We may also want to offer our own capital/operating budget alternative. In the campaign, the President said he could support a balanced budget amendment that separated capital and operating expenses so that long-term investments would be encouraged and operating costs reduced.

4. Term Limits. Republicans pledge to bring to a vote a constitutional amendment limiting congressional terms to 12 years, but they would grandfather in existing Members of Congress. Beyond principled opposition, we can respond in two ways:

a. Call their bluff. We could demand that the 12-year limit on service apply immediately (or by a date certain, such as 1996), and thereby affect sitting members of Congress; and/or

b. Let the states decide. We could support a constitutional amendment to allow states to vote to apply term limits to their own federal representatives. This would be consistent with our legal position that state-mandated term limits are unconstitutional.

5. Cut Congressional Staff Overall by 25%: In the campaign, the President promised not only to cut the White House staff by 25%, but to challenge Congress to do the same. The Republican Contract calls for a 25% cut in committee (not personal) staff. We could press forward with our original demand to cut overall staff by 25%.

6. Freeze Congressional and Presidential Pay Until the Budget Is Balanced. If we're going to make significant spending cuts to reduce the deficit, public officials should

lead by example. The American people don't get a guaranteed cost-of-living increase. Why should their leaders? A performance-based freeze on Congressional and Presidential pay is a responsible, common-sense alternative to plans to "cut their pay and send them home."

C. A Renewed Assault on Bureaucracy

We should make the most of NPR's success by escalating our assault on the federal bureaucracy, with a relentless, sustained attack on fraud, red tape, unnecessary programs, and counterproductive rules and regulations.

1. The Right to Hire and Fire. NPR is preparing a sweeping civil service reform bill that will reduce the number of job classifications and give federal managers the right to hire and fire federal workers. Negotiations with unions and management are under way; the bill will be ready to introduce in January.

2. The Right to Downsize. NPR and OMB are preparing legislation to repeal FTE floors in existing appropriations bills, and ban the use of FTE floors in future bills. This could be coupled with a Presidential vow to veto future appropriations bills that limit our ability to downsize. We should also consider directing agencies to accelerate the mandated downsizing of the workforce to accomplish its objectives by 1996 instead of 1999. To illustrate that downsizing the bureaucracy is one of this Administration's signature achievements, we should start a Bureaucracy Clock (in a prominent place like Times Square) that would track our progress.

3. Regulatory Overhaul. Regulatory reform will be a top priority for NPR next year, with an extensive review that brings business leaders and others to the White House to develop a new, more market-based approach to regulation for the 21st Century.

4. The President's Fraud Squad. The President and Vice President could appoint a REGO SWAT team or bureaucratic bomb squad -- an elite group of troubleshooters and investigative journalists who report directly to them. Any time a story breaks about fraud or mismanagement in the bureaucracy, they would move in, get to the bottom of it, and report back within days with recommendations. They could also uncover such troubles before they become public, and demonstrate the President's desire for unfiltered information on how his government is working. This has been done before: FDR dispatched journalist Lorena Hickok around the country to see how the New Deal was really working. It would be an opportunity to make a high-profile reform appointment, by naming a prominent journalist to lead the effort.

5. A Pork-Busting Bill. NPR and OMB can put forward a comprehensive rescission bill, which targets pork in the recently passed appropriations bills.

6. **A Bureaucracy-Closing Commission.** As part of NPR, the President's Management Council has begun an effort to identify ways to reduce the number of federal facilities around the country, by closing field offices, regional offices, etc. We could formalize this arrangement and give it a higher profile to demonstrate our commitment to downsizing.

7. **REGO II.** NPR is preparing a detailed list of recommendations that were considered in 1993 but not included in the final package.

III. Strategy

President Clinton has won credit for his achievements when his administration has drawn a sharp line on an issue with popular support, and then has focused on it in a concerted, systematic way over a period of months, not days.

Timetable

A sustained campaign would use the element of surprise, unilateral action, and the presidential bully pulpit.

Before the election. It would be very helpful if the President could point toward the change/reform themes before the election; otherwise, a sudden turn toward reform issues risks seeming an ex post facto rationalization. This could be done in a one-on-one interview with a reform-minded reporter, or on the campaign trip to Minnesota with Ann Wynia, who has run ads criticizing her opponent for voting against the lobby reform bill.

Statement the day after the election. The President's press conference statement should characterize the results as a mandate for change, one he intends to meet. It should point toward political reform as an early and important priority.

December. We should prepare to float some of the more dramatic reform initiatives. Because Congress will meet in early January to take up rules changes, we need to make our intentions known early.

- o DLC Speech, Dec. 6th: A chance to signal forthcoming reform efforts.
- o Post-Summit of the Americas, Dec. 12th: The President could make a pivot speech unveiling new reform proposals.
- o Speech to Incoming Freshmen: The President could bring the incoming freshmen to the White House for a speech on reform.

January pre-SOTU. The weeks before the State of the Union should include a series of events designed to underscore and foreshadow the reform and change theme.

- o We should convene a citizen jury or Little Rock-style conference to address what's wrong with government and politics, and how to fix it.
- o The President should make a major speech outlining his concept of how government should relate to the citizenry (something he has yet to do).
- o Announce the Fraud Squad, naming its members.
- o We should prepare a document outlining the problem and proposed solutions (this would be in addition to, or as part of, the budget document).

State of the Union. Reform should be a major theme of the speech, which should unveil a few of the most dramatic ideas.

Political Alignments

A broad reform agenda would be popular with the general public and with non-governmental elites (e.g., press, editorialists), but would likely meet resistance from many elected officials and interest groups from both parties. A natural coalition for reform does not currently exist; we will have to bring together disparate reform groups and energize independent voters. In these circumstances, a national mobilization spearheaded by the President -- relying on prominent citizens and moderate Republicans and Democrats, use of the bully pulpit, and cross-party alliances -- would be the way to push for reform.

If the President decides to push forward with an ambitious reform agenda, further planning is needed.

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Harold Ickes to Abner Mikva; RE: William S. Lerach (2 pages)	02/21/1995	P5
002. memo	Jeff Connaughton to Judge Mikva; RE: Legal Reform: Briefing Materials (1 page)	03/03/1995	P5, P6/b(6)
003. memo	Joel Klein, et al. to the President; RE: Legal Reform Issues (5 pages)	02/24/1995	P5

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- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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THE WHITE HOUSE

WASHINGTON

21 February 1995

MEMORANDUM TO ABNER MIKVA

FROM: Harold Ickes *HI*

SUBJECT: William S. Lerach - Class action securities attorney
from Los Angeles

On 15 February I met with Mr. Lerach who is very concerned about certain "reforms" being considered by the Congress that would severely restrict class action suits regarding fraudulent securities matters. He is a very successful attorney in this area and is a substantial contributor to the Democratic Party.

He is particularly concerned about revision of the anti-fraud provisions of the securities laws. While Congressman Dingle and Senator Mitchell were in Congress there was no problem.

HR10 was marked up last week and, in effect, according to him, would virtually end the private enforcement of the securities laws. It would eliminate the standard of "recklessness".

He pointed out the Senator Dodd has a bill, S240, which is co-sponsored by Senator Dominici. It is much more moderate than HR10, but he is not enthusiastic about S240 either. He said that if S240 is adopted, it will force a conference which will result in very serious adverse restrictions on consumer law suits regarding fraudulent securities.

Senator Graham is "out of control" on this issue, and he feels that Graham will use Dodd's S240 to force the issue into conference which will be very detrimental to consumers class action.

He also pointed out that Arthur Levitt had appointed a very conservative Republican as General Council to the SEC.

It is his thesis that Republicans want to severely restrict consumer class actions regarding fraudulent securities in order to curry favor with the Wall Street crowd from which they will

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then receive increased contributions.

He says there is broad support against these "reforms" primarily from consumer groups, etc. Attached is a schedule of groups and individuals who, he claims, are against such "reforms".

He urged very strongly that the President have a discussion with Senator Dodd and point out to him that S240 was unwittingly helping the Republicans. He urged very strongly that Dodd use the Senate to "slow down the process", taking the position that it needed more study, etc.

He argues the current law should remain primarily to protect investors who are cheated by the likes of Charles Keating. If these "reforms" go through, consumers will no longer have serious recourse.

He claims that Senator D'Amato is not enthusiastic about the Republican's proposals because he does not want to be seen as protecting Wall Street against potential fraud.

He points out there is some urgency to this matter because he sees the House adopting the "reform" by the end of February and Graham has said that he will open hearing on the 3rd of March, although Lerach thinks that is somewhat unlikely.

Attached is a 15 February New York Times Op-Ed piece by Herbert Stein against the "reforms", as well as a 12 February Washington Post by Benjamin J. Stein on the same subject.

Let's discuss.

COPY

THE WHITE HOUSE

WASHINGTON

February 24, 1995

MEMORANDUM FOR THE PRESIDENT

THROUGH: LEON PANETTA, ABNER MIKVA & BO CUTTER
FROM: JOEL KLEIN, BRUCE LINDSEY & PETER YU
SUBJECT: LEGAL REFORM ISSUES

This memorandum outlines for your approval a proposed strategy for addressing legal reform issues currently before Congress.

I. BACKGROUND. Congress is considering (i) civil justice reforms (such as the "loser pays" or English rule for actions brought under federal diversity jurisdiction), (ii) securities litigation reforms (such as limits on shareholder class-action suits), and (iii) product liability reforms (such as changes in the law of damages). Proponents of reform claim that the current system is unfair, wasteful, stifles innovation, and undermines US competitiveness. Opponents of reform contend that the proposals are unnecessary and serve only to shield defendants from liability and, in the case of product liability, to federalize an area traditionally controlled by state law.

Both you and the Vice President have been critical, or at least skeptical, of reforms of the legal system through preemptive federal legislation. Attachment A offers selected press accounts of your statements on these issues.

The empirical evidence regarding the need for reform is far from definitive. While each side marshals data that appear to support its claims, independent studies have reached mixed conclusions. These studies suggest that in the 1980s litigation increased significantly (largely due to asbestos-related claims), but also that the filings in more recent years evidence no clear trends. With regard to product liability cases, the studies also fail to support charges that damage awards have been increasing dramatically. In response, proponents of reform emphasize that the mere threat of large awards has a deleterious impact on American innovation and competitiveness.

The legal reform legislation included in the Contract with America is, by most accounts, quite extreme (see Attachment B). However, the House Commerce Committee recently moderated the securities provisions somewhat. Senator Dodd has introduced a securities litigation reform bill that is less extreme than the modified Contract provision; Congressman Markey has introduced an even more shareholder-friendly bill. With regard to product liability, Senator Rockefeller has for several years championed a more moderate approach than the Contract bill; last session, a cloture vote on his bill failed by only 3 votes. Most observers believe that the House will pass legal reform legislation relatively quickly (perhaps within a few weeks) but that the Senate will not begin work on a bill until late spring. Senator Rockefeller has not

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reintroduced his bill and it is not clear whether his bill or a more extreme version championed by someone else will be the primary vehicle in the Senate. It is possible that a Rockefeller-type bill on products reform and a Dodd-type bill on securities reform will emerge as "compromise" approaches.

A White House team led by the Counsel's office and the NEC has consulted with Justice, Treasury, Commerce, and the SEC to develop the following strategy for addressing these issues. The Vice President was involved with this issue in the Senate, and would like to discuss it with you prior to your decision.

II. CONSENSUS RECOMMENDATION. The group supports a three-part approach.

- With regard to **civil justice reform**, the group recommends that the Administration firmly oppose the "English rule" proposal in the Contract bill (which applies to *all* diversity actions in federal court), arguing that it is grossly unfair to innocent plaintiffs and may increase total litigation costs.
- With regard to **securities litigation reform**, the group recommends that the Administration work with the SEC to encourage reforms that fall somewhere between the Dodd and Markey bills. Such a package might include measures to reduce the "race to the courthouse" and the risk of meritless claims, but would not include reforms that would significantly weaken private enforcement of the securities laws, encourage fraud, or be inconsistent with the Administration's position on product liability reform. The Administration's initial public position would be to favor "reasonable" reforms and to list those provisions in the House bill that are problematic.
- With regard to **product liability reform**, the group recommends that the Administration emphasize **a strong presumption against preemptive legislation, the need to ensure full compensation for victims and responsibility for unsafe products, and a package of federal-court reforms.** This position would stress that product liability reform is generally a matter of state law (a position bolstered by a proactive position on federal securities litigation reform). The Administration would consider preemptive legislation only if the federal interest in preemption was clearly demonstrated. For example:
 - If we were convinced an important national interest had been clearly demonstrated, we would not oppose reasonable preemptive *standards* (such as "clear and convincing evidence") for punitives. (Business groups argue such standards provide businesses with needed predictability.)
 - At the same time, there has been little justification for federal preemptive provisions in other proposed areas -- particularly where the need to ensure full compensation for victims and responsibility for unsafe products are paramount concerns:

- * *arbitrary caps on or unreasonable standards for the awarding of compensatory or punitive damages and the discriminatory treatment of noneconomic damages* -- such standards are not only unfair to consumers, they also underdeter the manufacture of unsafe products; and
- * *regulatory defenses that immunize manufacturers* -- as demonstrated by DES, Copper-7 IUDs, and high-estrogen birth control, simply because a product survives government review does not ensure its safety and should not provide immunity to a manufacturer.

The Administration would also *advocate pro-consumer positions* such as limits on secrecy agreements in settlements in federal court and *reforms in federal court* designed to encourage alternatives to litigation and decrease frivolous suits without underdetering negligence.

III. ANALYSIS

This approach balances several purposes. First, it is consistent with your expressed concerns regarding both the fairness of reforms and the federalization of tort law. Second, it plays upon the extreme nature of the English rule as well as the Republicans' inconsistent positions (in supporting federalization of the legal system but devolution in every other sphere of government). Third, it indicates a willingness to entertain *justified* preemptive legislation and thus will not wholly alienate business interests. Fourth, it raises consumer concerns and challenges the premises of Republican reforms by highlighting portions of the Contract bill you find to be unjustified, especially given federalism's strong presumption against preemptive legislation and the lack of empirical data to support proponents' claims.

As always, there is some risk that such a modulated approach--while sound policy--will be viewed in the current environment as equivocal. However, the group believes that this approach places the Administration in the best position to influence the development of this legislation and to threaten a veto if consumer interests remain unaddressed.

IV. DECISION

____ Proceed with consensus recommendation.

____ Let's discuss.

ATTACHMENT A: PRESS ACCOUNTS OF PAST STATEMENTS

President Clinton

- "The proposals advanced by George Bush and Dan Quayle [presumably including S.640, the Rockefeller bill] are dramatically tilted toward big polluters, manufacturers and insurance companies, and against consumers and victims." *The Candidates on Legal Issues*, ABA J., Oct. 1992, at 57.
- "Bush and Quayle want to cap the ability of juries to award victims punitive damages, even when that is the only way to bring a powerful offender to justice, or to keep a dangerous product off the market." *Id.*
- "[Bush and Quayle] want to make victims pay the legal fees of big manufacturers, if, for some reason, they sue and lose. It is nothing more than trickle-down justice." *Id.*
- "As a general matter, I believe that legal reform should be enacted in the laboratories of the States, rather than at the federal level." *Id.*
- "In my view, the best reforms are those that make it less likely for people to go to court. We should encourage greater use of alternative dispute resolution to give consumers redress without having to litigate, such as mediation, mini-trials, and the multi-door courthouse. We should also encourage the use of special masters to help sort through complex cases. And we should restrict the use of secrecy agreements, which too frequently force litigants to refight the same battles, over and over, while endangering public health." *Id.*
- "But I will oppose any proposals that pretend to 'reform' lawsuits while actually encouraging dangerous products or marketplace fraud." *Id.*

Vice President Gore

- Voted against S.640, the Rockefeller Bill, in the Commerce Committee in 1992.
- Co-authored Minority Views in the Commerce Committee report on product liability legislation in 1990.
- Widely quoted in press as having deemed the Rockefeller bill "anti-consumer."

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ATTACHMENT B: LEGAL REFORM BILLS

The more controversial provisions of the Contract bill (as revised in committee) include:

- Civil justice reforms for federal courts:
 - a "loser pays" or "English rule" attorney-fee regime for diversity actions brought in federal court; and
 - tighter rules regarding expert scientific testimony.
- Product liability reforms that govern both federal and state court claims:
 - limits on the liability of product retailers;
 - "clear-and-convincing" and "actual malice" standards for punitive damages;
 - a cap on punitive-damages awards; and
 - a bar on joint-and-several liability for noneconomic damages.
- Securities litigation reforms (as modified by the House Commerce Committee):
 - a fee-shifting provision if the court finds that a losing party's position was not substantially justified;
 - a recklessness standard and pleading requirements significantly greater than the law of several circuits; and
 - a proportionate liability provision in certain fraud actions.

The civil justice reform provisions could significantly reduce suits by smaller parties (such as consumers) against larger parties. The product liability provisions preempt an area long the province of state courts and legislatures. The securities litigation provisions would eviscerate private enforcement actions.

- The primary features of **S. 687**, introduced last session by Senator Rockefeller, include:
 - establishment of a federal fault standard for punitive damages (including a safe harbor for FDA- and FAA-approved products), but no cap on punitive damages;
 - elimination of joint and several liability for noneconomic damages;
 - incentives for out-of-court settlements and for the use of alternative dispute resolution;
 - uniform statutes of limitation and repose for product liability claims.

Consumer and attorney groups were particularly critical of the distinction between economic and noneconomic damages, limitations on joint and several liability, and the FDA/FAA safe harbor.

- The **Dodd bill** on securities-litigation reform includes:
 - guardians ad litem and steering committees for class actions;
 - a more stringent scienter requirement;
 - limits on attorneys fees to a "reasonable percentage of the amount recovered";
 - restrictions on the use of civil RICO in securities law claims; and
 - proportionate liability in certain fraud actions.

Consumer and attorney groups were particularly critical of the proportionate liability provisions and the limits on attorneys fees.

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman to Mark Gearan; RE: Draft Communications Plan for Summit of the Americas [partial] (2 pages)	10/17/1994	P5
002. memo	Michael Waldman to Mark Gearan; RE: Draft Communications Plan for Summit of the Americas [partial] (2 pages)	10/17/1994	P5
003. memo	Michael Waldman to Mark Gearan; RE: Draft Communications Plan for Summit of the Americas [partial] (2 pages)	10/17/1994	P5
004. memo	Michael Waldman to Mark Gearan; RE: Draft Communications Plan for Summit of the Americas [partial] (2 pages)	10/17/1994	P5
005. briefing paper	RE: Summit of the Americas Communication Plan (4 pages)	10/12/1994	P5

COLLECTION:

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Speechwriting
Michael Waldman
OA/Box Number: 13656

FOLDER TITLE:

[Summit of the Americas] Communication Plan

Debbie Bush
2006-0469-F
db2208

RESTRICTION CODES

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

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

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

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

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

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News: the President's speech, wrap-up on accomplishments of the meeting, trip to Haiti(?)

Photos: Plenary session; possible church service; departure for Haiti(?)

IV. LOGISTICS

Structure of press operation

A Summit public affairs working group is being organized to produce, task out, and clear communications materials, schedule and coordinate events, and ensure the mutual reinforcement of domestic and foreign messages. Much of the work will be done by the agencies, especially the State Department, with coordination from the White House. Mitchell Schwartz and Anne Edwards will run the press center in Miami at Pier 12. Vicki Rivas-Vasquez will serve as a White House press secretary for the event.

Foreign press

USIA and State will do the standard things with Worldnet, briefings for foreign press, etc.

Host Committee

The Miami Host Committee's Media Relations Subcommittee will handle the following:

- Publish a media newsletter
- Issue a reference guide for the press
- Secure interpreters and translators
- Help staff the International Media Center and assist in credentialling
- Coordinate press transportation and hotels and arrange tours of Miami
- Set up food court in Media Center
- Organize security for Media Center
- Plan the press party

V. OUTSTANDING TASKS AND ISSUES/WARNING SIGNS

Where's the beef? -- We are far down the road in terms of emphasizing the economic issues for the summit. Certainly, the economic focus is ideal. But we run a risk that the expectations we create related to opening up trade throughout the hemisphere will not be met with concrete action. We need to have a clear sense of whether or not there will be an announcement of a trade initiative.

Dealing with the TV networks -- The networks may be persuaded to give major focus to the summit (anchor the news and/or do morning shows out of Miami; broadcast the gala). Senior White House officials need to meet with the networks to lay out what we're planning for Miami and to encourage their interest. Nominees: Mark Gearan or Dee Dee Myers and Mack McLarty.

Cuba -- Cuba is a potential problem in several respects. As the only leader in the region not invited to participate, Fidel Castro is likely to be the "sore thumb" of the Summit. Most other attendees disagree with our hard-line policy towards Castro. Conversely, the Miami Cuban community continues to agitate for stronger action against Castro. Finally, Castro himself could throw a monkey wrench into the event by proposing some new initiative, by breaking his deal with the U.S., or whatever. A subgroup should be organized by the NSC to plan a strategy to defuse the Cuba issue -- e.g., Secretary of State Christopher might make a speech on the subject two weeks out, etc.

Haiti -- There needs to be a decision made about whether the President goes to Haiti before or after the Summit.

Drugs -- Bob Boorstin has argued that the summit should address public concern in the U.S. about Latin America's role in exporting drugs to our shores. America's cooperative efforts with our neighbors to stop the flow of drugs into this country and the administration's commitment to lowering demand through treatment and prevention could be the subject of Saturday briefings to the press. However, raising these issues may call attention to a negative element of our relationship with the South which we'd prefer not to emphasize. (For what it's worth, I **don't** think we should aim for a drug focus.)

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SUMMIT OF THE AMERICAS COMMUNICATIONS PLAN

October 12, 1994

Presented below is a draft plan for optimizing media coverage for the Summit of the Americas, December 9-11, 1994. All communications work for the Miami meeting will be targeted towards presenting President Clinton as the Hemispheric leader working in concert with 33 other heads-of-state to assure coordinated economic growth and strengthened democratic institutions throughout the region. The significant benefits to the United States of enhanced cooperation among the Summit partners will be stressed.

PRE-SUMMIT ACTIVITIES

President Clinton sets the stage

In the weeks leading up to the Summit, the President will stress the Administration's consistent commitment to expanding free trade and fostering the growth of democracy around the globe. Beginning after the November elections and running through the APEC trip to Asia, the President will deliver several speeches outlining the achievements of his international economic strategy, including NAFTA and GATT (almost). He will define the upcoming Miami meeting as a key step towards realizing the goals of prosperity and security in the Western Hemisphere.

If possible, a signing-ceremony for the GATT legislation will be held the day Mr. Clinton leaves for the Summit. He will give a rousing speech about the importance of expanding trade opportunities for US business and then hop on the plane for the historic convocation in Florida.

Addressing controversy up-front

As the only leader in the region not invited to participate, Fidel Castro is likely to be the "sore thumb" of the Summit. A strategy group from NSC and State will devise a plan for pre-empting excessive media focus on Cuba. Secretary Christopher may give a speech on the Cuban situation in the week leading up to the Miami meeting. (There are other potential problems, e.g. Haiti, less-than-perfect records of some of the Summiteers, etc. How do we defend against negative stories?!)

Briefings

The first White House presentation on the schedule of Summit events and logistics for the press will be given by Mack McLarty and Anne Edwards during the week of October 24.

November will be taken up with mid-term elections, the President's trip to Asia, Thanksgiving, and the Congressional votes on GATT (Nov. 29 in the House; Dec. 2 in the Senate). During the week of November 28, Sandy Berger, Mack McLarty, and Bo

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Cutter will give a general briefing at the White House. Anne Edwards will conduct a detailed briefing on press logistics.

The bulk of our media relations activity will be concentrated in the period following the final vote on GATT and up to the President's departure for Miami (December 3-8). Secretaries Bentsen and Christopher will begin the schedule with a principals' briefing. Special briefings will be held for Spanish-speaking press, regional press, foreign policy press, economic press, and columnists. The President will meet with selected media (2-3 groups) to discuss his hopes for the Summit.

Quantifying the benefits to the US

In October, a request will be made to the Commerce and Treasury Departments (?) to assess the economic importance of the United States' trading relationship, current and projected, with Latin America. Findings will be announced to the press during the week of December 5.

Encouraging positive images

In October, a plan will be developed for coordinating Summit communications efforts with the embassies of the 33 other participating nations.

The White House will work with national Hispanic groups to generate positive press outside of Miami. Mayors of major cities with large Hispanic populations may act as spokespersons.

Also in October, contact will be made with the US Chamber of Commerce to suggest that the Chamber, in collaboration with interested Latin American embassies, consider ways of enhancing US public perceptions of our neighbors to the South. A campaign might be launched to inform the public about the rich opportunities Latin American markets hold for US business. Implementation would not be managed by the White House.

Business leaders generate interest

In November and December, the White House will invite US business executives who support strengthened ties with Latin America to talk with the press about the importance of the Summit. ??

Welcoming the Networks

Anne Edwards is actively encouraging Network producers to anchor from Miami during the week leading up to the Summit. During the President's trip to Asia, Mark Gearan will pay calls on executives in New York and Washington to sell them on giving major attention to the upcoming events.

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COMMUNICATIONS IN MIAMI

Our best chance for generating positive NEWS at the Summit will be an announcement by President Clinton on Friday of a Hemispheric trade initiative. If no initiative is announced, coverage may range from benign accounts of the 33 leaders coming together for work and play for the first time -- to cynical "Where's the beef?" commentaries -- to stories on the disagreement among Summit participants on thorny issues like Cuba. If Clinton presents a plan for opening up NAFTA to all democratic nations in the region, the Latin American press will _____ and the US press will likely _____.

The following schedule is based on the optimistic assumption that NEWS on trade will be made on Day #1:

Thursday, December 8

Administration officials will leak the substance of the President's opening speech to assure Friday morning coverage. Ambassador Cantor and Secretary Brown will give a briefing in the Summit press center. Their appearance will signal the beginning of a structured schedule of briefings in the facility by senior Administration officials over the three-day event.

The GATT signing-ceremony may take place in Washington on Thursday. If so, President Clinton will speak about his goal of continuing to expand trade opportunities for the US at the Miami Summit.

Friday, December 9

The President speaks to a large community audience in Miami before the arrival of the other heads-of-state. The event will present him as the leader of the Hemisphere relating to Hispanic citizens of Florida. The trade initiative will be announced.

Bo Cutter, Alek (sp?) Watson, and others will brief the press on the substance of Saturday's leaders-only meetings.

Saturday, December 10

Because Summit participants will be meeting behind closed doors beyond the mid-afternoon news deadline, the story of the day is unclear. Several ideas are on the table. Administration officials could brief the press on a variety of topics, e.g. drug policy. Secretary Brown's commerce exposition and the Vice President's possible appearance during lunch to address business leaders could be the focus. The First Lady will also have a full schedule of events which could make news.

Saturday's visuals will be the "pool spray" of the morning meeting and the "class photo" of all 34 leaders.

Pool reports will come out of the business sessions.

COPY

Sunday, December 11

The class photo and pictures from Saturday night's Gala and State Dinner will provide the Sunday press excellent images of regional harmony, colorful Latin cultures, and President Clinton as gracious host.

The President will appear on one or more of the morning talk shows. He may appear alone or with the leaders of Canada and Mexico.

Should Mr. Clinton attend a church service with other leaders or do some other activity before his final address?

The President speaks to the Plenary Session, with trade again a key theme. He may announce a new framework for Hemispheric development ("Partnership for Prosperity").

At the conclusion of the Summit, the President departs for Haiti. (If he's going there, mention must be made in Plenary speech.)

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. draft	RE: Background Paper for the G-7 Jobs Conference [partial] (1 page)	02/18/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13656

FOLDER TITLE:

G-7 Jobs Conference: Conference Sherpa Papers

Debbie Bush
2006-0469-F
db2209

RESTRICTION CODES

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

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

- b(1) National security classified information [(b)(1) of the FOIA]
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sought work.

Using standard tools of economic analysis, it is possible to "decompose" the causes of changes in the unemployment rate in the G-7 countries. Taking this approach, the U.S. Council of Economic Advisors found:

(* NOTE: RESULTS ARE PRELIMINARY! DO NOT CITE UNDER ANY CIRCUMSTANCES! *)

- o All G-7 countries except the United States and Japan have at least 2 percentage points of cyclical unemployment -- most have more.
- o Nearly all the increase in unemployment not due to slack demand in France and Germany is classical.
- o Nearly all the increase in unemployment not due to slack demand in other G-7 countries is frictional, structural, or transfer-induced.

A technical paper prepared by the U. S. Council of Economic Advisors describes this analysis and its results in greater detail. Dr. Tyson will discuss this paper and its implications in her session of the conference.

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. paper	RE: Daily G-7 Jobs Conference Meeting w/David Lane (1 page)	02/24/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13656

FOLDER TITLE:

G-7 Jobs Conference: Meeting Notes

Debbie Bush
2006-0469-F
db2210

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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Daily G-7 Jobs Conference Meeting w/David Lane
Thursday, February 24, 1994

- o Who to present briefings on conference sessions
 - problem with having the Cab. sec.'s do it is getting four versions of the same thing
 - maybe should have Rubin/Tyson do the briefings to control message
- o What to do with other Cab. sec.'s
 - have them attend Sunday night dinner but nothing else
 - Kantor, Pena, Riley want to get involved. D. Lane felt that they should only attend the POTUS speech. No sessions or public events
- o How to keep Michigan delegation away from conference
 - Erskin Bowles (SBA) has been assigned Conyers for healthcare purposes and has been offered to do a healthcare event with Conyers in his district on Monday (14th) morning.
 - Natalie Wymer saw big problems with it. Perception to press of having both the conference and something in Conyers' district at the same time
 - D. Lane felt that only on lunch/breakfast with VP would suffice to get delegation members to go. Problem with his availability
- o Secretariat Tony Doss is working well. He has state and G-7 experience
- o State will have protocol people available for the conference setup
- o Embassies are anxious about conference
 - briefing at 3PM today for embassy staff
- o Still working on defining conference message
 - it will be on preparing nation/people for jobs in the 21st century
 - need to decide if it will be on broad/narrow view of that theme
- o Need to decide who will talk for the US delegation to the conference
 - Jay Byrne is OK for the conference itself, but need someone to speak for the actual delegation. Possibly Rubin and have someone like Waldman do talking points.
- o Final version of the agenda should be out today
- o Meeting with Cab. sec.'s chiefs of staff at 1PM

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Bill Whyman to Robert Rubin; RE: Jobs Conference Policy Surprises (2 pages)	03/03/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13656

FOLDER TITLE:

G-7 Jobs Conference: General

Debbie Bush
2006-0469-F
db2211

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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RR. Document will be reviewed upon request.

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

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THE WHITE HOUSE

WASHINGTON

March 3, 1994

MEMORANDUM FOR ROBERT RUBIN

FROM: BILL WHYMAN *W*

SUBJECT: Jobs Conference Policy Surprises

We need to be ready for a number of policy surprises that could arise at the Jobs conference. Though we will make all efforts to ensure that surprises do not happen, we know some of the countries have different views from our own. My major concern is that a proposal from one of the countries, would go against the domestic agendas of the others (including us), who are all planning one domestic reform or another. In such a case, it could set off a chain reaction, where Ministers are concerned the message coming out of the conference could be used against them back at home.

Even prickly allies like the Brits, who generally agree with us, could get very upset in such a chain reaction. Most likely surprises include.

1. French views linking trade to labor standards. The French have at various times argued that other countries engage in "social dumping" as they do not have labor, environmental, and social standards comparable to Europe. Proposals include linking trade access to meeting labor and other social standards. Often this is directed against the Asians. We have not made up our own minds on labor standards issues (we need to sort this out before, if possible). The argument also comes in a number of other protectionist packaging, which complicate our trade position.
2. Mandatory work sharing. Some in France and others in Europe have proposed mandatory sharing of jobs as a response to unemployment. This idea and other "mandatory" programs pose government as highly intrusive in the economy, igniting business fears. Mandates clearly are a sensitive issue for us. More broadly, we want to create more jobs and growth, not ration what we have.
3. Blame or leave out the developing countries. The conference could be criticized as the "rich country club" getting together to solve their unemployment problems, excluding or working to the detriment of the rest of the world. Combined with French noises about "social dumping," this could send a bad message.
4. Labor strikes/action. Currently the big German metalworkers union is striking. This could still be going on at the time of the conference. Labor action going on in Europe (or elsewhere) could dramatically change the tone and public backdrop

12
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for the conference. We could try to argue this shows how right on the President was in calling for the conference. This is unpredictable at best.

5. The Japanese fear "protectionist" policies at the conference. They are apoplectic that the "over-representation of Europeans" in the G-7 (read France) may lead to views that Western unemployment is due to Asian (Japanese) unfair trade practices. Our own trade impasse and super 301 position make them even more uneasy--especially in Detroit.

6. Social taxes. Because payroll taxes have drive up the non-wage costs to employers, it has become as an obstacle to job creation. The EU has proposed an "environmental tax," to finance programs instead. Although we disagree with this "tax shifting," the greater problem is not the substance, but that we don't want the message coming out of the conference to be tax increases.

In addition, we have the general problem of the conference not producing a big "outcome." Given the diversity of views within the G-7 about responding to change (as Major told you), quick agreement on anything big is unlikely.

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. statement	RE: Thematic Statement [partial] (1 page)	n.d.	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13656

FOLDER TITLE:

G-7 Naples: G-7 Core Message Meeting

Debbie Bush
2006-0469-F
db2212

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

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COPY

we can't resist change
if we try to...

THEMATIC STATEMENT

On this trip, we confront the greatest challenge of our age -- how to ensure that the remarkable, unstoppable forces of global economic change work for our people. As in 1919 and 1945, America and its partners face a fundamental choice: whether to turn inward, retreating to protectionism and nativism, or to face outward, embracing our leadership role in the world. [One lesson is clear: we will seize this moment only if average citizens are confident that these changes will work for them.] In the past year and half, Americans chose change -- putting our economic house in order, cutting our deficit, embracing the global economy through NAFTA and the global trade pact, and investing in training and education for our workers. }

Now we must take the next steps -- to build the new institutions of international trade and security that can lead to another era of global growth. We will continue to push for expanded trade and exports. We will push onward with a new structure for international trade, one that harnesses the dynamism of the market while ensuring that the interests of workers and the environment are protected. And we will make clear that this new international community of free markets and free peoples extends to the former communist nations of eastern europe.

As a new world emerges before our eyes, our nation is where it should be -- in the lead. Once again, our economy is the engine of global growth, our expansive vision shapes the emerging global economy, and our willingness to act has galvanized the world. If we remain true to our best selves, we have it within our power to create a golden age in which the vast opportunities of the global market produce prosperity for our middle class.

Tone: The President's public statements should be confident, heraldic, declarative -- no need here for 'filial piety' or ambiguity. America is truly the world's leading economy, our ideas really are the right ideas, and we should be proud of that. A "semiotic" reading of this trip, of course, is that Bill Clinton (and America) are young and vigorous, welcoming change, while other leaders (and Europe generally) are stodgy, withdrawn, fearful.

TWO EVENTS:

Departure statement

Will frame the trip in dramatic terms -- as a moment when the world, led by America, will begin to create new economic institutions to fit the post-cold-war era. America enters this discussion from a position of strength; we have put our house in order, and our economy is now the strongest on the globe. Now we must

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Lake to the President; RE: Memo from Sec. Bentsen on Russian Economic Reform (2 pages)	06/21/1994	P1/b(1), P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13656

FOLDER TITLE:

G-7 Naples: Speech Related

Debbie Bush
2006-0469-F
db1472

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman to Roger Altman; RE: Draft Thematic Statement (1 page)	10/12/1994	P5
002. memo	Michael Waldman to Mark Gearan; RE: Draft Communications Plan for Summit of the Americas [partial] (2 pages)	10/17/1994	P5
003. paper	RE: Summit of the Americas (2 pages)	n.d.	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13656

FOLDER TITLE:

SOA [Summit of the Americas]: Themes

Debbie Bush
2006-0469-F
db2213

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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COPY

October 12, 1994

MEMORANDUM FOR ROGER ALTMAN

FROM: MICHAEL WALDMAN

SUBJECT: ATTACHED DRAFT THEMATIC STATEMENT

Here is a first cut, based on a variety of discussions, of a thematic document. A few key points:

* It clearly focuses, first and foremost, on the economics. This is a different emphasis from the material produced by the NSC and the deputies group -- we need to just hash this out. (I obviously believe this must be the focus.) I'm going to fax this to Richard Feinberg on the road in Latin America.

* It is a set of themes aimed at the U.S. domestic audience. I believe that as we talk about this, we need to inoculate trade with Latin America by emphasizing the benefits to our people. So the tone is more nationalistic, more U.S.-focused, than would be the case in a document aimed at a Latin American audience. We have to avoid the temptation to make this something that thrills the Council on Foreign Relations and nobody else.

* The "slogan" for now is "Partnership for Prosperity" -- not perfect, but an adequate placeholder. We can put some others in the mix as well.

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News: the President's speech, wrap-up on accomplishments of the meeting, trip to Haiti(?)

Photos: Plenary session; possible church service; departure for Haiti(?)

IV. LOGISTICS

Structure of press operation

A Summit public affairs working group is being organized to produce, task out, and clear communications materials, schedule and coordinate events, and ensure the mutual reinforcement of domestic and foreign messages. Much of the work will be done by the agencies, especially the State Department, with coordination from the White House. Mitchell Schwartz and Anne Edwards will run the press center in Miami at Pier 12. Vicki Rivas-Vasquez will serve as a White House press secretary for the event.

Foreign press

USIA and State will do the standard things with Worldnet, briefings for foreign press, etc.

Host Committee

The Miami Host Committee's Media Relations Subcommittee will handle the following:

- Publish a media newsletter
- Issue a reference guide for the press
- Secure interpreters and translators
- Help staff the International Media Center and assist in credentialling
- Coordinate press transportation and hotels and arrange tours of Miami
- Set up food court in Media Center
- Organize security for Media Center
- Plan the press party

V. OUTSTANDING TASKS AND ISSUES/WARNING SIGNS

Where's the beef? -- We are far down the road in terms of emphasizing the economic issues for the summit. Certainly, the economic focus is ideal. But we run a risk that the expectations we create related to opening up trade throughout the hemisphere will not be met with concrete action. We need to have a clear sense of whether or not there will be an announcement of a trade initiative.

Dealing with the TV networks -- The networks may be persuaded to give major focus to the summit (anchor the news and/or do morning shows out of Miami; broadcast the gala). Senior White House officials need to meet with the networks to lay out what we're planning for Miami and to encourage their interest. Nominees: Mark Gearan or Dee Dee Myers and Mack McLarty.

Cuba -- Cuba is a potential problem in several respects. As the only leader in the region not invited to participate, Fidel Castro is likely to be the "sore thumb" of the Summit. Most other attendees disagree with our hard-line policy towards Castro. Conversely, the Miami Cuban community continues to agitate for stronger action against Castro. Finally, Castro himself could throw a monkey wrench into the event by proposing some new initiative, by breaking his deal with the U.S., or whatever. A subgroup should be organized by the NSC to plan a strategy to defuse the Cuba issue -- e.g., Secretary of State Christopher might make a speech on the subject two weeks out, etc.

Haiti -- There needs to be a decision made about whether the President goes to Haiti before or after the Summit.

Drugs -- Bob Boorstin has argued that the summit should address public concern in the U.S. about Latin America's role in exporting drugs to our shores. America's cooperative efforts with our neighbors to stop the flow of drugs into this country and the administration's commitment to lowering demand through treatment and prevention could be the subject of Saturday briefings to the press. However, raising these issues may call attention to a negative element of our relationship with the South which we'd prefer not to emphasize. (For what it's worth, I don't think we should aim for a drug focus.)

Saturday's News -- We need to generate news for Saturday, when the leaders will be behind closed doors through the late afternoon. Administration officials will give briefings in the Press Center on the issues being discussed in each business meeting. The First Lady's activities and the Commerce Department trade expo may generate interest. We need to develop a plan to keep the press busy on topics other than Cuba and Haiti.

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SUMMIT OF THE AMERICAS

Themes & Consultations: The USG has begun the second phase of consultation in preparation for the 34-country Summit of the Americas, set for December 9-11 in Miami. We are seeking country views on 14 USG initiatives falling under three themes: (1) democracy and good governance (re-inventing government); (2) economic integration; and (3) sustainable development (investing in people and alliance with nature). All countries have received a short description of these themes and initiatives through our Embassies. In addition, an interagency team is consulting with key countries and the Rio Group with a view to revising these initiatives, as appropriate. So far we have consulted with Argentina, Chile and Colombia, which were highly receptive to all the initiatives, and with Brazil, which was fairly negative, perhaps for negotiating purposes.

Trade Integration: Most countries see trade as a central issue for the Summit and expect a major U.S. initiative in this area. To date, we have left a placeholder for trade and have told countries that we would prefer to delay submission of a detailed initiative until Congress has concluded its deliberation of the Uruguay Round bill. To fill the gap created by the lack of a U.S. trade proposal, the Organization of American States, the UN Economic Commission for Latin America and the Caribbean and the Inter-American Development Bank have jointly drafted a paper laying out two routes for trade integration: (1) multiplying bilateral agreements; or (2) incorporating more countries into a subregional agreement, like NAFTA. If we are unable to secure Congressional passage of fast track legislation before the Summit, we will have trouble meeting countries' expectations on trade and may need to beef up our initiatives in other areas to ensure a successful Summit.

INL/Mary Beasley 2-1272

THIS UNDERSCORES THE PROBLEM

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SUMMIT OF THE AMERICAS

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INL/Mary Beasley 2-1272

THIS UNDERSCORES THE PROBLEM

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. report	RE: Road Map for Democracy Discussion (4 pages)	n.d.	P1/b(1), P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13656

FOLDER TITLE:

SOA [Summit of the Americas]: Road Map for Democracy Discussion

Debbie Bush
2006-0469-F
db1476

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Feinberg to Berger, RE: Summit of the Americas. (5 pages)	10/20/1994	P1/b(1), P5
002. memo	Richard Feinberg, Sandra Kristoff to Sandy Berger, Bowman Cutter; RE: Proposed Speech Linking APEC and Summit of the Americas (3 pages)	10/18/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13656

FOLDER TITLE:

SOA [Summit of the Americas]: Feinberg

Debbie Bush
2006-0469-F
db1478

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

October 18, 1994

MEMORANDUM FOR SANDY BERGER
BOWMAN CUTTERFROM: RICHARD E. FEINBERG
SANDRA KRISTOF

SUBJECT: Proposed Speech Linking APEC and Summit of the Americas

Our policies toward APEC and the Summit of the Americas are strikingly similar. At the same time, they take into account regional differences. We believe that a strong speech would lie in spelling out these consistencies that mark Administration policy toward the two most rapidly growing regions of the world, while pointing out the regional differentiation that characterizes our nuanced policies.

Similarities in Policy Regarding APEC and SOA

The central similarity is our impending endorsement of free trade areas in both regions. The domestic policy justification is the same -- reducing barriers to US exports creates good jobs at home. Characterized by "open regionalism," both regional FTAs will be GATT-consistent and advance global interdependence and market liberalization. Both regions are to work on a blueprint or action agenda for reaching free trade goals modeled substantially on NAFTA standards. Both agendas will address functional issues gradually under a building-block approach (sometimes referred to as modular multilateralism).

There are many other policy overlaps in specific functional areas. Both APEC and our Summit agenda include initiatives to:

- Invest in people through human resource development;
- Spur the growth of small businesses;
- Deepen integration by developing infrastructure projects;

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- Encourage investment by establishing principles or codes;
- Spur the involvement of U.S. business and the participation of the private sector in regional decisionmaking;
- Foster the global information highway using the five principles spelled out by the Vice President;
- Facilitate the exchange of technology; and
- Advance environmental protection.

This commonality is not of course coincidental. It reflects the dynamics of economic development as well as the nature of interaction between industrial and developing countries. These policies meet the needs of developing nations and advance their integration into the global marketplace.

There is also a clear foreign policy commonality -- the projection of U.S. leadership within a cooperative, multilateral context whose fundamental purposes express core U.S. interests. These economic policies create partnerships that will also serve our security interests. Active U.S. participation and Presidential involvement in both regional partnerships increase our influence, thwart potential meddling by other powers (Europe, Asia in Latin America) and maintain regional power balances (U.S., Japan and China in Asia).

Both regional associations include institutional mechanisms to assure that decisions taken by the leaders are implemented. The Summit of the Americas is to create a new follow-up architecture for Inter-American relations that will include numerous periodic ministerials, as APEC has done. APEC also will use its secretariat to assure follow-up, while the Western Hemisphere will fortify existing regional institutions (OAS, IDB).

In sum, APEC and the SOA are creative U.S. responses to post-Cold War realities that advance U.S. economic and security interests -- with little to zero cost to the U.S. taxpayer and long-term gains to U.S. firms and workers.

Regional Differences

APEC by definition focuses on economic cooperation whereas relations in the Western Hemisphere traditionally have a strong political component. The Western Hemisphere boasts democratic institutions in all but one of its states whereas the Asia Pacific is much more heterogeneous. Accordingly, at the Summit

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of the Americas we will emphasize democracy as a core theme whereas at APEC we more modestly maintain that market liberalization will promote political opening. Our policies are crafted to pursue the same goal -- democracy -- utilizing means that are sensitive to the cultures and histories of each region.

The chartered pace of economic liberalization is more rapid in the Western Hemisphere, reflecting the greater heterogeneity of Asia as compared to the generally more open economies of Latin America. Again, the ultimate goal -- economic integration -- is the same.

Institutional structures are distinct as well, even as we seek in both cases to construct mechanisms to assure implementation with minimum additional bureaucracy.

In both regions, we are crafting nuanced policies which respond to local circumstances while pursuing at low cost basic U.S. interests in democracy and prosperity.

Speech Schedule

An APEC/SOA speech could be delivered just prior to APEC, in the brief period between the two meetings, or immediately after the SOA prior to Christmas when the media is publishing year-end reviews. In that the themes are conceptual and draw together economic and foreign policy, the speech might best be delivered by Tony Lake or Bob Rubin.

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Julia Moffett to Michael Waldman; RE: Miscellaneous (1 page)	10/28/1994	P5
002. memo	Julia Moffett to Michael Waldman; RE: Miscellaneous Summit Issues (1 page)	10/24/1994	P5
003. memo	Julia Moffett to Michael Waldman; RE: Cabinet/Surrogate Summit Activity (2 pages)	10/24/1994	P5
004. memo	Julia Moffett to Michael Waldman; RE: Summit of the Americas Organization (2 pages)	10/14/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13656

FOLDER TITLE:

SOA [Summit of the Americas]: Moffett Memo

Debbie Bush
2006-0469-F
db2214

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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October 28, 1994

MEMORANDUM FOR MICHAEL WALDMAN

FROM: JULIA MOFFETT
SUBJECT: MISCELLANEOUS

1) REMINDER ABOUT REPORTS

I just wanted to remind you that if calls could be made to the appropriate people in the appropriate agencies (it may end up being Chiefs of Staff) you may want to strongly request that they bring a list of report options to your Tuesday meeting. I mentioned that Dave Marcheck seemed to have good knowledge about what was doable out of USTR, for instance.

2) ANECDOTES/ACCOMPLISHMENTS

You may find people talking about a need for this next week, and I wanted to let you know exactly how Dave and I plan to proceed. While I am away, he will meet with the appropriate people at Commerce, USTR, and Transportation to take an inventory of what they already have prepared. When I return, we will start to put them in a form that will help us use them for remarks, events and other needs. We will also, at Dreyer's suggestion, work with Presidential correspondence, to find letters to the President, etc...Marcheck also plans to come to your Tuesday meeting to have input into the materials list and ways in which a "success story" document might fit into the overall plan.

3) MY TRAVEL

I am leaving for Rhode Island on Saturday morning and for Seattle on Wednesday. I will return on Monday, November 7th. As you know, you can always reach me through signal. I will also check my voice mail often. I would very much like to participate in any way I can. Grace indicated that she would let me know how to call into the scheduling/communications meeting.

Thanks--don't get sick!

Julia

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THE WHITE HOUSE

WASHINGTON

October 24, 1994

MEMORANDUM FOR MICHAEL WALDMAN
FROM: JULIA MOFFETT
SUBJECT: MISCELLANEOUS SUMMIT ISSUES

Below are a few miscellaneous issues that may need to be discussed at some point:

TUESDAY'S COMMUNICATIONS MEETING

Dana is unable to attend tomorrow's meeting. She has asked that on matters of process, we let people know that she will continue to serve as the contact for the Cabinet. We will be providing Dana with a proposal for Cabinet activity later in the week. If people have recommendations/information for that proposal, they should get it to you or me as soon as possible so that it can be factored in.

ANECDOTES/ACCOMPLISHMENTS

We have loosely discussed the need for this information, whether it be to determine good events, make fact sheets, use for remarks, etc...Dana Hyde has informed me that Mark Gearan's office has also been requesting this information from different agencies. We need to coordinate so that people are not being redundant and so that we know what others have this information in mind for.

PUBLIC LIAISON OUTREACH

We may want to get a communications slot in Steve Hilton's working group in order to stay informed of what seems like an extensive operation. Purpose: to avoid train wrecks.

SECTOR SATURDAY

It seems as if "Sector Saturday" is still in development. Rob Stein is tentatively going to present his vision of this Commerce-headed event at a Wednesday meeting David Lane is organizing. I think it is important that you, and whoever else you feel is appropriate, have a strong presence in that meeting so that it does not get too far out in front of us. We need to know about issues such as: what is the press situation, does this event come under the Sunshine laws, etc...

CONFLICT OF INTEREST ISSUES

David Lane and I will make the "accountability flow chart" we discussed in anticipation of a discussion late Wednesday. Reta and others feel strongly that this meeting is a good idea. The objective should be to make some decisions that create a general framework for Ann, et al. to organize their events in.

SCHEDULING INPUT

A draft memo from you is attached. Let me know if it needs revisions.

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THE WHITE HOUSE

WASHINGTON

October 24th, 1994

MEMORANDUM FOR MICHAEL WALDMAN

FROM: JULIA MOFFETT
SUBJECT: CABINET/SURROGATE SUMMIT ACTIVITY

I met with Dana Hyde this morning and have the following information and recommendations:

Dana anticipates Mack and Roger making the decision on which Cabinet members should attend the Summit by this Wednesday. Once that decision is made, I think we should aim to give a communications proposal/request to Dana for Cabinet activity by Thursday or Friday of this week. It is currently assumed that Secretaries Bentsen, Ron Brown, Christopher, Reich and Ambassador Kantor will attend. Secretaries Cisneros, O'Leary, Babbitt, and Administrators Browner and Lee Brown are still to be determined. Attorney General Reno is also being considered for her Florida history.

Once the list of participants is finalized, our Communications proposal should include the following:

PROPOSAL:

RAMP-UP:

- *Interviews/Roundtable participation
- *Pre-Summit briefing appearances
- *Television appearances
 - esp. Sunday shows
- *Events
 - Speeches in D.C.
 - Events outside the beltway (if they have news value)

AT THE SUMMIT:

- *Press Center briefings
- *Interviews: Print/TV
- *Events
 - Adding communications to already scheduled events
 - Pro-actively scheduling events

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ISSUES TO BE ADDRESSED PRIOR TO CREATING A PROPOSAL:

Several issues which need to be discussed before we can submit a proposal are:

*Are we looking to have Cabinet members make news on Saturday? Some believe that the "Sector Saturday" is intended to fill the potential news gap.

*How do we insure that the "Sector Saturday" events do not overshadow the President's activities?

*What is the purpose of the Cabinet activity? Should their events help to illustrate why our trade policies are good for Florida, reinforce messages coming from the President. etc...? Should each Cabinet member take a different angle such as one focuses on Florida, the business community, the Latino community?

*Which Cabinet members should have slots at the Press center, should be available for television, should occupy slots in the briefings, etc...?

OTHER PRINCIPALS/SURROGATES ISSUES:

Principals

There is less chance of the Vice President, First Lady or Second Lady working at cross purposes with our intended news. Additionally, it is less likely that we will want to pro-actively influence their schedules or media appearances. I suggest that we just stay closely apprised of their schedules and work with their staffs to make sure they are sending complimentary messages.

Surrogates

We need to determine non-Principal and non-Cabinet surrogates. This is most important when compiling the comprehensive interview and briefing schedule. A preliminary list of people who should have roles/commitments carved out for them are Leon Panetta, Bob Rubin, Sandy Berger, etc...We need to determine the rest of this list and then submit a proposal to Leon or, perhaps, Roger or Mack.

We also need to focus on other surrogate issues in order to start the process rolling. For instance, we had discussed having big city Mayors as well as high profile business types do media events during the ramp-up and at the Summit.

RECOMMENDED PROCESS:

*We need to address the issues listed above. Some of this conversation could take place in the Tuesday morning intra-agency communications meeting. Other issues such as most appropriate surrogates, use of outside validators, etc.. probably need to happen in internal communications meetings.

*We need to solicit all of the above mentioned schedules at the Tuesday meeting. As for the other principals, we should fold into their scheduling meetings.

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MEMORANDUM

TO: MICHAEL WALDMAN
FR: JULIA MOFFETT
RE: SUMMIT OF THE AMERICAS ORGANIZATION
DT: OCTOBER 14, 1994

Attached is a proposed organizational chart for the Summit of the Americas team. A few things:

First, as you have suggested, there may be too many people working on this, or, at least, viewed as point people. The attached chart attempts to winnow down this group so that you, as the coordinator of this project, are only dealing with one contact person from each entity.

Second, the proposed structure does not take into account some of the more immediate meetings we have identified as necessary. For instance, the policy/substance team is not reflected here as you will meet with them shortly to determine the probability of a trade initiative and then will not need to see them again for a while.

Recommendations

*Not knowing how entrenched the current meetings are, you may want to arrange for a new set of meetings.

A weekly or bi-weekly Communications meeting with the "Expanded Communications Group" would enable us to convey our needs/agenda as it takes shape as well as to hear from the top PA contact from the relevant departments. This would not be a repeat of yesterday's State Department meeting, but, rather, an expanded version of your Indian Treaty Room meeting.

A weekly meeting of the "Expanded Working Group" probably makes sense. Again, you would need to enforce the concept of the point person from each of the relevant departments attending, and that is it. Otherwise, as you know, the meeting becomes useless. The purpose of the meeting would be to 1) update the entire team on the message development, etc...to make sure no one is working off a different page, and 2) to hear short updates from each representative, i.e. Scheduling may say that a site has fallen through, Public Liaison may have some good news about business that we want to capitalize on/appropriate, etc...

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Outstanding Issues/Questions

* As we discussed yesterday, I think you need to decide if you are taking the coordination of this entire project on, or just the communications piece. This is not to say that the communications piece does not drive the entire thing---it does. But there is definitely a difference.

* If you are taking on the whole thing, I think you need to establish who the point people are at the relevant departments. My suggestion is that they be the same as the communications people. Whoever it is, I would try to enforce that they be **the** contact person, setting up their own internal information systems. This means that the same person comes to meetings, and can speak on behalf of the PA, scheduling, press, and policy people. This might be a pipe dream, however, it might not be asking that much.

* A few miscellaneous issues:

- Should USIA be one of the departments always at the table?
- Who is talking to the Host Committee, or do we not need to worry about it at all?
- We/I need to begin interacting with Scheduling to identify options for the Friday speech. When should I do this?
- Despite the lack of an APEC coordinator, should we arrange a "one-time" communications meeting to discuss the APEC/GATT/Summit of the Americas continuity?

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Mitchell Schwartz, Nanda Chitre to Tom Donilon; RE: Summit of the Americas Press Center Costs (4 pages)	09/14/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13656

FOLDER TITLE:

SOA [Summit of the Americas]: State Department

Debbie Bush
2006-0469-F
db2215

RESTRICTION CODES

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

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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- PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
- RR. Document will be reviewed upon request.

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United States Department of State

Washington, D.C. 20520

September 14, 1994

MEMORANDUM

TO: PA - Tom Donilon

THROUGH: PA - Michael McCurry *MMC*

FROM: PA - Mitchell Schwartz *MS*
PA - Nanda Chitre *NC*

RE: Summit of the Americas Press Center Costs

As you may know, the White House has set up a meeting with embassy press attaches from countries which will be attending the Summit on Wednesday, September 21, 1994. Anne Edwards has also invited two members of the Media Relations Subcommittee of the Miami Host Committee, Julie Simon and Luis Laredo, as well as Susan Vodicka who is the Chief of Staff for the Host Committee. They will be at the State Department on the morning of the 21st to discuss the planning for the International Media Center. Since the White House and NSC have begun a weekly public affairs planning meeting on the Summit of the Americas, we thought this would be a good time to bring you up to date on planning for the press center and some of our concerns.

Background

We have been meeting with Ambassador Gillespie and his staff continuously since March 23, 1994. At our initial meeting we were very clear that PA would not be able to provide funding for an international media center. We were told that no money would be directed for press considerations. We were told that approximately \$10 million has been appropriated for this Summit. In addition, the Miami Host Committee hoped to raise \$6 million through fundraising efforts. We advised ARA/SCO to put aside funding for press needs and a press center. However, we were told that no monies would be appropriated for press related activity.

We then met with Kimberly Marteau of USIA's Public Liaison and Arthur Green of the Foreign Press Center. Since both the domestic press and White House press also use the USIA

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furnished facilities, historically, it has been customary for the Agency to "back-bill" the White House for their press related share of expenses and share the balance of the expenses with the Department of State on a ratio commensurate with the ratio of foreign to domestic press representatives. USIA asked for a memorandum from State officially requesting Joseph Duffey to authorize Foreign Press Center assistance to organize the International Media Center. Such a letter was drafted and reviewed by Mike McCurry and sent to Ambassador Gillespie for signature (See Attachment A). To date, we don't know if the letter or another version was sent. No copy was provided to PA.

Further discussion centered on the budget for the international media center. Theoretically, the APEC press costs were supposed to split 60/40 (foreign press/domestic press) between USIA and the State Department. To date, USIA alone has paid close to \$380,000 for the APEC Meeting. We have contacted EAP/EX and Steve Rodriguez, the contracts officer in Administration, to determine how much State paid for APEC press costs. That amount is unclear, in particular the amount paid for the outfitting of Blake Island. The officer in charge of the APEC Support Unit, Chris Runkels, is in Hanoi. We have cabled him but we have not received a reply. Steve Rodriguez has offered to go through the financial records from EAP/EX in order to figure out what State costs were.

Based on previous experience, servicing the needs of 4-5,000 press at an international media center at the Summit of the Americas would cost approximately \$500,000. This figure does not include staffing costs. Based on the APEC model, a \$450,000.00 budget, again not including staffing costs, was drafted (See Attachment B). At the time, we were unsure about the amount of in-kind contributions we would receive to offset the amount.

On July 1, 1994, Kimberly Marteau, USIA/Public Liaison, sent a memorandum of conversation to Phil Walls, Deputy Director for Logistics, ARA/SCO, listing categories of expenses which USIA and State PA expects to be underwritten, through direct payment or by in kind contribution, by the Host Committee including media center and satellite media center site infrastructure upgrades and transportation for the press (See Attachment C).

On July 7, 1994, Mitchell Schwartz sent a letter to Phil Walls stating once again that Public Affairs had not authorized any monies to be spent from the Public Affairs budget in support of the press center in Miami (See Attachment D). Furthermore, if ARA/SCO expected PA to provide funding support for any of the costs associated with the press center, it would have to do so in the form of a written request to Michael McCurry. To date, no such request has been made.

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Issues

It is our understanding that to date, the Host committee has not raised any money for this Summit. All offers of assistance for the International Media Center have been in the form of in-kind contributions. While these in-kind contributions would go a long way towards off-setting the costs that were associated with the APEC Press Center (particularly in media center rental, telephonic infrastructure upgrades, and transportation costs), we believe that both White House and ARA/SCO planning for a Summit with this number of invited leaders involves considerable financial exposure. For example, the White House has asked for photo credentials for the press. These credentials would also have the country listed and the flag of that country displayed on the credential. The EDS system which was used at World Cup for credentialling is being considered. While the need for a photo credential is a result of security concerns voiced by the Secret Service, the costs of printing and processing such credentials are considerable if the system is not given as an in-kind contribution.

The concern is who will pay for these costs, particularly when they involve the domestic press. APEC was initially a ministerial and then became a leaders meeting and thus, USIA and State shared the costs. The Summit of the Americas however, is a Presidential Summit. Does the White House then pay for the costs of the domestic press? Does it pay for part of the costs? It is doubtful that the White House can afford these expenditures. If the State Department is responsible for this Summit, then is the bureau that has jurisdiction over the Summit responsible for domestic press costs? We believe some bureau in State will be asked to pay for the domestic press. We have tried to make it very clear that it will not be PA.

The Summit Coordinating Office has not changed its position on allocating any monies toward press needs. And it is very unclear at this point just how much the Host Committee will in fact be able to raise in both cash and in-kind contributions. If USIA and the State Department are to meet the needs of the White House and serve the best interests of the President and the Secretary at this Summit, it is imperative that these issues and concerns are addressed before further planning continues. We do not want to be in a situation where we are back-billed for costs incurred through White House expenditures. We further believe that there is every possibility for negative stories to surface regarding expenditures and White House/Agency billing practices.

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Recommendation

We therefore recommend setting up a meeting with Anne Edwards and Mack McLarty; Undersecretary Richard Moose; Ambassador Tony Gillespie; Phil Walls, Deputy Director for Support and Logistics for the Summit; Iris Burnett, USIA's Chief of Staff; Stan Silverman, USIA's Comptroller and yourself at your earliest convenience to discuss these issues and come to some resolution on guidelines for press-related expenditures relating to this Summit.

- Attachment A - Gillespie Letter to USIA
- Attachment B - Draft Budget
- Attachment C - USIA/PL Letter to ARA/SCO
- Attachment D - PA Letter to ARA/SCO

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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Anthony Lake to POTUS; RE: Vietnam (12 pages)	01/19/1994	P1/b(1), P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13657

FOLDER TITLE:

Trade: Vietnam Embargo

Debbie Bush
2006-0469-F
db1482

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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RR. Document will be reviewed upon request.

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

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Walter Dellinger to Abner Mikva; RE: Line Item Veto Act (11 pages)	12/21/1994	P5
002. memo	Jack Lew to Pat Griffin, et al.; RE: Line Item Veto (1 page)	12/30/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13657

FOLDER TITLE:

Political Reform: Line Item Veto

Debbie Bush

2006-0469-F

db2217

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 30, 1994

MEMORANDUM FOR PAT GRIFFIN, ABNER MIKVA AND MARTHA FOLEY

FROM: JACK LEW

SUBJECT: LINE ITEM VETO

The Senate is planning to move very quickly in January on the line item veto. Attached is the most recent draft that has been shared with us. Pete Dominici is taking the lead for Senate Republicans in trying to work on a bi-partisan bill, with Jim Exon taking the lead for Democrats. Alice Rivlin has asked me to share this draft of the current Senate proposal. Senators Domenici and Exon are planning to introduce the legislation on January 4, 1995.

This draft would provide for expedited review of presidential actions. Presidential recommendations would have to be voted up or down and would not be amendable. The authority would be extended to discretionary spending, entitlements and tax expenditures under this draft, but the extension beyond discretionary spending is still under active debate within the Senate.

This version would require a majority vote by the Congress to approve a presidential recommendation. Alternative approaches would require Congress to reject a presidential recommendation to reverse a line item veto, effectively requiring a supermajority to override a presidential veto of the rejection. The supermajority approach appears to be more attractive to the Senate Republicans than Senate Democrats, and the simple majority approach is an accommodation to reach a bi-partisan consensus.

Hearings on this proposal will be held on January 11-12. I am not aware of any requests for Administration testimony. Given the fact that the Republicans are supporting a stronger presidential veto authority than the Democrats, I am not sure that there would be much benefit in our taking a high profile on the details of the legislation.

I think at a minimum we should review the language to determine whether it is constitutionally adequate. If we have technical problems, I think our comments would be helpful. In terms of policy, we should make a determination quickly whether or not to weigh in actively to promote a stronger or otherwise different veto approach.

cc: Alice M. Rivlin
Bob Damus

COPY

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman to Mack McLarty, George Stephanopoulos; RE: Political Reform D-Day (1 page)	06/07/1994	P5
002. memo	Michael Waldman to Leon Panetta, Harold Ickes; RE: Campaign Finance Reform - Other Options (1 page)	03/29/1995	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13657

FOLDER TITLE:

Political Reform: MW [Michael Waldman] Memo

Debbie Bush
2006-0469-F
db2218

RESTRICTION CODES

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THE WHITE HOUSE

WASHINGTON

June 7, 1994

MEMORANDUM FOR: MACK MCLARTY
GEORGE STEPHANOPOULOS

FROM: MICHAEL WALDMAN *MW*

SUBJECT: POLITICAL REFORM D-DAY

Sorry to interrupt a terrific trip with a headache from home. The whole thing looked very moving, and the President should be very proud -- he truly embodied the nation this week, and did it so well.

Back here on earth: We're at a boiling point on political reform.

Rep. Gephardt has told Tom O'Donnell that he wants the deal on campaign finance reform to be cut this week. Evidently, however, George Kundanis doesn't want them to move forward until the Senate recedes to the House on PACs. The House and Senate leadership is scheduled to convene again on Thursday (tomorrow).

Two things:

a) I will discuss this with Pat, who's back ... but unless we're told not to, I intend to send the Presidential letter to the Hill on Thursday AM. If you don't get back to me, that's what I will assume you think is best.

b) Assuming that no deal is struck, I believe the President should call -- or call together -- Mitchell, Foley, and Gephardt, quietly, maybe over the weekend -- to come to closure.

Between Rostenkowski and our troubles, it is in our mutual interest that this get done! I think they are coming to see that. We just need to help them see the next logical step.

(FYI, I've got a very compelling analysis that shows that a PAC compromise would not significantly affect the fundraising of Members, especially CBC members.)

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Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Bruce Reed, et al. to the President; RE: Political and Governmental Reform (6 pages)	11/23/1994	P5
002. memo	Bruce Reed, et al. to the President; RE: Political and Governmental Reform (6 pages)	11/23/1994	P5
003. memo	Bruce Reed, et al. to the Chief of Staff; RE: Strategy for Political and Government Reform (9 pages)	11/01/1994	P5
004. memo	Bruce Reed, et al. to the Chief of Staff; RE: Options for Political and Government Reform (6 pages)	10/21/1994	P5
005. memo	Bruce Reed, et al. to the Chief of Staff; RE: Options for Political and Government Reform (4 pages)	10/31/1994	P5
006. paper	RE: Political and Governmental Reform (3 pages)	n.d.	P5
007. memo	Michael Waldman to the President; RE: Political Reform - Action Needed (4 pages)	05/31/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13657

FOLDER TITLE:

Political Reform: MW [Michael Waldman]/[Bruce] Reed Memo on Political Reform

Debbie Bush
2006-0469-F
db2221

RESTRICTION CODES

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

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THE WHITE HOUSE
WASHINGTON

November 23, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
MICHAEL WALDMAN
BILL GALSTON
PAUL WEINSTEIN
ELAINE KAMARCK

THROUGH: JACK QUINN }
CAROL RASCO } sm
ROBERT RUBIN }

SUBJECT: Political and Governmental Reform

Attached for your review is a memorandum outlining options for a political and governmental reform program.

Our goal is to have a bold, coherent and plausible reform agenda, as an integral component of your overall strategy. This agenda could be included as part of a major address in December, if you decide to give one, or in your State of the Union address. As you can see, some of the proposals are conceptually "ready to go," and primarily need a political decision whether to go forward. Others require further work, as part of the budget process or in other appropriate fora.

It is clear that, to break through public cynicism and allow you to retake the mantle of reformer, this program must be both responsible and dramatic. Finding the right mix is the most significant task we now face.

We have a one-hour meeting scheduled for next Tuesday to discuss this with you.

Attachment

cc: George Stephanopoulos

COPY

POLITICAL, CONGRESSIONAL, AND GOVERNMENT REFORM

The collapse of public trust in the institutions of government is the fundamental political fact of our time. After two decades of growing disillusionment, this break between the people in office and the people who put them there dominates every aspect of American politics, from the noisy bombast of talk shows to the silence of empty voting booths.

Voters believed that Bill Clinton understood this situation, and would act to rectify it. But for all of our efforts over the past two years, the public is still disillusioned, more embittered than it was in November 1992.

Our reform agenda should do battle on two fronts:

- Shifting power back to the American people and cleaning up Washington, through: campaign reform that requires broadcasters to provide free time to candidates; a "citizen frank" that lets citizens contact Congress for free; a sweeping effort to produce a leaner, cleaner Congress (lobby reform, a gift ban, applying private sector laws to Congress, a 25% staff cut, reducing unnecessary reports, and a pay freeze until the budget is balanced); and perhaps insisting that any term limits not grandfather current members; and
- Launching a renewed government reform program, through: reducing special interest subsidies; the elimination of one or more departments; faster downsizing of the federal workforce; and initiatives on civil service reform, privatization, devolution, state flexibility, and regulatory reform.

We need to address the role of government and, to use your words, to "repair the damaged bond between the people and their government." Then, toward achieving those objectives, you could propose specific measures from sections I and II from this memo.

I. Giving Government Back to the People

1. **Free TV Time for Candidates.** A campaign reform bill with public funding will not pass the new Congress. Instead, we should press for the changes the President called for in his campaign -- free TV time for candidates who abide by spending limits, a \$1,000 limit on PAC donations or outright PAC ban, a ban on campaign contributions from lobbyists to the lawmakers they contact, and our soft money reforms from last year. Free TV time has strong public support. Over the years, it has also been endorsed by Bob Dole and Ross Perot. The idea would prompt a major battle with the broadcasting industry and its champions in Congress. And a campaign reform push would put the congressional GOP on the spot.

1
COPY

2. **Eliminate the Congressional Frank, and Give It to the American People.** The frank is one of the most entrenched and abused symbols of incumbency. We could propose to drastically limit it for Congress and give it to the American people instead. Any individual who wants to send a letter to their Congressman or Senator would be able to do so for free. Members of Congress could use the frank to answer letters, but not for unsolicited mailings. Postcards, letters from organizations, and letters from another district or state would not be eligible. The citizens' frank could also be applied to letters to the White House.

3. **A Leaner, Cleaner Congress.** We should propose a comprehensive congressional reform package that presses for major changes in the way Congress does business:

a. **Lobby Reform and Gift Ban.** We should demand that Congress pass a gift ban and a back-to-basics lobby reform bill as soon as they return. The Republicans raised several bogus objections to the lobby reform bill in the waning days; we should call their bluff, accept those changes if necessary, and pass the bill on a bipartisan basis.

b. **Apply Laws to Congress.** Legislation applying a host of laws to Congress passed the House but not the Senate this past Congress. We should press Congress to pass it immediately.

c. **Insist on Line-Item Veto.** The Republican Contract includes a strong version of the line-item veto. We should support it, and insist that it become effectively immediately, not in some future Presidency. (Their version does not specify an effective date.)

d. **Endorse Congressional Staff Cuts.** In the campaign, the President promised not only to cut the White House staff by 25%, but to challenge Congress to do the same. We could praise Republicans for doing this, but we need to consider the effect of doing this on our Democrats.

e. **Reduce Congressionally Mandated Reports.** Since 1970, the number of reports mandated by Congress has grown from 700 to 5,300. Many of these reports consume the agencies' time and the taxpayers' dollars for the members' gain; most just gather dust. We could introduce legislation to reduce or eliminate such reports. In Arkansas, the President ordered a complete review of every report produced by the Department of Education, and got rid of those no one read.

f. **Freeze Congressional and Presidential Pay Until the Budget Is Balanced.** The NEC is preparing another memo on our strategy for the Balanced Budget Amendment. One position we can take in any event is to insist that if we're going to make significant spending cuts to reduce the deficit, public officials should lead by example. The American people don't get a guaranteed cost-of-living increase. Why should their leaders? A performance-based freeze on Congressional and

Presidential pay is a responsible, common-sense alternative to plans to "cut their pay and send them home."

4. **Term Limits.** Republicans pledge to bring to a vote a constitutional amendment limiting congressional terms to 12 years, but they would grandfather-in existing Members of Congress. Beyond principled opposition, we can respond in two ways:

a. **Call Their Bluff.** We could demand that the 12-year limit on service apply immediately (or by a date certain, such as 1996), and thereby affect sitting members of Congress; and/or

b. **Let the States Decide.** We could support a constitutional amendment to allow states to vote to apply term limits to their own federal representatives. This would be consistent with our legal position that state-mandated term limits are unconstitutional.

II. Renewed Government Reform Program

Unlike the Republicans, our goal is not cutting government for its own sake, but using government for things it can do well and getting it out of the business of things it does badly. As the President has said, we want to cut spending on yesterday's programs and deliver a government that can deal with tomorrow's problems. We should eliminate governmental functions that have outlived the purpose for which they were created. When a state or local government can do a better job, we should give them more authority and control, not new mandates. And when a government function could be done as well or better by the private sector, we should find a way to make it possible.

Such decisions are difficult and far-reaching, and should generally be made in the budget process, where the tradeoffs are fully clear. But it is essential that as we go through that process, we look for bold, compelling ways to dramatize what we're doing. In the first two years, we have made great strides in reinventing government, reducing the deficit, and downsizing the federal workforce. But public cynicism about government is so high that it may well take more visible, dramatic steps to break through. The following ideas are meant to illustrate such an approach.

1. Cutting Special Interest Tax Expenditures or Subsidies.

This cut-and-invest strategy, proposed by Rob Shapiro, would give us the high ground of insisting that a middle-class tax cut be fully paid for, and enable us to do so with cuts that would otherwise be off the table for deficit reduction or new investment. Alternatively, this money could be dedicated toward an education trust fund, deficit reduction, or some other worthy purpose.

Like all other means of creating resources within the budget, Rob's strategy involves difficult decisions that are likely to be hotly contested. An example of a few ideas, or partial ideas that could be considered are:

* Reduce deductibility of advertising expenses	\$17.5 billion
* Cut Energy Supply, R&D grants	\$ 6.9 billion
* Reduce government subsidies to private utilities (REA, BPA, nuclear)	\$ 3.6 billion
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2. Eliminating One or More Departments. We could seize back the initiative in the debate over downsizing government by proposing to abolish one or more departments. The drama of eliminating a whole department far exceeds the impact of cutting numerous smaller programs. This is no easy task, and only makes sense if it could produce real budgetary and FTE savings. But we believe it is worth a careful look.

3. Faster Downsizing. NPR and OMB are preparing legislation to repeal FTE floors in existing appropriations bills, and ban the use of FTE floors in future bills. This could be coupled with a Presidential vow to veto future appropriations bills that limit our ability to downsize. We should also consider directing agencies to accelerate the mandated downsizing of the workforce to accomplish its objectives by 1996 instead of 1999. The current track will bring the workforce under 2 million by late 1996. To illustrate that downsizing the bureaucracy is one of this Administration's signature achievements, we should start a Bureaucracy Clock (in a prominent place like Times Square) that would track our progress. It may also be possible to accelerate downsizing by allowing early retirement without buyouts; we are looking at the cost of legislation once proposed by Roth that would give 500,000 federal employees the ability to retire early.

4. Privatization. A New Democratic approach to privatization would be based on a set of principles which focused on privatization not as a means to run the government but as a means to get the government out of

a) obsolete businesses such as: United States Enrichment Corporation, Sallie Mae, the Helium reserve, Alaska Power, some Department of Energy labs, etc;

b) programs that are viable private sector activities, such as: the Air Traffic Control System (an NPR recommendation that DOT is anxious to pursue), Amtrak, the Export-Import Bank, and the Overseas Private Investment Corporation. (In the same vein: a number of DOD non-core missions could be privatized, but current law prevents this step.)

5. **Devolution.** NPR and OMB are looking at a number of federal categorical programs that could be devolved down to the state and local level, such as: public housing programs, trade and export promotion, economic development, and perhaps job training. We are also preparing initiatives on unfunded mandates, waivers, and state flexibility. A package of initiatives could be announced at the NGA meeting in late January.

6. **Civil Service Reform.** NPR is preparing a sweeping civil service reform bill that will reduce the number of job classifications and give federal managers the right to hire and fire federal workers. Negotiations with unions and management are under way; the bill will be ready to introduce in January.

7. **Regulatory Overhaul.** There is considerable concern in the public and in the business community that the current regulatory process is too intrusive and too costly. As chair of the Regulatory Advisory Group, the Vice President is setting up a process whereby each member would convene a seminar to explore innovative approaches to regulatory reform. This process would then yield a set of less bureaucratic proposals to reform our regulatory apparatus.

THE WHITE HOUSE
WASHINGTON

November 23, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
MICHAEL WALDMAN
BILL GALSTON
PAUL WEINSTEIN
ELAINE KAMARCK

THROUGH: JACK QUINN }
CAROL RASCO } 8m
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4. Privatization. A New Democratic approach to privatization would be based on a set of principles which focused on privatization not as a means to run the government but as a means to get the government out of

a) obsolete businesses such as: United States Enrichment Corporation, Sallie Mae, the Helium reserve, Alaska Power, some Department of Energy labs, etc;

b) programs that are viable private sector activities, such as: the Air Traffic Control System (an NPR recommendation that DOT is anxious to pursue), Amtrak, the Export-Import Bank, and the Overseas Private Investment Corporation. (In the same vein: a number of DOD non-core missions could be privatized, but current law prevents this step.)

5. **Devolution.** NPR and OMB are looking at a number of federal categorical programs that could be devolved down to the state and local level, such as: public housing programs, trade and export promotion, economic development, and perhaps job training. We are also preparing initiatives on unfunded mandates, waivers, and state flexibility. A package of initiatives could be announced at the NGA meeting in late January.

6. **Civil Service Reform.** NPR is preparing a sweeping civil service reform bill that will reduce the number of job classifications and give federal managers the right to hire and fire federal workers. Negotiations with unions and management are under way; the bill will be ready to introduce in January.

7. **Regulatory Overhaul.** There is considerable concern in the public and in the business community that the current regulatory process is too intrusive and too costly. As chair of the Regulatory Advisory Group, the Vice President is setting up a process whereby each member would convene a seminar to explore innovative approaches to regulatory reform. This process would then yield a set of less bureaucratic proposals to reform our regulatory apparatus.

November 1, 1994

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
Michael Waldman
Bill Galston
Paul Weinstein

SUBJECT: Strategy for Political and Government Reform

The collapse of public trust in the institutions of government is the fundamental political fact of our time. After two decades of growing disillusion, this break between the people in office and the people who put them there dominates every aspect of American politics, from the noisy bombast of talk shows to the silence of empty voting booths.

Voters believed that Bill Clinton understood this situation, and would act to rectify it. But for all of our efforts over the past two years, the public is now more disillusioned, more embittered, than it was in November 1992. Whatever the results of the upcoming election, the President should put forward a bold, coherent set of reform initiatives to make government, Congress, and the political system work.

I. The Case for Reform

Why is a bold reform agenda so important?

First, the public demands it. Citizen cynicism and anger is deep and pervasive. Voters perceive a failure of government to act decisively and effectively. They see a federal government that hordes money and power, endless bickering between two seemingly outdated political parties, and a proliferation of special interests that drown out the voices of average citizens. When John Kennedy was President, 76% of the people said they trusted the federal government to do what was right all or most of the time. Today, after betrayals from Vietnam to Watergate to "Read My Lips," only 22% of the people give that same answer.

Moreover, much of this critique of Washington and government is valid. Government is bloated, irrational, and inefficient -- an ossified institution in an era of constant innovation. Special interests do have too much power; a \$300 million campaign overwhelmed health care, gun groups practically derailed the crime bill, and some 80,000 lobbyists of every pinstripe have succeeded in diluting or defeating scores of proposals. Congress is paralyzed

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by partisanship and resistant to change. Changing the way Washington does business is perhaps the most significant legacy we could leave.

Finally, restoration of trust in government and politics is essential to the success of the rest of our agenda. As we have learned over the past two years, we cannot count on public support for health care, welfare reform, deficit reduction or any other issue unless we first persuade them that we understand what's wrong with government and have set about to fix it. Conversely, an agenda that links political reform with our efforts to make bipartisan progress on health care, welfare reform, reemployment, and other issues should strengthen and reinforce those efforts.

To be sure, this administration has made a real start on this front. The Vice-President's reinventing government initiative has been the quiet success story of the first two years. As a result of the NPR, we have dramatically shrunk the federal workforce, and passed sweeping procurement reform legislation. We imposed the toughest ethics requirements ever on our senior officials, and repealed the deductibility of lobbying expenses. We proposed tough and well-regarded campaign finance and lobbying reform bills. And we have taken on more vested interests than any administration in decades. But these efforts have not been enough to overcome the rising tide of public cynicism.

The Coming Battle

Today's "mad-as-hell" atmosphere is not a flash in the pan, but a firebell in the night. The reform impulse was strong two years ago; by every indication, it is even stronger today. It is no longer a question of whether Congress will address reform issues; the only question is whether we will lead the fight or be left behind.

Early in the next term, we can expect the Republicans to press forward with their reform agenda:

- balanced budget amendment;
- term limits;
- cuts in congressional committees and staff.

On Election Day, voters in 8 states are expected to approve term limits referenda, bringing to 23 the number of states that have backed limits. The issue will heat up even further when the Justice Department appears before the U.S. Supreme Court to argue that these state measures are unconstitutional.

Ross Perot's 19% of the vote was the second highest by a third party candidate this century, surpassed only by Theodore Roosevelt in 1912. Polls indicate that -- if he were to run today -- Perot's vote would not slip significantly. Support for independent candidates generally is at levels not seen in half a century.

When the new Congress convenes in January, fully half its members will be freshmen or sophomores, nearly all of whom ran on a platform to "change Washington."

A Three-Front War

This memorandum lays out the elements of a sustained, vigorous reform campaign. Tentative stabs at congressional or political reform, pursued separately and quietly, will neither succeed nor break through to the public. Instead, we must mount an aggressive, comprehensive campaign, as we have done on other issues, from the budget to NAFTA to the crime bill. A concerted effort to change the way Washington does business will not only offer the President the chance to rise above partisan and narrow interests, but do more to advance the rest of our substantive agenda than anything else we could do over the next few months.

Our reform agenda should do battle on three fronts:

- Shifting power back to the American people, through campaign reform that requires broadcasters to provide free time to candidates; a national initiative and referendum process; and a "citizen frank" that lets citizens contact Congress for free;

- Fixing Congress, with a constitutional amendment allowing states to limit legislative terms; lobby reform; a ban on gifts; a congressional pay freeze until the budget is balanced; and a 25% cut in congressional staff; and

- Launching a renewed assault on bureaucracy, including the line-item veto; civil service reform to give federal managers the right to hire and fire; and a fundamental overhaul of federal regulatory agencies.

This memorandum sketches out a 3-6 month campaign to unveil and fight for these proposals.

II. Proposals

A. Shifting Power Back to the American People

In the end, it will not be enough to change Washington. The American people are ready to take government into their own hands. The spread of information technology makes that possible, and the collapse of political institutions makes it almost certain.

1. **Free TV Time for Candidates.** A campaign reform bill with public funding will not pass the new Congress. Instead, we should press for the changes the President called for in his campaign -- free TV time for candidates who abide by spending limits, a \$1,000 limit on PAC donations, and reforms on soft money. Free TV time has strong public support. Over the years, it has also been endorsed by Bob Dole and Ross Perot. The idea would prompt a major battle with the broadcasting industry and its champions in Congress. On the other hand, it would negate the Republicans' single most powerful public argument against reform.

2. **National Referendum.** The most dramatic and significant reform proposal the President could put forward is a national referendum that would allow the people to vote on issues of national importance. Most major democracies have national referenda. For example, in recent years, Italians have voted on divorce; Spain voted on membership in NATO; and Austria and Sweden voted on the use of nuclear power. In the U.S., 43 states allow their legislatures to submit referenda to the people, and 24 states allow citizens to sponsor initiatives. In Arkansas, some of Governor Clinton's best known legacies -- such as ethics reform -- were enacted in this way. We could call for national votes on political reform, health reform, etc., but it would be entirely up to the American people what questions are put on the ballot.

Establishing a binding national referendum or initiative process would require a Constitutional amendment. Such an amendment might provide for putting an issue to a nationwide vote if the legislatures in 3/4 of the states recommended it or signatures were gathered from 5% of the voters nationwide. As a Constitutional safeguard, the referendum would require 60% approval to be enacted and would be subject to judicial review.

A national referendum is the one truly popular reform idea that has not been appropriated by either party. The best argument for direct democracy is that it enables the broad public to make its voice heard when the congressional system is unresponsive or gridlocked. It could boost voter turnout and enthusiasm; this year, twice as many Californians say they are going to the polls to vote for or against Prop 187 as are going to vote for a particular candidate. The advance of information technology will make this process easier. This administration has helped develop a tamper-proof digital signature, which allows people to provide a legal signature by computer. Direct voting cannot be far behind.

The most frequently advanced argument against a referendum is that it could fall prey to extreme social or fiscal proposals. However, a recent comprehensive study of referenda found that in general, that has not proved to be the case. Another concern is the difficulty of controlling spending by opponents and proponents. Additional safeguards could help address these concerns, such as free TV time for supporters and opponents; a pay-as-you-go rule for proposals with budgetary impact; and limiting referenda to statutory rather than constitutional issues (so that constitutional amendments like term limits and school prayer would go through the same thorough process they do now).

At various times, this idea has been endorsed by leaders ranging from Dick Gephardt to Jack Kemp. In 1981, a Gallup poll showed 52% support for a legally binding national referendum. In recent polls, support has ranged from over 60% to as high as 84%. Among elite opinion, it will be opposed by business interests that prefer dealing directly with Congress, and by some interest groups nervous about the impulses of too much democracy.

3. Eliminate the Congressional Frank, and Give It to the American People. The frank is one of the most entrenched and abused symbols of incumbency. We could propose to take it away from Congress and give it to the American people instead. Any individual who wants to send a letter to their Congressman or Senator would be able to do so for free. Postcards, letters from organizations, and letters from another district or state would not be eligible (mail could be delivered directly to the district office to prevent abuse). This is how it works in Canada, where citizens can write Parliament for free.

4. Citizens' Congress. One dramatic experiment in direct democracy would be to run a national Citizens' Jury or Citizens' Congress that would bring ordinary citizens together to resolve a particular issue. We could invite a random group of citizens from around the country to Washington to deliberate on a given issue -- political reform, crime, community service. They would hear arguments from all sides, their deliberations would be nationally televised, and most important, we would try to take action on the basis of what they recommend. By selecting a small group of ordinary Americans entirely at random and letting them take part in government for a few days, we might spark new interest in participatory democracy and find a new way to get around the special interests to promote common-sense consensus.

5. Take Subsidies from the Special Interests and Return the Money to the American People. The whole point of reforming government is to give ordinary people a better deal for their tax dollars. One option would be to give them a reform dividend, by eliminating special interest subsidies and using the savings to pay for a children's allowance for middle-class families. Rob Shapiro has identified a series of special interest subsidies; an expanded deduction for middle-class families with children would cost in the neighborhood of \$20-40 billion over five years. The savings could go into a trust fund, so that nobody would get their tax cut unless Congress agreed to make the spending cuts. Established interests would attack anyone who goes after their subsidies, but we could press the simple theme that parents can do more for their children with that money than government or those interests can.

6. Devolution of Power to State and Local Governments. Last year, the Administration pushed two major initiatives that would have restored balance to the partnership between federal, state, and local governments. The Glenn-Kempthorne unfunded mandates bill and the President's waiver legislation drew bipartisan support on the Hill. We should aggressively push both bills next year and back it up with a broader devolution strategy. Public trust in state and local government, although weaker than decades ago, remains much stronger than confidence in the federal government.

B. Fixing Congress

Regardless of the outcome of next week's election, we should press for major changes in the way Congress does business.

1. Lobby Reform and Gift Ban. We should demand that Congress pass a gift ban and a back-to-basics lobby reform bill as soon as they return. The Republicans raised several bogus objections to the lobby reform bill in the waning days; we should call their bluff, accept those changes if necessary, and pass the bill on a bipartisan basis.

2. Apply Laws to Congress. Legislation applying a host of laws to Congress passed the House but not the Senate this past Congress. We should press Congress to pass it immediately.

3. Insist on Line-Item Veto. With the Balanced Budget Amendment expected to pass easily in the next Congress, we should insist that it include a Constitutional line-item veto, and argue that it will be hard to balance the budget without it. We should insist on the strongest possible version of this veto, not the enhanced rescission authority that passed the House this time. We may also want to offer our own capital/operating budget alternative. In the campaign, the President said he could support a balanced budget amendment that separated capital and operating expenses so that long-term investments would be encouraged and operating costs reduced.

4. Term Limits. Republicans pledge to bring to a vote a constitutional amendment limiting congressional terms to 12 years, but they would grandfather in existing Members of Congress. Beyond principled opposition, we can respond in two ways:

a. Call their bluff. We could demand that the 12-year limit on service apply immediately (or by a date certain, such as 1996), and thereby affect sitting members of Congress; and/or

b. Let the states decide. We could support a constitutional amendment to allow states to vote to apply term limits to their own federal representatives. This would be consistent with our legal position that state-mandated term limits are unconstitutional.

5. Cut Congressional Staff Overall by 25%: In the campaign, the President promised not only to cut the White House staff by 25%, but to challenge Congress to do the same. The Republican Contract calls for a 25% cut in committee (not personal) staff. We could press forward with our original demand to cut overall staff by 25%.

6. Freeze Congressional and Presidential Pay Until the Budget Is Balanced. If we're going to make significant spending cuts to reduce the deficit, public officials should

lead by example. The American people don't get a guaranteed cost-of-living increase. Why should their leaders? A performance-based freeze on Congressional and Presidential pay is a responsible, common-sense alternative to plans to "cut their pay and send them home."

C. A Renewed Assault on Bureaucracy

We should make the most of NPR's success by escalating our assault on the federal bureaucracy, with a relentless, sustained attack on fraud, red tape, unnecessary programs, and counterproductive rules and regulations.

1. The Right to Hire and Fire. NPR is preparing a sweeping civil service reform bill that will reduce the number of job classifications and give federal managers the right to hire and fire federal workers. Negotiations with unions and management are under way; the bill will be ready to introduce in January.

2. The Right to Downsize. NPR and OMB are preparing legislation to repeal FTE floors in existing appropriations bills, and ban the use of FTE floors in future bills. This could be coupled with a Presidential vow to veto future appropriations bills that limit our ability to downsize. We should also consider directing agencies to accelerate the mandated downsizing of the workforce to accomplish its objectives by 1996 instead of 1999. To illustrate that downsizing the bureaucracy is one of this Administration's signature achievements, we should start a Bureaucracy Clock (in a prominent place like Times Square) that would track our progress.

3. Regulatory Overhaul. Regulatory reform will be a top priority for NPR next year, with an extensive review that brings business leaders and others to the White House to develop a new, more market-based approach to regulation for the 21st Century.

4. The President's Fraud Squad. The President and Vice President could appoint a REGO SWAT team or bureaucratic bomb squad -- an elite group of troubleshooters and investigative journalists who report directly to them. Any time a story breaks about fraud or mismanagement in the bureaucracy, they would move in, get to the bottom of it, and report back within days with recommendations. They could also uncover such troubles before they become public, and demonstrate the President's desire for unfiltered information on how his government is working. This has been done before: FDR dispatched journalist Lorena Hickok around the country to see how the New Deal was really working. It would be an opportunity to make a high-profile reform appointment, by naming a prominent journalist to lead the effort.

5. A Pork-Busting Bill. NPR and OMB can put forward a comprehensive rescission bill, which targets pork in the recently passed appropriations bills.

6. **A Bureaucracy-Closing Commission.** As part of NPR, the President's Management Council has begun an effort to identify ways to reduce the number of federal facilities around the country, by closing field offices, regional offices, etc. We could formalize this arrangement and give it a higher profile to demonstrate our commitment to downsizing.

7. **REGO II.** NPR is preparing a detailed list of recommendations that were considered in 1993 but not included in the final package.

III. Strategy

President Clinton has won credit for his achievements when his administration has drawn a sharp line on an issue with popular support, and then has focused on it in a concerted, systematic way over a period of months, not days.

Timetable

A sustained campaign would use the element of surprise, unilateral action, and the presidential bully pulpit.

Before the election. It would be very helpful if the President could point toward the change/reform themes before the election; otherwise, a sudden turn toward reform issues risks seeming an ex post facto rationalization. This could be done in a one-on-one interview with a reform-minded reporter, or on the campaign trip to Minnesota with Ann Wynn, who has run ads criticizing her opponent for voting against the lobby reform bill.

Statement the day after the election. The President's press conference statement should characterize the results as a mandate for change, one he intends to meet. It should point toward political reform as an early and important priority.

December. We should prepare to float some of the more dramatic reform initiatives. Because Congress will meet in early January to take up rules changes, we need to make our intentions known early.

- o DLC Speech, Dec. 6th: A chance to signal forthcoming reform efforts.
- o Post-Summit of the Americas, Dec. 12th: The President could make a pivot speech unveiling new reform proposals.
- o Speech to Incoming Freshmen: The President could bring the incoming freshmen to the White House for a speech on reform.

January pre-SOTU. The weeks before the State of the Union should include a series of events designed to underscore and foreshadow the reform and change theme.

- o We should convene a citizen jury or Little Rock-style conference to address what's wrong with government and politics, and how to fix it.
- o The President should make a major speech outlining his concept of how government should relate to the citizenry (something he has yet to do).
- o Announce the Fraud Squad, naming its members.
- o We should prepare a document outlining the problem and proposed solutions (this would be in addition to, or as part of, the budget document).

State of the Union. Reform should be a major theme of the speech, which should unveil a few of the most dramatic ideas.

Political Alignments

A broad reform agenda would be popular with the general public and with non-governmental elites (e.g., press, editorialists), but would likely meet resistance from many elected officials and interest groups from both parties. A natural coalition for reform does not currently exist; we will have to bring together disparate reform groups and energize independent voters. In these circumstances, a national mobilization spearheaded by the President -- relying on prominent citizens and moderate Republicans and Democrats, use of the bully pulpit, and cross-party alliances -- would be the way to push for reform.

If the President decides to push forward with an ambitious reform agenda, further planning is needed.

October 21, 1994

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
Michael Waldman
Paul Weinstein

SUBJECT: Options for Political and Government Reform

Whatever the results of the upcoming elections, the President will need to put forth a bold, coherent set of reform initiatives to make government, Congress, and the political system work. It is no longer a question of whether Congress will address reform issues; the only question is whether we will be leading the reform fight or being left behind.

In consultation with Rahm Emanuel, Jack Quinn, Elaine Kamarck, Cliff Sloan, Stan Greenberg, and others, we have assembled some preliminary options that could be included in the President's reform agenda. We list them here in four categories: 1) reform issues the Republicans are sure to push immediately; 2) Administration initiatives left over from this Congress; 3) relatively low-risk, low-profile ideas; and 4) bold ideas. This list is far from complete; if it makes sense, we can convene a more thorough process to canvass ideas and prepare an actual proposal.

I. Response to the Republican Agenda

The Republicans have made it clear that government reform -- as they define it -- is an early priority for action should they take control. They are likely to press a host of issues:

1. Balanced Budget Amendment. With this expected to pass easily in the next Congress, we will need to decide whether to amend, oppose, or accept it:

a. Demand line-item veto. One option would be to demand that it include a Constitutional line-item veto that would make it easier to balance the budget. We should insist on the strongest possible version of this veto, not the enhanced rescission authority that passed the House this time.

b. Capital/operating budget alternative. In the campaign, the President said he could support a balanced budget amendment that separated capital and operating expenses so that long-term investments would be encouraged and operating costs reduced.

c. Freeze Congressional and Presidential pay until budget is balanced.

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2. Term Limits. Republicans pledge to bring to a vote a constitutional amendment limiting congressional terms to 12 years. But they would grandfather in existing Members of Congress. Beyond principled opposition, our response might be:

a. Call their bluff. We could demand that the 12-year limit on service apply immediately (or by a date certain, such as 1996), and thereby affect sitting members of Congress.

b. Let the states decide. We could support a constitutional amendment to allow states to vote to apply term limits to their own federal representatives. This would be consistent with our legal position that state-mandated term limits are unconstitutional.

c. Change the debate. We could counter with our political reform proposals -- campaign finance and lobby reform -- so that we at least force them to swallow some medicine and give us some credit for reform.

3. Cuts in Congressional Subcommittees and Staff. The Contract pledges to cut committee staff by 1/3, and to reduce the number of committees and subcommittees. They did not pledge to cut personal staffs (see below).

II. Unfinished Business

1. Lobby Reform and Gift Ban. The lobby reform/gift ban legislation is basically sound (requiring registration of lobbyists, full disclosure of expenses and sources of funds, barring gifts, meals, etc. from lobbyists to lawmakers). Disclosure of grass-roots lobbying expenses was pulled from the bill, and would probably be off the table in future versions of the bill, even though it was not the real reason for defeat.

The Counsel's office suggests that some of the provisions of lobby reform could be implemented unilaterally. We could require that any professional lobbyist who seeks to contact the executive branch would have to register and disclose under the provisions of the legislation. There is no constitutional bar to this.

2. Campaign Finance Reform. The failure of campaign finance reform legislation this year, coupled with the Republican ascendancy in Congress, makes it extremely unlikely that a comprehensive campaign reform bill (with public funding) would pass. However, the issue has not lost its salience. Our options include:

a. Limited bill (soft money only). Common Cause and other reform groups intend to push for separate passage of the soft money provisions of the legislation, effective for this presidential election. This would likely pass, and we need to decide whether we would want to accede to it, take the lead on it, or resist it.

b. Comprehensive bill. We could propose a comprehensive bill including public funding, to keep the high ground. If so, we may want to strengthen the other provisions -- particularly, propose a lower PAC limit -- with the assumption that none of it will pass.

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c. Free TV time. In addition to, or instead of, a comprehensive bill, we could propose free time for candidates (or for candidates who abide by spending limits). This proposal has been advanced by the President, Dole, and Perot over the years. Alternately, it could be done through the FCC.

d. Base closing commission. Trevor Potter, the chair of the Federal Election Commission, will be proposing that campaign finance reform legislation be crafted by a bipartisan commission whose recommendations would be acted upon by the President and Congress following the base-closing model. Alternately, we could simply appoint our own bipartisan commission to draft a proposal. This would require a Republican co-chair and members with genuine partisan credentials (i.e., not just an Eliot Richardson-type).

3. Apply Laws to Congress. Legislation applying a host of laws to Congress passed the House but not the Senate this past Congress. This would be a relatively noncontroversial measure (with the public, anyway).

III. Low-Risk Ideas

1. Full-Scale Assault on Bureaucracy. One of the most promising reforms is already under way -- a significant downsizing of the federal bureaucracy. We could do more to speed up and dramatize this effort through:

Y a. Accelerated reduction of the workforce: Buyout authority expires in March 1995, and NPR recommends that we should make the most of it while it lasts. We could also ask the Cabinet to meet its FY99 goals by 1996, in return for a pledge that departments which meet their targets will not be punished further down the road.

b. Repeal of all FTE floors: We can introduce legislation to repeal FTE floors, including the VA, and veto any appropriations bills that contain them.

c. REGO SWAT team: The President could appoint a kind of bureaucratic bomb squad -- an elite group of troubleshooters and investigative journalists who report directly to him. Any time a story breaks about fraud or mismanagement in the bureaucracy, they would move in, get to the bottom of it, and report back within days with recommendations to the President. They could also uncover such troubles before they become public. This has been done before: FDR dispatched journalist Lorena Hickok around the country to see how the New Deal was really working.

2. Reduce Congressional Bureaucracy. The Republican Contract calls for dramatic changes in Congress, some of which they might regret were they to take over. We should press the case for changes of our own:

a. Cut Congressional staff overall by 25%. In the campaign, the President promised not only to cut the White House staff by 25%, but to challenge Congress to

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do the same. The Republican Contract calls for a 25% cut in committee staff. We could press forward with our original demand.

b. Reduce Congressionally mandated reports. Since 1970, the number of reports mandated by Congress has grown from 700 to 5,300. Many of these reports consume the agencies' time and the taxpayers' dollars for the members' gain; most just gather dust. We could introduce legislation to reduce or eliminate such reports. In Arkansas, the President ordered a complete review of every report produced by the Department of Education, and got rid of those no one read.

3. Regulatory Overhaul. The administration could launch a major effort to streamline the regulatory system. Republicans rail against red tape, and over time have proposed gimmicks such as a regulatory moratorium, but have never done anything systemic to change the way regulatory agencies work. The process is cumbersome; slow; imposes irrational burdens on people in the private sector; and (as Justice Breyer argues) both overregulates and underregulates, seemingly at random.

a. Across the board. The administration could announce a proposal to revise the Administrative Procedures Act, impose time limits on rulemakings or regulatory litigation, or significantly increase negotiated rulemaking. These changes would be opposed by many both on the left and, to a lesser extent, the right.

b. Small business only. Alternately, we could propose dramatic regulatory relief for small business only -- e.g., exemptions from a defined set of rules, an expedited appeals process for small business, whatever. (Note: this might not be particularly appealing in some areas, such as OSHA, where a 75 person business can pose as much threat as a large conglomerate.)

4. Assault on the Filibuster. We should consider mounting a drive to eliminate dilatory rules like the filibuster, which is now a prime obstacle to getting things done. Republican senators have used the filibuster more in the first two years of this administration than at any time in American history. Once reserved for the weightiest matters of constitutional import, it now is used to effectively require a 60 vote supermajority for any legislation. Lobby reform, campaign finance reform, even the stimulus bill received a majority of votes in the Senate -- and telecommunications, Superfund, Clean Water, and a host of other measures expired merely due the threat of a filibuster. Moreover, Lloyd Cutler and others argue that the filibuster is unconstitutional. (In fact, as a private citizen he plans to file a lawsuit to overturn it.) Whether we want to push for this depends on the political landscape -- if we retain a slim majority, this might be seen as an attempt to avoid bipartisanship. If we are in the minority, our motives would be less suspect, but our side might not want to do it.

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IV. Bold Ideas

1. National Referendum. Most major democracies have national referenda to allow their people to vote on issues of national importance. For example, in recent years, Italians have voted on divorce and abortion; Spain voted on membership in NATO; and Austria and Sweden voted on the use of nuclear power. In the U.S., 43 states allow their legislatures to submit referenda to the people, and 24 states allow citizens to sponsor initiatives. In Arkansas, some of Governor Clinton's best known legacies -- such as ethics reform -- were enacted in this way.

Establishing a binding national referendum would require a Constitutional amendment. Such an amendment might provide for putting an issue to a nationwide vote if the legislatures in 3/4 of the states recommended it or if petitioners gathered signatures from 1% of the population of every state. As Constitutional safeguards, the referendum could require 60% approval to be enacted, and could be overturned by a 2/3 vote in the Congress. A tamer approach might send any approved referendum to the Congress for final approval, and require Congress to pass it within one year or submit a revised version to another vote of the electorate.

Is this a good idea? For starters, this is the one truly popular reform idea that has not been appropriated by either party. The best argument for direct democracy is that it enables the broad public to make its voice heard when the congressional system is unresponsive or gridlocked. It also changes the balance of power between the President and Congress, since the President still has most claim to the national megaphone. The advance of information technology will make this process easier (and perhaps inevitable). The strongest argument against a referendum is that it could fall prey to extreme social or fiscal proposals, and that it might make it impossible to rationally conduct the rest of the public's business. (Not that it's so easy today.) In addition, campaign spending on referenda is even harder to regulate than in candidate elections.

2. Sweeping Reorganization of Government. Our attack on the bureaucracy could go further, and propose the actual elimination of one or more departments or functions.

a. Panetta-Kerrey plan. This proposal, put forward during the 1992 primary campaign, called for consolidating the current 14 cabinet-level departments into seven: Defense, State, Justice, Treasury, Human Resources, Natural Resources, Economic Policy. Kerrey argued that cutting the number of cabinet departments would reduce administrative costs of the Federal government by 25 percent over a ten-year period. At the time, the Clinton campaign dismissed it as rearranging the boxes, but it had some appeal.

b. Base-closing commission. Alternately, we could propose a base-closing commission or fast track model for government reorganization, reform, and reinvention -- a Hoover Commission or Grace Commission with teeth. Under a fast track model, a commission would propose legislation, which would have to be voted on by the Congress with no amendments. Under a base-closing model, the recommendations

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would stand unless they were overturned by a 2/3 vote. Either version would require authorizing legislation. A fast-track process was considered by the administration at the outset of the REGO review in 1993, but was set aside due to likely congressional hostility.

3. Reform Trust Fund (Children's Allowance Paid for by Cutting Special Interest Subsidies). The President's most prominent remaining campaign promise (and the Republicans' last hope for a wedge issue) is the middle-class tax cut. One option would be to set up a trust fund to use savings from eliminating unnecessary government subsidies to pay for a children's allowance for middle-class families. Rob Shapiro has identified a series of special interest subsidies; an expanded deduction for middle-class families with children would cost in the neighborhood of \$20-40 billion over five years. Nobody would get their tax cut unless Congress agreed to make the cuts. Established interests would attack us, but we could press the simple theme that parents can do more for their children with that money than government or those interests can.

4. Tax Reform for Business. The tax code is littered with special preferences for certain types of businesses -- pharmaceutical, advertising, dairy, life and casualty insurance -- which together cost nearly \$50 billion in lost revenues. We could propose simplification of the tax code that would eliminate special tax incentives for a few businesses and use the savings to implement an across-the-board, long-term capital gains tax reduction and a tax cut for business spending on worker training. These measures (which would cost around \$25 billion a year) would level the playing field for all business, and give us a pro-business, pro-investment fight.

5. Eliminate the Congressional Frank, and Give It to the American People. The frank is one of the most entrenched and abused symbols of incumbency. We could propose to take it away from Congress and give it to the American people instead. Any individual who wants to send a letter to their Congressman or Senator would be able to do so for free. Postcards, letters from organizations, and letters from another district or state would not be eligible (mail could be delivered directly to the district office to prevent abuse). This is how it works in Canada, where citizens can write Parliament for free.

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October 31, 1994

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
Michael Waldman
Paul Weinstein
Bill Galston

SUBJECT: Options for Political and Government Reform

I. Government Reform: A Full-Scale Assault on Bureaucracy

We are in a position to build on the NPR's success by escalating our assault on the federal bureaucracy. We envision a relentless, sustained attack on fraud, red tape, unnecessary programs, and counterproductive rules and regulations.

1. The Right to Fire. NPR is drafting a sweeping civil service reform bill that will reduce the number of job classifications and give federal managers the right to hire and fire federal workers. Negotiations with unions and management are under way; the bill will be ready to introduce in January.

2. Sweeping Reorganization of Government. Our attack on the bureaucracy should include the actual elimination of one or more departments or functions. We could propose a base-closing commission or fast-track authority for government reorganization, reform, and reinvention -- a Grace Commission with teeth. Under a fast track model, the commission would propose legislation, which would have to be voted on by the Congress with no amendments. Under a base-closing model, the recommendations would stand unless they were overturned by a 2/3 vote. Either version would require authorizing legislation. We developed a fast-track bill in the early days of the REGO review in 1993, but it was set aside amid concerns that it would get in the way of other legislative objectives.

If we wanted to forego a commission and introduce an off-the-shelf reorganization bill, we could use the Panetta-Kerrey plan, which Kerrey championed during the 1992 campaign. That proposal called for consolidating the current 14 cabinet-level departments into seven: Defense, State, Justice, Treasury, Human Resources, Natural Resources, Economic Policy. Kerrey argued that cutting the number of cabinet departments would reduce administrative costs of the Federal government by 25 percent over a ten-year period. At the time, the Clinton campaign dismissed it as rearranging the boxes, but it had some appeal.

3. Workforce Reductions. NPR and OMB are preparing legislation to repeal FTE floors in existing appropriations bills, and ban the use of FTE floors in future bills. We should also consider accelerating workforce reductions. To illustrate that downsizing the bureaucracy is one of this Administration's signature achievements, we should follow one

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Congressional Republican's advice to start a Bureaucracy Clock (in a prominent place like Times Square) that would track our progress.

4. **REGO SWAT team.** The President could appoint a kind of bureaucratic bomb squad -- an elite group of troubleshooters and investigative journalists who report directly to him. Any time a story breaks about fraud or mismanagement in the bureaucracy, they would move in, get to the bottom of it, and report back within days with recommendations to the President. They could also uncover such troubles before they become public, and demonstrate the President's desire for unfiltered information on how his government is working. This has been done before: FDR dispatched journalist Lorena Hickok around the country to see how the New Deal was really working.

Overhaul *This could be an opportunity to make a high profile reform appointment, by naming a well-known journalist to the post.*

5. **Regulatory Reform.** The Vice President is planning to make regulatory reform NPR's #1 project next year, with an extensive review that brings business leaders and others to the White House to develop a new, more market-based approach to regulation for the 21st Century.

6. **Waivers and Mandates.**

II. Congressional Reforms

Regardless of the outcome of next week's election, we should press for major changes in the way Congress does business.

1. **Cut Congressional Staff Overall by 25%:** In the campaign, the President promised not only to cut the White House staff by 25%, but to challenge Congress to do the same. The Republican Contract calls for a 25% cut in committee (not personal) staff. We could press forward with our original demand to cut overall staff by 25%. ~~We could also call for reducing the number of committees and subcommittees~~

Insist on

2. **Demand Line-Item Veto.** With the Balanced Budget Amendment expected to pass easily in the next Congress, we should demand that it include a Constitutional line-item veto that would make it easier to balance the budget. We should insist on the strongest possible version of this veto, not the enhanced rescission authority that passed the House this time.

We may also want to offer our own Capital/operating budget alternative. In the campaign, the President said he could support a balanced budget amendment that separated capital and operating expenses so that long-term investments would be encouraged and operating costs reduced.

3. **Freeze Congressional and Presidential Pay Until the Budget Is Balanced.** The American people don't get a guaranteed cost-of-living increase. Why should Congress? This is a responsible, common-sense alternative to Lamar Alexander's plan to cut-their-pay-and-send-them-home.

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4. **Term Limits.** Republicans pledge to bring to a vote a constitutional amendment limiting congressional terms to 12 years. But they would grandfather in existing Members of Congress. Beyond principled opposition, we can respond in two ways:

a. Call their bluff. We could demand that the 12-year limit on service apply immediately (or by a date certain, such as 1996), and thereby affect sitting members of Congress;

b. Let the states decide. We could support a constitutional amendment to allow states to vote to apply term limits to their own federal representatives. This would be consistent with our legal position that state-mandated term limits are unconstitutional.

5. **Lobby Reform and Gift Ban.** We should demand that Congress pass a gift ban and a back-to-basics lobby reform bill as soon as they return. The Republicans raised several bogus objections to the lobby reform bill in the waning days; we should call their bluff, accept those changes, and pass the bill on a bipartisan basis.

6. **Apply Laws to Congress.** Legislation applying a host of laws to Congress passed the House but not the Senate this past Congress. This should pass easily next year.

III. ~~Political Reform~~: Giving Power Back to the American People

In the end, it will not be enough to change Washington. The American people are ready to take government into their own hands. The spread of information technology makes it possible, and the collapse of the political system makes it inevitable. We can either get behind these changes, or we will be left behind by them.

1. **Free TV Time** ^{for candidates.} A comprehensive campaign reform bill with public funding will not make it through the new Congress. Instead, we should press for the changes the President called for in his campaign -- free TV time for candidates who abide by spending limits, a \$1,000 limit on PAC donations, and reforms on soft money. Over the years, free TV time has also been endorsed by Bob Dole and Ross Perot. It would involve a major battle with the broadcasting industry.

It is supported by 69% of the public (Roper).

2. **Eliminate the Congressional Frank, and Give It to the American People.** The frank is one of the most entrenched and abused symbols of incumbency. We could propose to take it away from Congress and give it to the American people instead. Any individual who wants to send a letter to their Congressman or Senator would be able to do so for free. Postcards, letters from organizations, and letters from another district or state would not be eligible (mail could be delivered directly to the district office to prevent abuse). This is how it works in Canada, where citizens can write Parliament for free.

3. **National Referendum.** Most major democracies have national referenda to allow their people to vote on issues of national importance. For example, in recent years, Italians have voted on divorce and abortion; Spain voted on membership in NATO; and Austria and

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Sweden voted on the use of nuclear power. In the U.S., 43 states allow their legislatures to submit referenda to the people, and 24 states allow citizens to sponsor initiatives. In Arkansas, some of Governor Clinton's best known legacies -- such as ethics reform -- were enacted in this way.

Establishing a binding national referendum or initiative process would require a Constitutional amendment. Such an amendment might provide for putting an issue to a nationwide vote if the legislatures in 3/4 of the states recommended it or if petitioners gathered signatures from ~~1% of the voters in every state~~. As Constitutional safeguards, the referendum would require 60% approval to be enacted and would be subject to judicial review.

5% of the voters nationwide

Is this a good idea? For starters, this is the one truly popular reform idea that has not been appropriated by either party. The best argument for direct democracy is that it enables the broad public to make its voice heard when the congressional system is unresponsive or gridlocked. The advance of information technology will make this process easier (and perhaps inevitable). The strongest argument against a referendum is that it could fall prey to extreme social or fiscal proposals (a pay-as-you-go rule might be necessary), and that it will be difficult to control spending by opponents and proponents (free TV time would help). We might call for national votes on the line-item veto, school prayer, and charter schools or public school choice, but it would be entirely up to the American people what questions are put on the ballot.

CFR,

4. Citizens' Congress. One dramatic experiment in direct democracy would be to run a national Citizens' Jury or Citizens' Congress that would bring ordinary citizens together to resolve a particular issue. We could invite a random group of citizens from around the country to Washington to deliberate on a given issue -- e.g., crime, community service, the deficit. They would hear arguments from all sides, their deliberations would be nationally televised, and most important, we would take action on the basis of what they recommend. By selecting a small group of ordinary Americans entirely at random and letting them run the country for a few days, we might spark new interest in participatory democracy and find a new way to bypass the special interests and reach common-sense consensus.

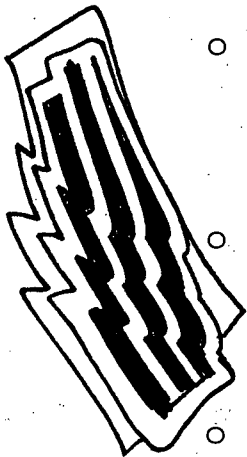
5. Take Subsidies from the Special Interests and Return the Money to the American People. The President's most prominent remaining campaign promise (and the Republicans' last hope for a wedge issue) is the middle-class tax cut. One option would be to set up a trust fund to use savings from eliminating unnecessary government subsidies to pay for a children's allowance for middle-class families. Rob Shapiro has identified a series of special interest subsidies; an expanded deduction for middle-class families with children would cost in the neighborhood of \$20-40 billion over five years. Nobody would get their tax cut unless Congress agreed to make the cuts. Established interests would attack us, but we could press the simple theme that parents can do more for their children with that money than government or those interests can.

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The Republicans appear determined to press forward with their reform agenda (which differs markedly from ours). We can expect the GOP to press forward with term limits, congressional staff cuts, and a balanced budget amendment early in the next term.

We believe that a focused and vigorous campaign by the administration -- of the sort not yet attempted by us on these issues -- can begin to turn this dynamic around. An aggressive reform agenda can begin to alter the psychology and sociology of Washington. As important, a dramatic approach -- which necessarily would prompt conflict with Congress or interest groups -- allows us to be seen to be making progress. And at the very least, it will reinforce voters perception that President Clinton shares their values and their perception of the problem. It offers a chance for him to rise above partisanship to fight for the national interest.

This memorandum lays out the elements of a sustained and comprehensive government and political reform effort. We believe that tentative stabs at reinventing government or reforming lobbying laws, pursued separately and quietly, will neither succeed nor break through to the public. Instead, if we are to do this, we must mount an aggressive, comprehensive campaign (as we have done on other issues, ranging from the budget to NAFTA to the crime bill), to substantively and symbolically seize the initiative. In terms of policy, this should include:

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- o an assault on bureaucracy, including the line-item veto; legislation letting public employees be hired and fired; a fundamental overhaul of federal regulatory agencies; and a base-closing-style commission to propose a government reorganization;
 - o a vigorous effort to reform Congress, including a constitutional amendment allowing states to limit legislative terms; lobby reform; a ban on gifts; campaign finance reform; and a 25% cut in congressional staff; and
 - o an effort to renew democracy and shift power back to the American people, by requiring broadcasters to provide free time to candidates; creating a national initiative and referendum process; and a "citizen frank" that lets citizens contact Congress for free.

Finally, the memorandum sketches out a 3-6 month campaign to unveil and fight for these proposals.

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The withdrawal of public trust from governmental and political institutions is an overwhelming and fundamental fact facing the Clinton presidency. This break between the governors and the governed colors every aspect of our political situation, from the noisy bombast of talk shows to the silence of empty voting booths. The public believed that Bill Clinton understood this situation, and would act to rectify it. ~~They Recapturing the sense that this President understands this situation, shares the prevailing skepticism about governmental solutions, and is taking clear steps to change Washington is urgently necessary to a successful presidency.~~ Whatever the results of the upcoming election, the President should put forward a bold, coherent set of reform initiatives to make government, Congress, and the political system work.

But for all of our efforts over the past 2 years, the public is more disillusioned anywar than 2 yrs. ago.

The American people are not pleased by the way governmental institutions ~~are functioning~~. They perceive a failure of government to act decisively and effectively, a federal government that is overextended at the expense of states and localities, an excess of wrangling between two seemingly outdated political parties, and a proliferation of special interests that drown out the voices of average citizens. When John F. Kennedy was President, 76% of the people said they trusted government to do what was right all or most of the time. Today, after betrayals from Vietnam to Watergate to "Read My Lips," only 22% of the people give that same answer. *[work.]*

the federal

In fact, as we all know, much of the public's critique of Washington and government is valid. Government is bloated, irrational, and inefficient -- an ossified institution at a time when the best private sector firms are transforming themselves. Special interests do have too much power; a \$300 million campaign overwhelmed health care, gun groups practically derailed the crime bill, and have succeeded in diluting or defeating scores of. Congress is paralyzed by partisanship and resistant to change. *[special int.]*

President Clinton is particularly hobbled by this sense of a government-out-of-control. His activist agenda, which often calls for governmental solutions, is easily caricatured by opponents as fostering bureaucracy and big government. *(*)* It is unlikely that we will persuade the public on welfare reform, health care, or any other program unless we first persuade them that we understand what's wrong with government and have set about to fix it. *(5)*

Indeed, if we do not act to coopt this reform impulse, others surely will. *(he)*

Ross Perot's 19% of the vote was the second highest this century, exceeded only by Theodore Roosevelt. Polls indicate that -- if he were to run today -- Perot's vote would not slip significantly.

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Indeed, acting bold

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III. STRATEGY

A. Defining success

In arguing for a major effort on government and political reform, we recognize the need to frame the issues in such a way as to give us a chance at success -- success on our terms. At a minimum, it will be a success if this effort persuades the American people that President Clinton remains true to his promise of attempting change, and positions him to critique the political and governmental culture should he fail. In a sense, the public sees this as a values issue; as with crime and welfare, he must show that he is not "tone deaf" on the relationship between the governed and the governors. Moreover,

B. Calendar

A sustained campaign would use surprise, unilateral action, and the presidential bully pulpit.

* Before the election -- It would be very helpful if the President could point toward the change/reform themes before the election, then any move toward them will risk looking like an ex post facto rationalization. This could be done in a one-on-one interview,

* Statement the day after the election -- The President's press conference statement should characterize the results as a mandate for change, one he intends to meet. It should point toward political reform as the first priority.

* December -- We should prepare to float some of the more dramatic reform initiatives.

* January pre-SOTU -- The weeks before the State of the Union should include a series of events designed to underscore and foreshadow the reform and change theme.

- o We should convene a citizen jury or Little Rock-style conference to address what's wrong with government and politics, and how to fix it.
- o The President should make a major speech outlining his concept of how government should relate to the citizenry (something he has yet to do).
- o We should prepare a document outlining the problem and proposed solutions (this would be in addition to, or as part of, the budget document).

* SOTU

C. Political alignments

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THE WHITE HOUSE

WASHINGTON

May 31, 1994

MEMORANDUM FOR THE PRESIDENT

THROUGH: MACK MCLARTY
GEORGE STEPHANOPOULOS
CAROL RASCO
LLOYD CUTLER

FROM: MICHAEL WALDMAN

SUBJECT: POLITICAL REFORM -- ACTION NEEDED

I. ACTION FORCING EVENT

Political reform legislation -- lobby reform and campaign finance reform -- is coming to a head on Capitol Hill.

Lobby reform legislation is proceeding relatively smoothly. On campaign finance reform, however, the House and Senate leadership have been in a "pre-conference" for nearly five months, and are deadlocked on the issue of PAC contributions. Resolving this issue is the key to enacting the legislation. Prospects of passage will dim if the issue is not resolved soon.

II. BACKGROUND

Lobby reform

Lobby reform legislation will go to conference after the Memorial Day recess. The legislation is now significantly stricter than anyone believed likely. During its passage through the Congress, however, the administration has conspicuously elected to remain silent, out of deference to congressional prerogatives.

The legislation includes three separate major elements:

Lobby registration and disclosure. This provision -- supported by the administration -- will toughen the requirement that lobbyists register and disclose their clients, issues, etc., bringing a larger number into compliance.

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(Today, only 7000 people register; it is estimated that as many as 40,000 would under the new rules.) This legislation, introduced by Sen. Levin and Rep. Bryant, is relatively noncontroversial.

Disclosure of gifts from lobbyists. This provision -- similar to the proposal enacted in Arkansas -- would require lobbyists to disclose specifically what meals, entertainment, travel and gifts they provide to Members of Congress or their staffs. The administration did not take a position on this proposal before it was attached to the legislation in the Senate; you expressed your strong support thereafter. It was introduced by Sen. Wellstone and Rep. Bryant.

Banning gifts from lobbyists. This provision overwhelmingly passed the Senate last month after an acrimonious debate. A weaker version passed the House previously. (For example, in the House bill a lobbyist's client can take a lobbyist and a lawmaker out to dinner, and not even have to disclose it.) (Sponsors: Sens. Wellstone, Lautenberg and Levin, and Reps. Bryant and Fazio.)

Despite the overwhelming margins of approval for these measures, they have generated ill-will among lawmakers. Members feel the reforms are unnecessary, and are acting in response to public pressure and fear of further exposure by tabloid TV shows, which have focused on lobbyist-funded trips by Members. It is possible that the House will balk at the stronger Senate provisions. However, the same factors that impelled Members to vote against a provision they detested will likely lead to a conference product that falls on the strict side.

Campaign finance reform

Other than PACs, the significant campaign finance reform issues are close to being resolved -- spending limits, public funding, bundling, soft money. (See attached summary sheet.) Thus far, we have achieved significant progress without expending much effort. However, the entire legislative package could fail if the two houses do not compromise on PACs.

Last year, the two houses passed radically different PAC provisions. The Senate bill banned PAC contributions, and the Senate reiterated that position earlier this month (though they know it is unconstitutional); as a fallback, PAC funds were limited to 20% of the spending limit, and the size of an individual PAC contribution was reduced from \$5000 to \$2500 (i.e., \$5000 per cycle). The House bill capped PAC funds at 1/3 of the spending limit (about \$250,000), but kept the individual contributions at \$5000 (\$10,000 per cycle).

The Senate Republicans who backed the bill last year have indicated that

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they will filibuster the proposal if there is not some compromise on PACs. The House has thus far refused to compromise on PACs with the Senate.

Common Cause has suggested that PACs be limited to giving candidates \$5000 per cycle (however, they could still give that much in either the primary or the general election). This proposal, combined with the aggregate limit, would have little actual effect on the fundraising of House members, and would benefit those Democrats who are most concerned about primary challenges.

In addition, the A to Z budget cut movement may have an impact on the willingness of members to vote for public funding while they vote for cuts elsewhere. This will potentially be mitigated by the sources of the funding -- a fee on PACs, a voluntary surcharge, and eliminating the deductibility of lobbyist meals and gifts for lawmakers. The Southern Democrats have signed off on this funding mix.

III. OPTIONS

A. Telephone Speaker Foley and Rep. Gephardt to discuss political reform. (See attached call sheet.) The purpose would be to privately but firmly push them to do what they know is necessary for legislation to pass.

Pro: If we do not bring the two sides together, it is likely that this initiative will languish or fail. The Senate leadership is unlikely to bring a bill to the floor that does not "fix" the PAC provision.

Con: A PAC compromise will anger the CBC and other key constituencies. The leadership argues that it will have a hard time passing legislation that includes further PAC reform. In addition, Rep. Gejdenson has assured his colleagues that there will be no cut in the individual PAC limit.

B. Broadly signal that you want action on political reform -- including lobby reform and campaign finance reform -- through a letter to the leadership. (See attached draft letter.)

Pro: This would position the administration as being pro-reform, without entangling it in messy details. It would begin to garner some credit if the legislation passes, or protect us from charges that we did nothing to speed its progress.

Con: This is a particularly public way to weigh in. It might be seen as an affront by members who are enacting these measures only under duress.

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IV. DECISION:

A. Calls to Foley and Gephardt

_____ Approve _____ Approve as amended _____ Reject _____ No action

B. Letter to leadership on need for compromise

_____ Approve _____ Approve as amended _____ Reject _____ No action

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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman to George Stephanopoulos; RE: Follow-up on Contract Issues (2 pages)	12/14/1994	P5
002. memo	Michael Waldman to Jack Quinn, George Stephanopoulos; RE: Regulation and the GOP Contract (2 pages)	12/14/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13657

FOLDER TITLE:

GOP: MW [Michael Waldman] Memo to GS [George Stephanopoulos]

Debbie Bush
2006-0469-F
db2222

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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THE WHITE HOUSE
WASHINGTON

December 14, 1994

MEMORANDUM FOR GEORGE STEPHANOPOULOS

FROM: MICHAEL WALDMAN *MW*
SUBJECT: FOLLOW-UP ON CONTRACT ISSUES

A few thoughts on Monday's meeting:

- Just as I and others did a historical look at the previous "comeback kids," we need to look at how Nixon, Ford, Reagan and Bush dealt with an opposition Congress -- what tricks they had up their sleeves, what the ways are to signal a veto without waving a pen, etc. I always knew what Bush was going to veto without him ever having to say it. Those of you who were in the Congress when the GOP had the White House will have the best sense of this.
- With a shrunken Democratic committee staff, we will need to do more research and legwork for them than would otherwise be the case. This will affect what people here do day-to-day.
- We need to decide where, if anywhere, is the place to try and blow up the railroad tracks. I take your point that the GOP didn't tactically identify the stimulus, we gave it to them by refusing to compromise, larding it with pork, etc. Nonetheless, they knew what the line of attack would be on us -- big government -- and we walked into their trap. We need to set a trap of our own, and wait for them to walk into it (or lure them into it). Simply lobbying a clever amendment or two at each bill they offer is not an ultimate answer.
- We need a complete strategy on how to paint the GOP as the party of wealthy special interests, while making sure that the President is seen as the defender of the middle class against those special interests. It's not enough to be a defender of the middle class; you have to say what you're defending against. Critical to this may be the deregulation piece of the contract (see attached memo to Jack Quinn and you). A frontal GOP assault on regulation may force us to defend those agencies and programs, or willingly watch them be destroyed. While no one likes regulation and red tape, there is also a good, pro-middle class story to be told -- on OSHA,

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cancer prevention, dangerous toys, etc. There needs to be a concerted effort to gather together the relevant agency heads for a political strategy here. This may be a different matter from the VP's effort to rethink and recast the regulatory system -- which I think is very important -- or it may be part of the same process.

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THE WHITE HOUSE

WASHINGTON

December 14, 1994

MEMORANDUM FOR JACK QUINN
GEORGE STEPHANOPOULOS

FROM: MICHAEL WALDMAN *MW*

SUBJECT: REGULATION AND THE GOP CONTRACT

It is clear that the GOP will seek to use their control of Congress to dismantle the regulatory state. The Contract includes several pieces of legislation that would go after regulation. We can also expect the appropriations and budget processes to take aim at specific agencies or programs.

I know that the Vice-President is convening a process to propose a regulatory overhaul; and as you know I think that is a very good idea. It seems to me that a rather distinct project needs to be undertaken -- possibly separately, possibly folded in to the VP's operation -- to organize a political and public response to the GOP assault. (This may already be underway, so this memo may cover ground that's already well-trod.)

I assume that we want to portray the Republicans as advocates for wealthy special interests, while the President is a defender of the middle class against those who would take advantage of it. The trick is how to do this without seeming to be an advocate of big government and red tape. Obviously, all this presupposes a decision on what posture we want to take on the regulatory issues.

Some possible steps:

- Our regulatory agencies are headed by a number of bright, politically savvy people who can be pulled together for a political strategy group. I'm thinking of Anne Brown (CPSC), David Kessler (FDA), Carol Browner, Anne Bingaman (Antitrust division), Christine Varney, Martinez at NHTSA, Joseph Dear at OSHA, etc.
- They can pull together a ready-to-go compilation of why their regulation has been both reasonable and good for the middle class.
- As Rubin and Bowles have discussed, we have a good deregulatory record,

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which we should trumpet appropriately.

- Thoroughly, intensely studying the GOP's regulatory proposals. For example, our Council of Economic Advisers should be ready to refute the most extreme cost-benefit analysis proposals.

- If we decide to try, at a sub-Presidential level, to defend our regulatory agencies, then we may want to organize the public health, environmental, and consumer groups to fight back.

Again, if this is already being done, then ... never mind. If you need any thoughts/help, let me know. As George remembers, we fought out some of these broad regulatory issues on the Quayle Council, with some success, though the terrain may have shifted rather dramatically since then.

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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	David Dreyer and Gene Sperling to O'Donnell Group; RE: Operating Principles (1 page)	09/14/1994	P5
002. memo	David Dreyer to Leon Panetta.; RE: Memo to Leon, Harold, Joan, George, Pat G., Mark T (2 pages)	08/22/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13657

FOLDER TITLE:

GOP: Gingrich Event

Debbie Bush
2006-0469-F
db2223

RESTRICTION CODES

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

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

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RR. Document will be reviewed upon request.

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Memorandum

To: O'Donnell Group
Fr: David Dreyer and Gene Sperling
Re: 09-27 Press Plan
Da: September 14, 1994

Operating Principles

- o The Republicans gained two kinds of legitimacy: first, the media elite now agree that Republicans are bound to make substantial seat gains, and will likely win functional if not arithmetic control of the Congress; second, the crime bill rule vote and the hang-up of health care are viewed as "intellectual" not just "political" victories.
- o Because the elite view the GOP now as "serious," our response to September 27th at the national level must also be serious -- quite apart from the retail sloganeering our candidates can use at home, customized to their own district's needs.
- o We need an on-the-level response to the Republican program to expose it as not serious, a kind of promise them anything politics that represents cynicism not a governing philosophy.
- o Once the economic analysis of the program is complete, we will follow an outreach strategy for opinion makers lasting until September 27th.
- o It's message must be intellectually compatible with the local press strategy of our candidates. If we win the elites, it will empower our candidates to disagree with the program as appropriate.
- o Our strongest push off against the Republicans gathering in Washington continues to be campaign finance reform -- especially in view of the fundraiser scheduled for that night. If we can pair a successful negotiation on campaign finance reform with the economic cynicism message, this day will belong to us.

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memo	Michael Waldman to Mack McLarty, Bob Rubin; RE: Reemployment Act - Update Strategy (4 pages)	n.d.	P5
001b. memo	Michael Waldman to Bob Rubin; RE: Reemployment Act - Requests and Assignments (2 pages)	n.d.	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13658

FOLDER TITLE:

[Reemployment Act] Draft MW [Michael Waldman] Memo Strategy

Debbie Bush
2006-0469-F
db2224

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

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MEMORANDUM FOR MACK MCLARTY
BOB RUBIN

FROM: MICHAEL WALDMAN

SUBJECT: REEMPLOYMENT ACT -- UPDATE & STRATEGY

The passage of the Reemployment Act (REA)*, or some facsimile thereof, is possible but far from certain. It will require concentrated effort by the administration, some of which is already occurring. The purpose of this memo is to sketch out what is going on and lay out the strategy by which we can win enactment of the reemployment act.

In brief, passage requires three separate actions: First, fixing the problems with the legislation, which have hindered support from key constituencies and lawmakers; second, making it clear that this is a political priority of the administration and a political win for Members of Congress.

I. CURRENT STATE OF PLAY

The REA was introduced in [March], and hearings are currently being held in the relevant committees. There are no markups scheduled.

a. Problems with the legislation.

The legislation, as currently constituted, has problems with several key constituencies. We are operating under a self-imposed mid-June deadline to "fix" the problems and turn opposition into support:

Labor objects to two things: Industrial unions oppose the provision that eliminates Trade Adjustment Assistance (it eliminates it as an entitlement for workers who lose their jobs due to trade, and folds it into the general dislocated worker program, a discretionary account). The public employee unions object to the privatization proposals. The Department of Labor is now negotiating with the AFL-CIO. The privatization issue should soon be worked out; for labor, the TAA issue is non-negotiable, and I expect that we will

* The name "Reemployment Act" is cumbersome and, as Bob Rubin has pointed out, doesn't mean very much to people. Since we haven't yet come up with a better alternative, this memorandum will continue to use "reemployment" and its acronym.

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have to simply give in at some point. (The question is when and for what.)

States and localities are concerned about governance issues, and want fewer directives from Washington about how to run the one stops, etc. Here, too, the

Consolidation is an issue that is defining for Republicans, and that is also very appealing to business. In brief, the Reinventing Government task force -- and the GAO -- identified 150 separate training programs that should be consolidated. This legislation consolidates six programs (through the one-stops, states are given the option to consolidate 40). We are accused of stopping short of our own prescriptions. Since we support further consolidation, our posture is to encourage GOP and Democratic efforts to propose further streamlining. However, we must avoid a situation where lawmakers enact consolidation instead of the REA, or hold up the REA until the complexities of consolidation are ironed out.

B. Legislative

1) Timing

At present, there are no scheduled markups. Full attention from the committees must come when they finish health care;

2) Jurisdiction/committees

The legislation must pass through four committees before hitting the floor -- the Senate Finance and Labor Committees, and the House Ways & Means and Labor & Human Resources Committee. Each of these panels has a different attitude toward the legislation and its importance. And all four committees have been immersed in health care, and have paid relatively little attention to this issue.

Senate Labor, which has jurisdiction over the non-entitlement worker training provision, is perhaps the most enthusiastic and focused committee. Sen. Kennedy regards a worker training bill -- and particularly a consolidation bill -- as good reelection politics. Senator Kassebaum has expressed support for much greater consolidation of programs. While it may never be possible to win her support, it is necessary to soften her resistance to win the support of Durenberger, Jeffords, and other moderate GOP committee members. Kennedy and Kassebaum are currently negotiating a "statement of principles" on consolidation.

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Senate Finance has jurisdiction over the mandatory portions of the legislation. Sen. Moynihan has vigorously expressed his enthusiasm for the legislation, but his attention to it has been fleeting. Sen. Bradley is a strong supporter who wants to become more active.

House Labor has been the most problematic committee. Chairman Ford has expressed deep reservations about the legislation, primarily echoing the concerns of organized labor, and has also indicated that he is sensitive about his appropriate role as draftsman being respected. He also is more enthusiastic about OSHA reform and other bread-and-butter union issues than REA (this is his last year in Congress).

Ways and Means is, simply, preoccupied. Rep. Rostenkowski has been a cosponsor; Chairman Gibbons is an unknown.

II. FIXING THE BILL -- CONSTITUENCY

III. POLITICAL IMPERATIVE

The main obstacle to the REA (assuming it is fixed) is not gridlock but legislative overcrowding -- the understandable obsession with other issues such as health care, welfare, etc.

We must make it clear that there is a political imperative to pass the REA.

1. Administration priority

We have no choice but to make it clear that this is a "must pass" bill for the administration -- one that, as we engage in the necessary practice of legislative triage, we preserve.

2. 1994 election politics

We need to persuade the Democratic Members of Congress that continuing, pervasive feelings of insecurity on the part of our base compel direct legislative remedy. Our economic plans is seen as good for the country -- deficit reduction, free trade -- but not necessarily good for the middle class. This legislation meets the need of a lunchbucket issue that appeals to working people. It should be a campaign theme, at the very least.

3. Necessary for the Clinton agenda

The Reemployment Act is the major remaining piece of the "lifetime learning" agenda (following on Goals 2000, Head Start reauthorization, and School-to-Work). The

IV. CALENDAR

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June

Week of June 12:

- continue to cut the deal with labor, state and locals
- secure legislative timetables from

Week of June xx

- "re-launch" of bill
- roll-out of support at WH

July

Week of xx

- recess: contacts
- release studies

Week of xx

- markups?

Week of XX

- floor

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MEMORANDUM FOR BOB RUBIN

FROM: MICHAEL WALDMAN

SUBJECT: REEMPLOYMENT ACT -- REQUESTS AND ASSIGNMENTS

If we are to pass the reemployment act, one of the critical elements is a heightened sense that this is a priority for the administration. You can play a particularly central role in this. This memo lays out what we want from you in the short- and medium-term (some of it is based on conversations we have already had, and some of it is new and should be discussed).

Major national op-ed. As we discussed, we are drafting for you an op-ed on the reemployment act. The thrust is "Nixon goes to China/man bites dog" -- why, as a businessperson, you are strongly for the reemployment act.

Speech on the "human capital" agenda. Also as we discussed, we will book for you, prepare, and publicize a major speech by you on the lifetime learning/human capital agenda and its place in our economic policy. This, too, will have a bit of "dog bites man," and will give the White House imprimatur on the act and the agenda. Query: Does this need to be rethought or recast in the wake of the Woodward book -- will it seem as if it is defensive, rather than proactive?

Roping a big-name CEO. Public Liaison and DOL are putting their heads together and developing a short list (about six) of CEOs who are logical targets for recruitment as prominent boosters of REA. I am reaching out to GE; based on the discussions at the meeting last week, the politics of GE are quite complex. It may be that they would want to "get well" by supporting REA.

Editorial boards.

Member visits.

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* LEgislative

- contact every member of the comittee
- seek vehicle
- pressure for schedule for markup
- discuss GATT process

* Press

- Member targeted
 - free
 - = tongs
- studies
- op-eds
- editorial boards
- National [recognizing that, w/ health care, Korea, elections, etc., there is no way to "break through"]
 - op-eds
 - studies
 - editorial boards
 - approach tv networks w/ stories re: training

* Constituency

- late June events at WH -
 - Bus rdtble
 - gore event with ceos
 - labor
 - endorsement by state and locals
- roping in new ceo leadership
- regional opinion leader days
- community college
 - conclave
 - letetr from POTUS

* "Political imperative"

- = campaign committees
- dear colleague: let's do ti this year
- assemble polling data - pollster letter to hill
- cabinet talking points/visits to worker trainign centers

* Materials

*

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION

001. memo	Michael Waldman to Mark Gearan; RE: Business Rountable Speech (1 page)	06/14/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13658

FOLDER TITLE:

[Reemployment Act] POTUS Business Roundtable Speech

Debbie Bush
2006-0469-F
db2225

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

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June 14, 1994

MEMORANDUM FOR MARK GEARAN & CIRCULATION

FROM: MICHAEL WALDMAN

SUBJECT: BUSINESS ROUNDTABLE SPEECH

It goes without saying that the BRT speech is fraught with peril -- in particular, that the press will focus on their health care dissatisfaction, rather than any other subject.

The only way to avoid that, in my view, is to "blow past it" with a significant speech or announcement on some other discrete economic topic.

I don't think that a speech laying out an internationalist economic vision, theoretically as a scene-setter for a trip over two weeks away, will do that. (I strongly believe we need a scene setter, but it should be closer to the trip itself -- possibly, as we discussed, a departure ceremony.)

I would recommend that the speech make some hard news -- focusing on something like . . .

- * a newsy review of the economy, and some sort of new pledge or promise on economic growth or job creation

- * some sort of challenge to business on training and education

- * some sort of national goal or pledge on training or education (we have discussed a goal of making every American computer literate by the year 2000, though that may be a silly idea -- but something like that)

- * engaging in some semi-controversial way on GATT (attack the opponents, whatever)

- * challenge the audience to help create a feeling of economic security on the part of average citizens, so that they won't resist change (this won't be newsy unless the President is relatively tough).

- * Is there some trade-related news -- e.g., proposing the new GATT round?

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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION

001. paper	RE: Possible Changes in Negotiating Positions Due to Budget (1 page)	05/26/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13658

FOLDER TITLE:

[Reemployment Act] Budget Related

Debbie Bush
2006-0469-F
db2226

RESTRICTION CODES

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

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

P1 National Security Classified Information [(a)(1) of the PRA]
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RR. Document will be reviewed upon request.

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DJL: 5/26/94

POSSIBLE CHANGES IN NEGOTIATING POSITIONS DUE TO BUDGET

- o Need to reconsider proposed formula:
 - do we drop the entire formula change (26 weeks)
 - or only drop 25% national reserve?
 - recommend do second at minimum
- o Do we reconsider the formulation of discretionary income support? following options possible:
 - try to move all income support to mandatory side (need \$ and lots of political problems w/bus & Rep.
 - could mean tightening up requirements to ensure discretionary money goes to income support
 - or could mean loosening requirements to make income support more discretionary decision for state
- o It could raise issues re: speed of TAA and NAFTA phase-out if our FY 96 level would potentially mean reduction in service compared to FY 95. Given that we need the offsets, I don't recommend that we propose any change, but it could be raised.

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman to John Podesta, Mark Gearan; RE: Op-Ed Strategy (2 pages)	03/04/1994	P5
002. memo	Michael Waldman to John Podesta, Mark Gearan; RE: Op-Ed Strategy (2 pages)	03/04/1994	P5
003. memo	Bruce Reed, et al. to the Chief of Staff; RE: Strategy for Political and Government Reform (9 pages)	11/01/1994	P5
004. memo	Michael Waldman to Ingrid M. Schroeder; RE: OGE proposed comment on lobbyist gift bill (1 page)	05/25/1994	P5
005. memo	Sally Katzen, et al. to the Chief of staff; RE: Sen. Boren's Revolving Door Proposal (2 pages)	12/20/1993	P5
006. memo	Michael Waldman to Sally Katzen; RE: Revolving Door and Ethics Issues (1 page)	n.d.	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13659

FOLDER TITLE:

Elections [Memos]

Debbie Bush
2006-0469-F
db2227

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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DRAFT
COPY #4

November 1, 1994

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
Michael Waldman
Bill Galston
Paul Weinstein

SUBJECT: Strategy for Political and Government Reform

The collapse of public trust in the institutions of government is the fundamental political fact of our time. After two decades of growing disillusion, this break between the people in office and the people who put them there dominates every aspect of American politics, from the noisy bombast of talk shows to the silence of empty voting booths.

Voters believed that Bill Clinton understood this situation, and would act to rectify it. But for all of our efforts over the past two years, the public is now more disillusioned, more embittered, than it was in November 1992. Whatever the results of the upcoming election, the President should put forward a bold, coherent set of reform initiatives to make government, Congress, and the political system work.

I. The Case for Reform

Why is a bold reform agenda so important?

First, the public demands it. Citizen cynicism and anger is deep and pervasive. Voters perceive a failure of government to act decisively and effectively. They see a federal government that hordes money and power, endless bickering between two seemingly outdated political parties, and a proliferation of special interests that drown out the voices of average citizens. When John Kennedy was President, 76% of the people said they trusted the federal government to do what was right all or most of the time. Today, after betrayals from Vietnam to Watergate to "Read My Lips," only 22% of the people give that same answer.

Moreover, much of this critique of Washington and government is valid. Government is bloated, irrational, and inefficient -- an ossified institution in an era of constant innovation. Special interests do have too much power; a \$300 million campaign overwhelmed health care, gun groups practically derailed the crime bill, and some 80,000 lobbyists of every pinstripe have succeeded in diluting or defeating scores of proposals. Congress is paralyzed

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by partisanship and resistant to change. Changing the way Washington does business is perhaps the most significant legacy we could leave.

Finally, restoration of trust in government and politics is essential to the success of the rest of our agenda. As we have learned over the past two years, we cannot count on public support for health care, welfare reform, deficit reduction or any other issue unless we first persuade them that we understand what's wrong with government and have set about to fix it. Conversely, an agenda that links political reform with our efforts to make bipartisan progress on health care, welfare reform, reemployment, and other issues should strengthen and reinforce those efforts.

To be sure, this administration has made a real start on this front. The Vice-President's reinventing government initiative has been the quiet success story of the first two years. As a result of the NPR, we have dramatically shrunk the federal workforce, and passed sweeping procurement reform legislation. We imposed the toughest ethics requirements ever on our senior officials, and repealed the deductibility of lobbying expenses. We proposed tough and well-regarded campaign finance and lobbying reform bills. And we have taken on more vested interests than any administration in decades. But these efforts have not been enough to overcome the rising tide of public cynicism.

The Coming Battle

Today's "mad-as-hell" atmosphere is not a flash in the pan, but a firebell in the night. The reform impulse was strong two years ago; by every indication, it is even stronger today. It is no longer a question of whether Congress will address reform issues; the only question is whether we will lead the fight or be left behind.

Early in the next term, we can expect the Republicans to press forward with their reform agenda:

- balanced budget amendment;
- term limits;
- cuts in congressional committees and staff.

On Election Day, voters in 8 states are expected to approve term limits referenda, bringing to 23 the number of states that have backed limits. The issue will heat up even further when the Justice Department appears before the U.S. Supreme Court to argue that these state measures are unconstitutional.

Ross Perot's 19% of the vote was the second highest by a third party candidate this century, surpassed only by Theodore Roosevelt in 1912. Polls indicate that -- if he were to run today -- Perot's vote would not slip significantly. Support for independent candidates generally is at levels not seen in half a century.

When the new Congress convenes in January, fully half its members will be freshmen or sophomores, nearly all of whom ran on a platform to "change Washington."

A Three-Front War

This memorandum lays out the elements of a sustained, vigorous reform campaign. Tentative stabs at congressional or political reform, pursued separately and quietly, will neither succeed nor break through to the public. Instead, we must mount an aggressive, comprehensive campaign, as we have done on other issues, from the budget to NAFTA to the crime bill. A concerted effort to change the way Washington does business will not only offer the President the chance to rise above partisan and narrow interests, but do more to advance the rest of our substantive agenda than anything else we could do over the next few months.

Our reform agenda should do battle on three fronts:

Shifting power back to the American people, through campaign reform that requires broadcasters to provide free time to candidates; a national initiative and referendum process; and a "citizen frank" that lets citizens contact Congress for free;

Fixing Congress, with a constitutional amendment allowing states to limit legislative terms; lobby reform; a ban on gifts; a congressional pay freeze until the budget is balanced; and a 25% cut in congressional staff; and

Launching a renewed assault on bureaucracy, including the line-item veto; civil service reform to give federal managers the right to hire and fire; and a fundamental overhaul of federal regulatory agencies.

This memorandum sketches out a 3-6 month campaign to unveil and fight for these proposals.

II. Proposals

A. Shifting Power Back to the American People

In the end, it will not be enough to change Washington. The American people are ready to take government into their own hands. The spread of information technology makes that possible, and the collapse of political institutions makes it almost certain.

1. Free TV Time for Candidates. A campaign reform bill with public funding will not pass the new Congress. Instead, we should press for the changes the President called for in his campaign -- free TV time for candidates who abide by spending limits, a \$1,000 limit on PAC donations, and reforms on soft money. Free TV time has strong public support. Over the years, it has also been endorsed by Bob Dole and Ross Perot. The idea would prompt a major battle with the broadcasting industry and its champions in Congress. On the other hand, it would negate the Republicans' single most powerful public argument against reform.

2. National Referendum. The most dramatic and significant reform proposal the President could put forward is a national referendum that would allow the people to vote on issues of national importance. Most major democracies have national referenda. For example, in recent years, Italians have voted on divorce; Spain voted on membership in NATO; and Austria and Sweden voted on the use of nuclear power. In the U.S., 43 states allow their legislatures to submit referenda to the people, and 24 states allow citizens to sponsor initiatives. In Arkansas, some of Governor Clinton's best known legacies -- such as ethics reform -- were enacted in this way. We could call for national votes on political reform, health reform, etc., but it would be entirely up to the American people what questions are put on the ballot.

Establishing a binding national referendum or initiative process would require a Constitutional amendment. Such an amendment might provide for putting an issue to a nationwide vote if the legislatures in 3/4 of the states recommended it or signatures were gathered from 5% of the voters nationwide. As a Constitutional safeguard, the referendum would require 60% approval to be enacted and would be subject to judicial review.

A national referendum is the one truly popular reform idea that has not been appropriated by either party. The best argument for direct democracy is that it enables the broad public to make its voice heard when the congressional system is unresponsive or gridlocked. It could boost voter turnout and enthusiasm; this year, twice as many Californians say they are going to the polls to vote for or against Prop 187 as are going to vote for a particular candidate. The advance of information technology will make this process easier. This administration has helped develop a tamper-proof digital signature, which allows people to provide a legal signature by computer. Direct voting cannot be far behind.

The most frequently advanced argument against a referendum is that it could fall prey to extreme social or fiscal proposals. However, a recent comprehensive study of referenda found that in general, that has not proved to be the case. Another concern is the difficulty of controlling spending by opponents and proponents. Additional safeguards could help address these concerns, such as free TV time for supporters and opponents; a pay-as-you-go rule for proposals with budgetary impact; and limiting referenda to statutory rather than constitutional issues (so that constitutional amendments like term limits and school prayer would go through the same thorough process they do now).

At various times, this idea has been endorsed by leaders ranging from Dick Gephardt to Jack Kemp. In 1981, a Gallup poll showed 52% support for a legally binding national referendum. In recent polls, support has ranged from over 60% to as high as 84%. Among elite opinion, it will be opposed by business interests that prefer dealing directly with Congress, and by some interest groups nervous about the impulses of too much democracy.

3. Eliminate the Congressional Frank, and Give It to the American People. The frank is one of the most entrenched and abused symbols of incumbency. We could propose to take it away from Congress and give it to the American people instead. Any individual who wants to send a letter to their Congressman or Senator would be able to do so for free. Postcards, letters from organizations, and letters from another district or state would not be eligible (mail could be delivered directly to the district office to prevent abuse). This is how it works in Canada, where citizens can write Parliament for free.

4. Citizens' Congress. One dramatic experiment in direct democracy would be to run a national Citizens' Jury or Citizens' Congress that would bring ordinary citizens together to resolve a particular issue. We could invite a random group of citizens from around the country to Washington to deliberate on a given issue -- political reform, crime, community service. They would hear arguments from all sides, their deliberations would be nationally televised, and most important, we would try to take action on the basis of what they recommend. By selecting a small group of ordinary Americans entirely at random and letting them take part in government for a few days, we might spark new interest in participatory democracy and find a new way to get around the special interests to promote common-sense consensus.

5. Take Subsidies from the Special Interests and Return the Money to the American People. The whole point of reforming government is to give ordinary people a better deal for their tax dollars. One option would be to give them a reform dividend, by eliminating special interest subsidies and using the savings to pay for a children's allowance for middle-class families. Rob Shapiro has identified a series of special interest subsidies; an expanded deduction for middle-class families with children would cost in the neighborhood of \$20-40 billion over five years. The savings could go into a trust fund, so that nobody would get their tax cut unless Congress agreed to make the spending cuts. Established interests would attack anyone who goes after their subsidies, but we could press the simple theme that parents can do more for their children with that money than government or those interests can.

6. Devolution of Power to State and Local Governments. Last year, the Administration pushed two major initiatives that would have restored balance to the partnership between federal, state, and local governments. The Glenn-Kempthorne unfunded mandates bill and the President's waiver legislation drew bipartisan support on the Hill. We should aggressively push both bills next year and back it up with a broader devolution strategy. Public trust in state and local government, although weaker than decades ago, remains much stronger than confidence in the federal government.

B. Fixing Congress

Regardless of the outcome of next week's election, we should press for major changes in the way Congress does business.

1. Lobby Reform and Gift Ban. We should demand that Congress pass a gift ban and a back-to-basics lobby reform bill as soon as they return. The Republicans raised several bogus objections to the lobby reform bill in the waning days; we should call their bluff, accept those changes if necessary, and pass the bill on a bipartisan basis.

2. Apply Laws to Congress. Legislation applying a host of laws to Congress passed the House but not the Senate this past Congress. We should press Congress to pass it immediately.

3. Insist on Line-Item Veto. With the Balanced Budget Amendment expected to pass easily in the next Congress, we should insist that it include a Constitutional line-item veto, and argue that it will be hard to balance the budget without it. We should insist on the strongest possible version of this veto, not the enhanced rescission authority that passed the House this time. We may also want to offer our own capital/operating budget alternative. In the campaign, the President said he could support a balanced budget amendment that separated capital and operating expenses so that long-term investments would be encouraged and operating costs reduced.

4. Term Limits. Republicans pledge to bring to a vote a constitutional amendment limiting congressional terms to 12 years, but they would grandfather in existing Members of Congress. Beyond principled opposition, we can respond in two ways:

a. Call their bluff. We could demand that the 12-year limit on service apply immediately (or by a date certain, such as 1996), and thereby affect sitting members of Congress; and/or

b. Let the states decide. We could support a constitutional amendment to allow states to vote to apply term limits to their own federal representatives. This would be consistent with our legal position that state-mandated term limits are unconstitutional.

5. Cut Congressional Staff Overall by 25%: In the campaign, the President promised not only to cut the White House staff by 25%, but to challenge Congress to do the same. The Republican Contract calls for a 25% cut in committee (not personal) staff. We could press forward with our original demand to cut overall staff by 25%.

6. Freeze Congressional and Presidential Pay Until the Budget Is Balanced. If we're going to make significant spending cuts to reduce the deficit, public officials should

lead by example. The American people don't get a guaranteed cost-of-living increase. Why should their leaders? A performance-based freeze on Congressional and Presidential pay is a responsible, common-sense alternative to plans to "cut their pay and send them home."

C. A Renewed Assault on Bureaucracy

We should make the most of NPR's success by escalating our assault on the federal bureaucracy, with a relentless, sustained attack on fraud, red tape, unnecessary programs, and counterproductive rules and regulations.

1. The Right to Hire and Fire. NPR is preparing a sweeping civil service reform bill that will reduce the number of job classifications and give federal managers the right to hire and fire federal workers. Negotiations with unions and management are under way; the bill will be ready to introduce in January.

2. The Right to Downsize. NPR and OMB are preparing legislation to repeal FTE floors in existing appropriations bills, and ban the use of FTE floors in future bills. This could be coupled with a Presidential vow to veto future appropriations bills that limit our ability to downsize. We should also consider directing agencies to accelerate the mandated downsizing of the workforce to accomplish its objectives by 1996 instead of 1999. To illustrate that downsizing the bureaucracy is one of this Administration's signature achievements, we should start a Bureaucracy Clock (in a prominent place like Times Square) that would track our progress.

3. Regulatory Overhaul. Regulatory reform will be a top priority for NPR next year, with an extensive review that brings business leaders and others to the White House to develop a new, more market-based approach to regulation for the 21st Century.

4. The President's Fraud Squad. The President and Vice President could appoint a REGO SWAT team or bureaucratic bomb squad -- an elite group of troubleshooters and investigative journalists who report directly to them. Any time a story breaks about fraud or mismanagement in the bureaucracy, they would move in, get to the bottom of it, and report back within days with recommendations. They could also uncover such troubles before they become public, and demonstrate the President's desire for unfiltered information on how his government is working. This has been done before: FDR dispatched journalist Lorena Hickok around the country to see how the New Deal was really working. It would be an opportunity to make a high-profile reform appointment, by naming a prominent journalist to lead the effort.

5. A Pork-Busting Bill. NPR and OMB can put forward a comprehensive rescission bill, which targets pork in the recently passed appropriations bills.

6. A Bureaucracy-Closing Commission. As part of NPR, the President's Management Council has begun an effort to identify ways to reduce the number of federal facilities around the country, by closing field offices, regional offices, etc. We could formalize this arrangement and give it a higher profile to demonstrate our commitment to downsizing.

7. REGO II. NPR is preparing a detailed list of recommendations that were considered in 1993 but not included in the final package.

III. Strategy

President Clinton has won credit for his achievements when his administration has drawn a sharp line on an issue with popular support, and then has focused on it in a concerted, systematic way over a period of months, not days.

Timetable

A sustained campaign would use the element of surprise, unilateral action, and the presidential bully pulpit.

Before the election. It would be very helpful if the President could point toward the change/reform themes before the election; otherwise, a sudden turn toward reform issues risks seeming an ex post facto rationalization. This could be done in a one-on-one interview with a reform-minded reporter, or on the campaign trip to Minnesota with Ann Wynia, who has run ads criticizing her opponent for voting against the lobby reform bill.

Statement the day after the election. The President's press conference statement should characterize the results as a mandate for change, one he intends to meet. It should point toward political reform as an early and important priority.

December. We should prepare to float some of the more dramatic reform initiatives. Because Congress will meet in early January to take up rules changes, we need to make our intentions known early.

- o DLC Speech, Dec. 6th: A chance to signal forthcoming reform efforts.
- o Post-Summit of the Americas, Dec. 12th: The President could make a pivot speech unveiling new reform proposals.
- o Speech to Incoming Freshmen: The President could bring the incoming freshmen to the White House for a speech on reform.

January pre-SOTU. The weeks before the State of the Union should include a series of events designed to underscore and foreshadow the reform and change theme.

- o We should convene a citizen jury or Little Rock-style conference to address what's wrong with government and politics, and how to fix it.
- o The President should make a major speech outlining his concept of how government should relate to the citizenry (something he has yet to do).
- o Announce the Fraud Squad, naming its members.
- o We should prepare a document outlining the problem and proposed solutions (this would be in addition to, or as part of, the budget document).

State of the Union. Reform should be a major theme of the speech, which should unveil a few of the most dramatic ideas.

Political Alignments

A broad reform agenda would be popular with the general public and with non-governmental elites (e.g., press, editorialists), but would likely meet resistance from many elected officials and interest groups from both parties. A natural coalition for reform does not currently exist; we will have to bring together disparate reform groups and energize independent voters. In these circumstances, a national mobilization spearheaded by the President -- relying on prominent citizens and moderate Republicans and Democrats, use of the bully pulpit, and cross-party alliances -- would be the way to push for reform.

If the President decides to push forward with an ambitious reform agenda, further planning is needed.

EXECUTIVE OFFICE OF THE PRESIDENT

25-May-1994 08:25am

TO: Ingrid M. Schroeder

FROM: Michael Waldman
Office of Communications

CC: Bruce N. Reed
Donsia Strong
Christopher F. Edley, Jr
Karen L. Hancox

SUBJECT: OGE proposed comment on lobbyist gift bill

I have a strong objection to at least one part of the proposed OGE comment on the gift bill.

The OGE appears to oppose, or at least sees severe problems with, the requirement that individuals who file public financial disclosure reports disclose all gifts from lobbyists (other than food, lodging, or entertainment).

This is a proposal that the President has publicly endorsed on several occasions. It is modeled after a proposal he fought for in Arkansas when he was governor. It is highly controversial, yet passed the Senate by something like 95-3. It may be that the House and Senate bills differ in whom the disclosure requirement is placed on -- the lobbyist or the lawmaker. It may be that the House provision is superior, though I don't really know. (I doubt it.) But I believe that given our silence overall on the provisions of this bill that relate to the legislative branch, we should not fire our first salvo at our own position!

I do not have an objection to the second part of the OGE letter -- it seems to rehash an earlier, negotiated-out statement they made during testimony on the Boren bill. I question whether an OGE letter on this subject alone makes sense.

Given that the legislation has now passed both houses, and is in conference, I believe that it is appropriate for the administration to weigh in on matters (such as the revolving door provision) that clearly affect the executive branch, and in a general manner on the other provisions of the bill.

We need to decide, however, what the best way to do this is -- whether it's an OGE letter, a presidential letter, a broad pronouncement on the need for reform coupled with quiet lobbying against the Boren revolving door provision, or whatever.

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MEMORANDUM FOR SALLY KATZEN

FROM: MICHAEL WALDMAN

SUBJECT: REVOLVING DOOR AND ETHICS ISSUES

Attached is a draft memorandum on the Boren bill. Bruce Reed and I have reviewed the issue, and he is reviewing this draft this AM. As you will see, my views on what we should do have hardened. I believe that, post-Howard and Roy, it would be dangerous for us to intercede -- for the first time ever on any such ethics bill -- on the revolving door issue, of all issues.

As for the draft OGE letter on the Conyers bill: I do not object to OGE sending some letter of this sort. But it seems to me that they miss the major argument against the Conyers bill, which is that the conduct that Conyers is seeking to affect is covered by the Levin-Bryant bill. Levin-Bryant requires disclosure of a wider array of activities than current law. It does so for all lobbyists -- not just former government employees. Levin-Bryant strikes the better balance than Conyers. Our comments on Conyers should be couched in that context.

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION

001. memo	Michael Waldman to Mark Gearan; RE: Planning/Coordination (2 pages)	06/22/1993	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13659

FOLDER TITLE:

Strategic Scheduling

Debbie Bush
2006-0469-F
db2228

RESTRICTION CODES

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

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

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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June 22, 1993

MEMORANDUM FOR MARK GEARAN

CC: BOB BOORSTIN
FROM: MICHAEL WALDMAN
SUBJECT: PLANNING/COORDINATION

I believe the planning/coordination effort could be very exciting, and very needed. I don't know how much progress you made on thinking this through after my departure last night, but here are a few thoughts about how it should be structured.

* As I mentioned last night, I am particularly concerned that this has the potential for being very nebulous -- a recipe for frustration. This process will only thrive with empowerment and access. Without these, it could be a grand exercise in wheel-spinning. This needs to be done under the auspices of, and with the input of, someone at a Gergen-Stephanopoulos-McLarty level. (Even with that, this will require considerable diplomacy.) And it can't work unless the people involved are given access to the fora where priorities are set and decisions made. For this to happen, we would need your leadership.

* There are, in my view, several distinct functions that are now not being filled adequately, that could be properly undertaken by the communications department (as well as elsewhere in the White House).

- Traffic cop -- We've gotten better about this, but the WH still lacks the ability to prioritize and order policy initiatives. This entails things such as executive orders, new proposals, scheduled speeches to organizations, etc.

- Message cops -- Even at a non-presidential level, there needs to be a more effective infusion of Clintonite ideology and priorities.

- Issue tracking -- As discussed, the planning operation should systematize the tracking of what the departments and cabinet councils are doing, for our informational and planning purposes.

- Long-term calendar/block schedule -- The compilation and updating of the long

- Injecting a "communications" sensibility early into the process of issue development -- Especially for those issues that are the next major campaigns or projects, we should have communications input early and continuously. Either

COPY

the people involved in planning can play this role, or they can ensure that someone is doing it. (Consider reinventing government; that could be me or Bob, or it could be Marla.)

* We shouldn't get too caught up in structure at first. A good first step would be to think of it as a task-oriented project -- e.g., weekly updates on what's going on; working on and implementing a master schedule and plan for the next six months.

As for Bob's idea of tripartite "teams" that work on the various issues, I think that they probably exist already to a certain degree. To the extent they don't, however, it is a pipe dream to seek to reorganize other people's shops (e.g., legislative) to match this model.

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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION

001. memo	Doug Sosnik, et al. to Erskine Bowles, et al.; RE: The President's Schedule for the next two weeks (5 pages)	10/06/1994	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13659

FOLDER TITLE:

Strategic Planning: Michael Waldman Memo on Past Mid-Term Elections

Debbie Bush
2006-0469-F
db2229

RESTRICTION CODES

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

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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- C. Closed in accordance with restrictions contained in donor's deed of gift.
- PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
- RR. Document will be reviewed upon request.

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MEMORANDUM

To: Erskine Bowles, Billy Webster, Mark Gearan
From: Doug Sosnik, Barry Toiv, et al
Re: THE PRESIDENT'S SCHEDULE FOR THE NEXT TWO WEEKS

October 6, 1994

This memorandum lays out a proposed schedule of events for the President over the next two weeks that convey the message we are trying to drive home between now and Election Day.

The message, as developed by Stan Greenberg, contrasts the President's efforts to take the nation forward and address the problems of ordinary people with the Republicans' efforts, as symbolized by the Contract, to take the country back to the trickle-down, deficit-busting policies of the 1980's. In essence, the President, working with the Congress, has made a start. We've begun to turn the country around. The Republicans, not only by the Contract but by their recent actions in the Congress, have shown that they want only to turn back. Attached is a copy of Stan's most recent memo on the message, which more fully describes the message.

The key to the next month is discipline: we need the discipline to focus entirely on our daily message, and we need to keep the schedule disciplined so that we have only one event a day at which we create message-oriented news without interference from or competition with other Presidential messages.

The best way to project the message is to use each event to demonstrate our successes in moving the country forward in a specific way, contrasted, where appropriate, with Republicans' efforts to prevent that from happening or in fact to take us in the opposite direction. It is important to keep in mind that, while we want to remind voters of the President's accomplishments, what they care most about is the future. Therefore, the discussion of our accomplishments, as well as the Republicans' actions, should be future-oriented rather than simply dwelling on the past.

There are three basic areas where the message should be highlighted: the economy/budget; crime; and making government work for people (reinventing government). Most of the proposed events will focus on one of these themes, although some will focus on the broader message itself. Of course, we recognize that on some days, events outside of our control will dominate the news and affect the President's words and actions. To the extent possible, the proposed schedule takes into account those events which we can try to anticipate (Haiti, for example).

Also, it is important that we have the President and the Vice President do an event together as soon as possible in order to elevate the entire effort and get the press to focus greater attention on the message.

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In scheduling events for the President, we need to keep in mind these four essential points that were agreed upon several weeks ago:

- Events should elevate the President's stature. They should be Presidential.
- Events should in some way make a connection to ordinary people -- especially when they are situated in the language of the future or the language of reform.
- Events should enable us to present the President's character.
- Presidential events should be complemented by those by the Vice President, Cabinet members, and the White House staff -- he cannot do this alone.

OVERVIEW OF SCHEDULE

Following is a proposed Presidential schedule for the weeks of October 10 and 17, with proposed events-of-the-day for getting our message out.

MONDAY, OCTOBER 10

The President will be in New Jersey for an evening fundraiser for Senator Lautenberg. There will be an event before the fundraiser relating to crime, related to getting guns out of schools. The event is fairly set. It will take place in Newark in late afternoon.

- We need to be sure that the event is used to express the message on crime as it relates to ordinary people.
- We should use the language of the event to presage the kick-off events in Michigan on Tuesday.
- White House staff and others use Monday to inform journalists about the purpose of Michigan (Gearan), e.g. Sperling breakfast, network briefings, etc.

TUESDAY, OCTOBER 11

The President travels to Michigan: This is the kick-off of the final stage of the campaign. In addition to a private meeting with the CEO's of the Big Three automakers, the President will deliver a major political address. There may be a visit to a factory floor as well as a meeting with approximately 300 UAW workers. The President's speech will lay out the full message. He is also tentatively scheduled for an ed board meeting. At each event, the President needs to express and remain focused on the same core message.

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Other Administration officials will do a number of press events before and on this day to get the press to focus on this speech as a major event. In addition, the Vice President will be traveling with Senator Sasser in Tennessee most of the day. His remarks should also reflect the President's message, but with a sharper edge.

- o We should program a briefing for Michigan press by a Member of the Economic team, possibly Dr. Tyson, on Monday.

WEDNESDAY, OCTOBER 12

The highlight of this day is an announcement at the White House of grants to local governments to hire additional police as part of the 100,000 cops from the crime bill. The funds will go to 300 cities, and it is enough to help put about 3,000 new cops on the streets immediately. (This event should focus less on the money and more on the additional police).

- This event is about making the streets safe for ordinary people. It should project that (1) we have made a start, (2) Republicans fought hard to stop it, and (3) the Contract would cut the heart out of the crime bill and make it impossible to accomplish this goal.

This event will be supported throughout the week by local events around the country with Administration officials.

(The President will appear this evening at a DSCC fundraiser. While the speech should emphasize the broad message, it would also be a good idea to give a plug for the main event of the following day, which will be the procurement bill signing.)

THURSDAY, OCTOBER 13

We are considering two mutually reinforcing message events for this day. First, we want to ask the President to sign three pieces of REGO legislation -- procurement reform, CFO reform, and Agriculture Department reform -- to emphasize how cutting the size of government has helped us put our house in order and make the country work for ordinary people again. Also, it is possible that the President will announce that he is sending a proposal to Congress this day to eliminate floors established in some of the appropriations bills which prevent us from cutting the number of Federal personnel in certain areas. Decisions need to be made about site, visuals, news hook, etc.

Second, we would like the President to repeat the overall message in a satellite feed to the Radio Television News Directors Association, which is meeting in Las Vegas.

This evening, the President is receiving the honorary Top Cop award from the National Association of Police Officers. This should be a good visual, with the President surrounded by police, and his remarks should emphasize the message as it relates to crime -- we've made a start, we're putting more cops on the street now, and we can't let the opposition take us back.

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Efforts should be made to make the evening event sufficiently newsworthy to get into the Friday morning news cycle.

FRIDAY, OCTOBER 14

Friday through Sunday is likely to be dominated by events in Haiti, as October 15 is the deadline for the military leaders to step down.

This is probably the wrong day to a message event. This day should be serious and about the President's stature on a day devoted to foreign policy.

There is a meeting with the foreign policy team that day for which serious thought needs to be given to the location and the picture. No message event is scheduled, although the President is handing out the Arts and Humanities Awards. **IT IS A GOOD IDEA FOR THIS DAY TO REMAIN OPEN, TO RESPOND TO CRISES OR TO TAKE ADVANTAGE OF OPPORTUNITIES THAT MAY OCCUR.**

SATURDAY, OCTOBER 15

The President will travel to Connecticut for a campaign event during the day, and to Miami for a fundraiser in the evening. The Connecticut event is the message opportunity. At this time, there is no specific issue set for it, so it may be a restatement of the basic message.

Miami should be a quiet visit, given probable events in Haiti.

SUNDAY, OCTOBER 16

Given Caribbean issues, decisions need to be made about the length of the President's stay in Florida. Outside events may determine our message on this day.

MONDAY, OCTOBER 17

The event of the day is a speech to the International Association of Chiefs of Police in Albuquerque, N.M.

The President will announce a policy which expedites putting 100,000 cops on the street. However, we believe this should be a major speech laying out a forward-looking strategy on crime control with a heavy emphasis on values such as community and personal responsibility.

Efforts should be made to point the media toward this speech as a major address.

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Because crime is such a major issue in the mid-term elections and Democratic candidates are on the offensive on this issue, we should coordinate this speech with the campaign committees so that our candidates can make use of this event.

TUESDAY, OCTOBER 18

The event of the day should be a joint appearance with the Vice President. Any time the two are together, it provides greater impact, and it will provide a forum for the Vice President to hit hard at the Republicans. However, this should be done outside the Beltway, perhaps campaigning with Senator Sarbanes in Baltimore. An event needs to be developed which will attract significant press attention.

WEDNESDAY, OCTOBER 19

Governor Cuomo has asked the President to attend an economic event in New York City which is patterned on the Little Rock economic summit during the transition, and which is focused on Federal/State relations. However, the President's appearance should be used to talk about the following:

- economic recovery and achievements, which have boosted the economy in New York and elsewhere, thus easing the choke hold that existed previously on state budgets
- investments we've made which have benefited New York and other states/urban areas
- the Republican Contract, which (1) Cuomo's opponent is, in effect, emulating at the State level, and (2) at the national level, would result in severe cuts that would put enormous budgetary pressures on the States.

This should all be put in the context of the overall message of moving the country forward, not back, to solve the problems of ordinary people.

While in New York, we should set up a one-on-one interview with a network anchor, which should be used to highlight the next day's major event on education.

THURSDAY, OCTOBER 20

The highlight of this day is a major education event in Boston surrounding the signing of the ESEA reauthorization. The emphasis should be on education, and it should be related to the overall message. This is a joint appearance with Senator Kennedy, who played a major role in the enactment of not only this bill but most of the President's Lifelong Learning agenda. While there are different views as to which element of that agenda should be emphasized at this event, we should work with the Kennedy campaign and, most importantly, **make decisions as soon as possible about the emphasis, theme, and site of the event.**

Attachment

COPY

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman for circulation; RE: Draft Opening Statement for East Room Press Conference (1 page)	n.d.	P5
002. memo	Michael Waldman to the President; RE: Peter Jennings Interview on NAFTA (1 page)	11/15/1993	P5
003. memo	Michael Waldman to David Gergen, et al.; RE: My Anti-Nafta Background (1 page)	n.d.	P6/b(6)
004. memo	Michael Waldman to David Gergen; RE: Possible Television Address (1 page)	11/16/1993	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13660

FOLDER TITLE:

[NAFTA]

Debbie Bush
2006-0469-F
db2230

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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TO: CIRCULATION

FR: MICHAEL WALDMAN

RE: DRAFT OPENING STATEMENT FOR EAST ROOM PRESS CONFERENCE

Here's the draft opening statement for the press conference. It reflects the strategic judgement of the NAFTA War Room folks:

a) The President should aim high in the opening statement, making the foreign policy and global economic points.

b) After last night's blowout, we are in a position to argue to members of Congress that this is about courage to do what they know is right, in the face of pressure. (Some might say "musclebound").

c) The President should not directly refer to the debate in the opening, though obviously there will be at least one question, and he should have a snappy and on-message answer.

COPY

November 16, 1993

MEMORANDUM FOR DAVID GERGEN
 GEORGE STEPHANOPOULOS
 MARK GEARAN
 BILL DALEY
 RAHM EMANUEL

FROM: MICHAEL WALDMAN

SUBJECT: POSSIBLE TELEVISION ADDRESS

Allow me to weigh in on the issue of whether the President should do a brief television address -- on Tuesday morning or Tuesday evening.

I believe that he should do something like this, for three reasons . . .

a) **When the arguments are put out there to the unorganized public, it moves public opinion.** According to many congressional offices, calls are now 50-50 post-debate, or even better. This can help us keep the momentum going.

b) **It ups the ante, which we still need to do.** In the end, we still need to make the "national interest" and "interest of the Presidency" arguments. The President as national leader, the only official charged solely with safeguarding our national interest, is still powerful. This is an important part of our strategy to guilt-trip lawmakers.

c) **It helps us rise above the "let's make a deal" atmospherics.**

d) **It will show the President as fighting to define the national interest, pushing for something he believes in.**

The downside is that we lose -- and that this is seen as a token of the President's inability to call forth public response. I think we crossed that bridge a long time ago!

* * *

As for daytime versus prime-time, let me throw out something to consider: we have a reasonably compelling event tomorrow (the governors), so we'll get on the news no matter what; a TV speech might actually step on our other story.

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman to Thematicians; RE: Draft Memeorandum to the Vice President on Debate Goals (5 pages)	n.d.	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13660

FOLDER TITLE:

NAFTA [North America Free Trade Agreement] - Gore v. Perot Debate

Debbie Bush
2006-0469-F
db2231

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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SAT.

9:30 AM

TO: THEMATICIANS
FR: MICHAEL WALDMAN
SUBJECT : DRAFT MEMORANDUM TO THE VICE PRESIDENT
ON DEBATE GOALS

Attached is the first draft of a memorandum on goals and methods to be sent to the VP. Please get us your comments ASAP. (This may be sent in to the VP before all the comments are in, but we can edit and alter along the way.)

Gone J.
Perat

COPY

The debate with Ross Perot is a unique opportunity to hammer at Perot's arguments, undercut his credibility, intensify public interest in the issue, and advance the case for NAFTA.

The goal should be to remind Members of Congress and other elites that this pact is opposed by fearmongers and demagogues. The operating principle should be: "we have the facts; Perot has the fear." Every statement and answer should seek to present the case for NAFTA while marginalizing or rebutting Perot.

This is not a candidate debate. The purpose is not to build up the character or standing of one candidate over another, or to render another candidate unfit. Consistent with the dignity of the office, the skills you should call on are more those of a congressional interrogator than a candidate debater.

The purpose of this memorandum is to outline the goals for the debate; clarify the audience you should keep in mind; and spell out the themes and arguments that are working well in the fight for NAFTA.

I. GOALS

1) **To present a positive and persuasive case for NAFTA.** As in the last weeks of a political campaign, the public is only now focusing on NAFTA. Much of what they know is sketchy or wrong; there is a need to present in simple terms what the agreement is and what it does. (For example, the President's radio address this week explains what a tariff is, and that NAFTA will reduce tariffs on goods going to Mexico.) The case for NAFTA should be presented in an optimistic, expansive, even visionary fashion, stressing the benefits of exports and our confidence that America can compete and win in the world marketplace. We have the national interest at heart; our opponents have narrow or nativistic interests at heart.

2) **To undercut Perot and his facts.** On NAFTA, Perot is compelling but -- on most of his points -- one sound-bite deep. He only appears in controlled forums, where no one will pose challenging follow-ups or, or follow arguments to their illogical conclusions. Ideally, by the end of the show viewers should believe that Perot misuses facts and has dubious motives for his opposition. (Voters are primed to believe these things anyway.)

Perot's persuasiveness on NAFTA stems from an underlying intuitive validity to his argument -- to some degree, jobs have chased lower wages, business has abandoned American workers, etc. There are, however, persuasive rebuttals to the "giant sucking sound" argument. A principal goal must be to undercut Perot on this point, to leave viewers believing that this is an argument that can be won (or at least fought to a draw).

In addition to Perot's message, this is an opportunity to wound Perot the messenger. His business dealings in Mexico; the support for NAFTA by his son, Ross Perot Jr.; the

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poor union-relations records of his companies -- all undercut his credibility. Our task over the next several days will be to assess which of these foibles are most effectively highlighted.

3) To draw a sharp contrast between the proponents of NAFTA and the opponents -- to marginalize the opponents as "wackos." Polling data indicates that when the public learns who is on each side of the issue, it helps us tremendously. After all, they know little about NAFTA -- but when they are told that all the Presidents, Nobel laureates, etc., support NAFTA, and that the opponents are Perot, Buchanan, Brown, Jackson, etc., they side with the respected figures. This can be accomplished a) by the contrast in demeanors and stature of the debaters; b) by your repeatedly citing the 14 Nobel laureates, 42 governors, 5 former presidents, etc.

4) To reassure members of Congress about their ability to vote for NAFTA and live to tell the tale. The principal purpose of the debate is to give members of Congress confidence that they can sell NAFTA to their constituents -- or, at least, defend a pro-NAFTA vote. (If AGJ can take on Ross Perot on Larry King, it makes it easier for Members of Congress to take on the United We Stand chapter in their district.) An ancillary element of this is to show toughness, on the part of the you personally and the Administration generally.

II. AUDIENCE

Despite Larry King's populist image, the audience for this debate is primarily elites -- the members of Congress who are looking for cover for a "pro-NAFTA" vote, and the press who will tell the public what happened.

* **Congress** -- As you know, the undecided Members of Congress about whom we care about are intellectually for NAFTA, yet fear the political consequences of a yes vote. They need to see that the arguments for the agreement can be presented in a direct, populist style, and that those arguments can withstand assault from Mr.-Giant Sucking Sound himself. They also need to be stiffened in their resolve by seeing us confronting their tormentor directly. (They hate Perot almost as much as they crave the support of labor, so elevating him as chief NAFTA foe helps there, too.)

* **The media** -- The broadcast media and, to a lesser extent, the print media will be the interpreters of the event for members of Congress and for the public. As with presidential or vice presidential debates, they will redact a compelling exchange, witticism or soundbite that supposedly encapsulates the entire encounter. Perot is a genius at producing soundbites while denouncing soundbite-ism, so you should be ready with some of your own.

* **The public** -- On a typical night, Larry King has approximately 3 million viewers; on this night, that number might rise to 5 million. This is small compared to normal network fare (for example, xx viewers watch Nightline), but still one of the largest audiences ever for a high-stakes issue debate of this kind.

III. ARGUMENTS

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You are familiar with the arguments for the trade pact, and have expressed them yourself many times publicly and privately. Here is our sense of the most compelling arguments that help us at this stage in the debate:

*** NAFTA will expand exports, and exports create jobs. Our nation's future prosperity depends on exports.** We cannot expand our economy without expanding exports; half our growth over the past five years came from exports. Already, millions of jobs depend on exports, and these jobs pay 17% above average. If we don't expand trade, our economy will wither.

NAFTA will create jobs by tearing down Mexico's tariffs and letting our products in. (This simple causal relationship cannot be overstressed.) We expect that NAFTA will create 200,000 jobs in by 1995 alone. We know that this will work because it already has. Mexico began lowering its tariffs in 1986; our exports have boomed from \$12 billion then to \$40 billion now. We've turned a \$5.4 billion trade deficit into a \$5.6 billion trade surplus. And some 700,000 U.S. citizens earn their living from exports to Mexico.

A corollary of this is: we are optimistic that America and its workers can compete and win. If cheap wages were all that mattered, Haiti and Bangladesh would be world manufacturing centers. When Mercedes Benz, Toyota, xxxxxx chose to locate in this hemisphere, they chose the U.S., not Mexico. Perot and the America-can't-win crowd believe that we can't compete, and that our only remedy is to hide behind walls of protectionism. That's not only self-defeating and economically illusory; it's cowardly and counter to the American character. (Think of how Reagan would argue for this.)

*** NAFTA will improve the current problems in our trade with Mexico -- it will make it less likely than today that firms will move there.** Today, Mexican law forces U.S. firms that want to sell in Mexico to produce in Mexico. (The best example is the domestic content rule in autos.) NAFTA lets U.S. firms ship products, not factories, to Mexico. For example, NAFTA repeals the Mexican requirement that cars sold in Mexico be largely built in Mexico. Today, the Big Three ship 1000 U.S.-made cars to Mexico; after NAFTA, they will ship 60,000 in the first year.

In addition, by raising Mexico's environmental standards, and forcing them to enforce labor laws and raise their minimum wage to keep pace with productivity, NAFTA will make it less likely than today that firms will move south of the border in search of lax rules or low wages. You have enormous prima facie credibility on this issue, as a publicly committed environmentalist.

This argument shines a spotlight on the logical fallacy in Perot's case: there is nothing stopping a firm that merely seeks a cheap workforce from moving to Mexico now. (Perot and his co-author, Pat Choate, lamely argue that lots of firms are now "on the fence," and that NAFTA's intellectual property protections and anti-expropriation measures will "tip the balance.")

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A cautionary note: Citizens have certain stereotypes about Mexico and our trading relationship, and it is futile to seek to disabuse them in this forum. The public is skeptical that Mexicans as individuals have enough money to buy our products. They are willing to believe, however, that Mexico is a large and growing market for our products.

*** NAFTA is in the national interest, and will be a test of American leadership in the post-Cold War era. [THIS IS THE FOREIGN POLICY ARGUMENT -- TO BE FILLED IN]**

*** NAFTA is supported by every living President, 42 Governors, 14 Nobel laureate economists, etc. [TO BE FILLED IN]**

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman to David Gergen, et al.; RE: Possible Television Address (2 pages)	11/16/1993	P5
002. memo	B.J. Hughes to Michael Waldman; RE: Home telephone number (partial) (1 page)	11/18/1993	P6/b(6)
003. letter	Carolyn Laban to Michael Waldman; RE: Home address (partial) (1 page)	11/18/1993	P6/b(6)
004. note	Bonnie White; RE: Home address and telephone numbers (partial) (1 page)	11/18/1993	P6/b(6)
005. letter	Maria Bowersox; RE: Home address (partial) (1 page)	11/18/1993	P6/b(6)
006. fax	Carolyn Laban to Michael Waldman; RE: Home address and telephone number (partial) (1 page)	n.d.	P6/b(6)
007. letter	Joyce Manuel to Waldman; RE: Home address (partial) (1 page)	11/17/1993	P6/b(6)
008. letter	Gail Schayfer to Emanuel or Waldman; RE: Home address (partial) (1 page)	11/18/1993	P6/b(6)
009. letter	Pat Szucs to Mike Waldman; RE: Home address (partial) (1 page)	11/18/1993	P6/b(6)

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13660

FOLDER TITLE:

NAFTA [North American Free Trade Agreement] - Misc. Correspondence

Debbie Bush
2006-0469-F
db1494

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

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November 16, 1993

MEMORANDUM FOR DAVID GERGEN
 GEORGE STEPHANOPOULOS
 MARK GEARAN
 BILL DALEY
 RAHM EMANUEL

FROM: MICHAEL WALDMAN

SUBJECT: POSSIBLE TELEVISION ADDRESS

Allow me to weigh in on the issue of whether the President should do a brief television address -- on Tuesday morning or Tuesday evening.

I believe that he should do something like this, for three reasons . . .

a) **When the arguments are put out there to the unorganized public, it moves public opinion.** According to many congressional offices, calls are now 50-50 post-debate, or even better. This can help us keep the momentum going.

b) **It ups the ante, which we still need to do.** In the end, we still need to make the "national interest" and "interest of the Presidency" arguments. The President as national leader, the only official charged solely with safeguarding our national interest, is still powerful. This is an important part of our strategy to guilt-trip lawmakers.

c) **It helps us rise above the "let's make a deal" atmospherics.**

d) **It will show the President as fighting to define the national interest, pushing for something he believes in.**

The downside is that we lose -- and that this is seen as a token of the President's inability to call forth public response. I think we crossed that bridge a long time ago!

* * *

As for daytime versus prime-time, let me throw out something to consider: we have a reasonably compelling event tomorrow (the governors), so we'll get on the news no matter what; a TV speech might actually step on our other story.

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* Today we enter the next great era of American growth. We have faced the first great foreign policy decision following the end of the cold war, and we have not [flinched].

* World of economic change. [Need to freshen up with statistics on world economy.]

Cold war over.

* Faced choice - compete or retreat.

Scary for people

*

- exports

- productivity going up

- that means same people producing more - often fewer people

- thus the only

tues 11 Harvey Simon 617 495-0590 Kennedy School 3/6/54

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. form	Personal and Family Background; RE: Louis Joseph Freeh (partial) (5 pages)	n.d.	P6/b(6)
002. form	Biographical Information; RE: Louis Joseph Freeh (partial) (6 pages)	n.d.	P6/b(6)
003. memo	Michael Bromwich to Bernard Nussbaum, Clifford Sloan; RE: Louis J. Freeh (6 pages)	06/27/1993	P2, P5, P6/b(6)

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13660

FOLDER TITLE:

FBI Director Transition: Nomination [3]

Debbie Bush
2006-0469-F
db1502

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION

001: memo	Charles Buffon to Ricki Seidman; RE: William B. Gould (3 pages)	08/17/1993	P2, P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13660

FOLDER TITLE:

[Bill] Gould Nomination Writings

Debbie Bush
2006-0469-F
db2232

RESTRICTION CODES

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

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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DETERMINED TO BE AN
ADMINISTRATIVE MARKING

INITIALS: DB DATE: 8/23/10

2006-0469-F

~~CONFIDENTIAL~~
August 17, 1993

MEMORANDUM TO RICKI SEIDMAN

Re: William B. Gould IV -- Possible Arguments Against
Confirmation as Chairman of the NLRB

Pending receipt of information about the financing of his travel, no known basis exists for attacking Gould on tax/financial/personal/ethical issues. Opposition to Bill will, of necessity, focus on his substantive views.

Bill has written five books and over 100 scholarly and popular articles on a wide variety of subjects. He has also testified before Congress. Based on review of this material, opposition will focus on the following themes:

First, Bill will be characterized as biased toward unions and as someone who would upset the existing balance between labor and management. It will be argued that the "reforms" Bill has proposed in his most recent book, Agenda for Reform (MIT Press 1993), overly favor unions and are outside the mainstream. The following proposals will be cited:

- (1) permitting authorization cards (instead of a secret ballot) to measure union support,
- (2) requiring employers that have violated the NLRA to bargain with non-majority unions,
- (3) permitting unions to organize employees now considered part of management,
- (4) forbidding union members to resign during strikes,
- (5) permitting nonemployees to organize workers on employer property,
- (6) forbidding permanent replacement of strikers,
- (7) making NLRB orders enforceable pending appeal,
- (8) increased NLRB efforts to obtain preliminary injunctions,
- (9) enhanced NLRB remedies, including treble damages, and

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(10) mandatory arbitration of some labor/management disputes.

Not one of these proposals is unique to Bill Gould, and many have been incorporated in past and pending legislation introduced by Congressional Democrats (e.g., Senators Kennedy and Metzenbaum). Also, most of these reforms would require new legislation. But, they all evidence a point of view counter to the pro-management orientation of the last twelve years, and that fact is bound to inspire opposition.

Second, it will be argued that adoption of Bill's "agenda" would place undue burdens on employers and make them less competitive. The focus would be on proposals (1) that labor/management agreements survive bankruptcy and mergers, (2) that employees have access to management information (including financial information, strategic plans, and plans for plant closings) and (3) that "good cause" be required for employee discharges.

Again, none of these proposals is novel, and each would require legislative and judicial endorsement. But, it will be argued that Bill is so protective of workers that he is indifferent to effects on competitiveness.

Third, Bill has been an outspoken champion of minority workers against both management and unions. He has represented black workers in class action suits, and he has argued (1) that the NLRB should be active in attacking racial discrimination as an "unfair labor practice," (2) that racial discrimination should be a mandatory subject of bargaining, (3) that management should be required to deal with minority organizations that assert

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racial grievances, and (4) that "affirmative action," such as management financed training programs, may be necessary to eradicate effects of past discrimination. It is unlikely that Bill will be attacked for support of minority workers as such, but his views on remedies might be characterized as additional evidence of indifference to competitiveness.

Finally, opponents may try to cast Bill as an academic/Social Democrat/internationalist with his feet off the American ground. Bill advocates U.S. readmission to the ILO and agreement to its Conventions; he has studied and written extensively on

labor/management relations in Europe, Japan, Canada and South Africa; and his writings often cite foreign practices as models for U.S. emulation. Critics may argue that Bill is not sufficiently sensitive to the unique attributes of the American labor/management situation. For example, then Professor Reich said in a review of Bill's book, Japan's Reshaping of American Labor Law (MIT Press 1984), that it "can sharpen our perspective . . . but such studies cannot, and should not, persuade us merely to follow by example."

Given Bill's experience as an NLRB staffer, an associate in a management-oriented law firm and as an arbitrator in over 100 real-world cases, it is clear that Bill is familiar with U.S. labor/management reality. Nevertheless, efforts may be made to cast his knowledge of labor/management regulation outside our borders as a subject of criticism instead of recognizing the beneficial added perspective that it provides.

COPY Charles E. Buffon

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman to Gould Team; RE: Some Communications Issues (2 pages)	12/07/1993	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13660

FOLDER TITLE:

Gould Nomination: Miscellaneous

Debbie Bush
2006-0469-F
db2233

RESTRICTION CODES

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

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

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RR. Document will be reviewed upon request.

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TO: GOULD TEAM
FR: MICHAEL WALDMAN
RE: SOME COMMUNICATIONS ISSUES FOR GOULD NOMINATION
December 7, 1993

*** Thematic development/core decisions:**

- This is GOP obstructionism . . . partisan gridlock. AND/OR
 - Rebuttal on substance/bolstering of his credentials
 - stigmatize the opposition
 - who is the Labor Policy Association? are they the best villain?
 - is this racism? (too early to use?)
 - do we use Gould? or do we use surrogate spokespeople?
-

*** Editorial boards**

- research on who's come out which way
- mailing to edit bds.
- visits?
 - Gould wants to go to Atlanta Constitution and Chicago Tribune
- Wall Street Journal - preparing responses

*** Press**

- elite print press
 - columnists
 - keeping track of who's written
- local press?
- specialty press
 - African-American
 - labor press
- television/radio
 - chat shows
 - debate shows (i.e., Crossfire, Jesse Jackson)
 - network producers

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*** Research/production tasks**

- editorial board packet
- drafting an op-ed

- research on opponents
- previous statements by GOP senators about the right of a President to have his nominees unless they're off the charts
- what companies he's ruled for (he's ruled for business in 52% of the time)
- rounding up prominent surrogates
- what other nominees have been blocked - how many are women or minorities?

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman to Gould Team; RE: Some Communications Issues (2 pages)	12/07/1993	P5
002. memo	Pete Lunnle to Nam Employye realtions Committee, et al.; RE: Telephone number (partial) (1 page)	10/07/1993	P6/b(6)
003. memo	Jeffrey C. McGuiness to LFA Company Representatives, et al; RE: Telephone number (partial) (1 page)	09/10/1993	P6/b(6)

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13660

FOLDER TITLE:

Gould Nomination: [Communication Issues]

Debbie Bush
2006-0469-F
db1505

RESTRICTION CODES

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

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

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

COPY

TO: GOULD TEAM
FR: MICHAEL WALDMAN
RE: SOME COMMUNICATIONS ISSUES FOR GOULD NOMINATION
December 7, 1993

* Thematic development/core decisions:

- This is GOP obstructionism . . . partisan gridlock. AND/OR
- Rebuttal on substance/bolstering of his credentials
- stigmatize the opposition
 - who is the Labor Policy Association? are they the best villain?
 - is this racism? (too early to use?)
- do we use Gould? or do we use surrogate spokespeople?

NOT YET

National
Right to Work

come
outside

* Editorial boards

- research on who's come out which way ✓
- mailing to edit bds → civil rts. gfs
- visits?

- Gould wants to go to Atlanta Constitution and Chicago Tribune
- Wall Street Journal - preparing responses

Glynn
Williamson
MW will meet
w/ Solicitor
WH person * Press

- elite print press
 - columnists
 - keeping track of who's written
- local press?
- specialty press
 - African-American
 - labor press
- television/radio
 - chat shows
 - debate shows (i.e., Crossfire, Jesse Jackson)
 - network producers

INAPPROPRIATE

we never have nominees
do editorial boards
you don't want to create a
record

keep it low key

CALL LORRAINE VOLES.

COPY letters that were generated

* Research/production tasks

- editorial board packet

- drafting an op-ed

analysis

Lorraine has done...

Joe/Steve
Rosenthal
2/19/51

DNC research

- research on opponents

- previous statements by GOP senators about the right of a President to have his nominees unless they're off the charts

- what companies he's ruled for (he's ruled for business in 52% of the time)

- rounding up prominent surrogates

- what other nominees have been blocked - how many are women or minorities?

everyone

internal arbitration

- Williamson

- Glynn

- Podesta

- Richard Zacharides

- Cynthia Metzler - @GSA.

Phil Lader

Dunlop.

Harvard

engaged in a good faith effort to make a

Walter Kamiat

800 Res

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. paper	RE: Beverly Bassett Schaefer (2 pages)	n.d.	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13661

FOLDER TITLE:

[Miscellaneous Note]

Debbie Bush
2006-0469-F
db2235

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

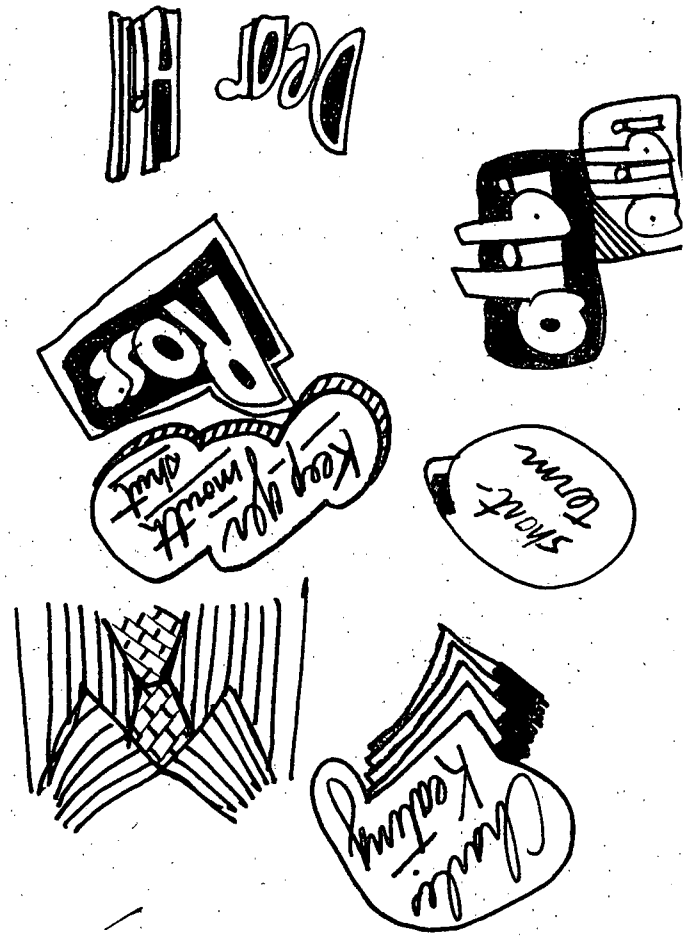
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COPY

{ Have we dealt
with the Beverly Bassett Schaefer
"report" or issue?

We just knew
by it without
discussion.

COPY



COPY

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Robert Rubin to David Kusnet; RE: President's State of the Union Address [partial] (1 page)	02/10/1993	P5
002. memo	Anthony Lake, Samuel Berger to David Kusnet; RE: Suggestions for the President's February 17, 1993 Address (2 pages)	n.d.	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 13661

FOLDER TITLE:

[Possible Speech Inserts] [Binder]

Debbie Bush
2006-0469-F
db2237

RESTRICTION CODES

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

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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- RR. Document will be reviewed upon request.

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- f) a multi-agency task force on training and job placement for people displaced by reduced defense spending, NAFTA and other developments, to be conducted under the aegis of the NEC and headed by Secretary Reich;
- g) development of a comprehensive trade policy; and
- h) small business initiatives.

There undoubtedly will be other significant initiatives as we focus on major opportunities.

On a totally different tact, I strongly recommend that the speech have at least one sentence that says the Administration will enforce the tax laws to deal with the issue of international transfer pricing, but does not intend to enact new tax laws that discriminate against foreign companies. My point here is that both before I came to the Administration and since, I have heard a lot of concern abroad about the intent of the campaign language and the \$45 billion number relating to foreign companies. This allegedly is deterring foreign investment in the United States.

I also strongly recommend that the speech have a sentence similar to one which I believe I remember from the acceptance speech at the New York Convention, to the effect that the President believes that the private sector is the engine of economic growth. I think that the business community will accept being asked to share the burden of dealing with the difficult long-term issues which for so long have been overlooked and which so vitally affect our economy. But that should be combined with a positive atmospheric tone with respect to the private sector, rather than a negative one. The confidence of the business community is critical if our economic plan is going to work, and language such as I have recommended could be very important in reassuring them and engendering such confidence.

COPY

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR DAVID KUSNET

FROM: ANTHONY LAKE 
SAMUEL R. BERGER

SUBJECT: Suggestions for the President's February 17, 1993
Address

The President's address on February 17 offers opportunities to frame the nation's economic challenges within the broader context of global economic and political change. Conversely, it will be important for the President to touch on certain international issues -- particularly trade -- in laying out his economic strategy. Attached is some suggested language on these ideas that you may find useful.

We see four reasons for framing the economic challenge, at least in part, in terms of international dynamics.

First, it is substantively true: many of our economy's problems have their roots in international developments, particularly the globalization of commerce and capital and the global recession.

Second, framing the challenge this way is rhetorically useful. It enables the President to avoid any suggestion that the American people have "failed": the villain is global change, not U.S. malaise. Making the economics package a response to international dynamics also lends national security overtones of the kind that united the country in response to Sputnik. There also may be useful rhetorical parallels to the struggles of people in Russia, China, etc.: refusing to accept diminished horizons; taking matters back into our own hands; calling for change despite the risks and adjustments required.

Third, one of the President's campaign pledges was to recognize the inherent linkages between foreign and domestic policy. It would be odd for him now to deliver an economics address without noting the international pieces.

Finally, a domestic economic revival is crucial for achieving our foreign policy goals. Many friends and allies abroad look to our recovery for their own prosperity. We are the world's biggest economic market; a strong American economy is the best hope for world growth. Moreover, many of our foreign policy goals -- fostering democracy, restructuring our defenses, contributing to

COPY

multi-lateral efforts abroad (e.g., in the former Yugoslavia) -- are easier to reach if our economy is growing.

In addition to using international angles as a theme, there are several substantive issues we would urge you to touch upon:

- Trade: GATT and NAFTA. One out of every 6 U.S. manufacturing jobs depends on trade. In general, more open world trade rules will create American jobs and prosperity. That argues for pushing for a fair agreement in the current Uruguay Round (which holds potential for major benefits for agriculture, industry, and services), and supports quick negotiation of parallel agreements on labor and the environment for NAFTA.
- World economic growth and G-7 coordination. Slow global growth is one cause of our economic sluggishness. That argues for strengthening economic coordination among our G-7 partners. The G-7 finance ministers will be meeting later this month to lay the groundwork for the July Tokyo meeting.
- Reform in Russia and the former Soviet Union. If Russian reform falters, it will be harder to reduce defense budgets, which will reduce dollars available for domestic investment. Conversely, if FSU reforms succeed, we can help create an enormous new market for American goods and services.
- A defense budget that was reduced on the basis of an analysis of the changed threats, not through arbitrary budget calculations.

Finally, we would endorse the idea of the President acknowledging, in some way, the service and commitment of the men and women of our armed forces in Somalia, Kuwait, Europe, Asia, and elsewhere in the world.

Attachment
Tab A

Language for the President's February 17 address

COPY

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Suntum to Joshus Gottheimer, et al.; RE: Tape 4 of SOU meeting (15 pages)	01/13/1999	P5
002. email	Olcott to Michael Waldman, et al.; RE: Tape 3 transcript (17 pages)	01/13/1999	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14417

FOLDER TITLE:

SOTU [State of the Union] 1999 Speech Drafts 1/13/99 - 1/14/99 [Binder] [3]

Debbie Bush
2006-0469-F
db2239

RESTRICTION CODES

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

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COPY



SUNTUM M @ A1
01/13/99 07:46:00 PM

Record Type: Record

To: Joshua S. Gottheimer, Michael Waldman, Jeffrey A. Shesol
cc:
Subject: Tape 4 of SOU meeting

THE WHITE HOUSE

Office of the Press Secretary

MEETING ON STATE OF THE UNION SPEECH

January 13, 1999

TAPE 4

(Side one)

THE PRESIDENT: -- you know, what are we going to do, once they get their literacy certificates are we going to do our best to get them back in a GED program. And then once they're in the work force we're going to do our best to make sure they have lifetime learning. And we're talking about immigrants and we're talking about high school drop-outs, we're talking about older workers. They all need it, too.

Who are we talking about? You've got to say who we're talking about, and there's millions of them out there and what we're trying to do.

Q I also believe that -- incredible validation of your economic strategy. You know, everybody always, oh, yeah, the deficit part is good; now here's the business community --

THE PRESIDENT: Okay.

Q -- justifies -- agenda.

THE PRESIDENT: When are we going to sign the agreement to ban child labor?

COPY

Q (Inaudible.)

THE PRESIDENT: Well, what does it say?

Q The problem for us is --

THE PRESIDENT: Does it say you can't work at all if you're under 18?

Q No, it doesn't.

Q It has this labor for like, 13 and 14 year olds, or something like that -- an issue, or raises concerns among some of the agriculture folks --

THE PRESIDENT: For their own children or because they have immigrant workers coming in who are 13 and 14?

Q For immigrant workers. There's an exception for your own children, there always has been.

THE PRESIDENT: Are there a lot of immigrant workers who are 13 and 14?

Q There are. It depends on who you talk to. Yeah, there are.

THE PRESIDENT: Do you think we should sign it?

Q Yeah.

Q Oh, yes.

THE PRESIDENT: Hell, you can't keep everybody happy if you do anything.

Q (Inaudible.)

THE PRESIDENT: We can't go around and bash the shit out of all these people using child labor to produce all these cheap manufacturing projects and say, but we can't sign this convention because we want to keep the Mexican children working on our farms.

Q I couldn't agree with you more.

THE PRESIDENT: And make sure they get exposed to pesticides so they have bad lungs for the rest of their lives.

Q It's a worthwhile --

COPY

THE PRESIDENT: Okay. Keep going. I have to tell you, I think it is so jarring to start -- I mean, even though I believe it, since we don't have the same strong leverage we had a year ago on tobacco, since we haven't even made up our mind what to do with the states, apparently -- or we're going to roll over and die or the congress is going to roll over and die -- I think it's jarring.

I'm kind of with Mark, you know. I think it's sort of weird for us to be raising the tobacco tax 55 cents and suing the tobacco companies. And in suing the tobacco companies, even though the effect of a victory would be to raise this tobacco tax 55 cents is a hell of a lot more popular.

Q I think you don't have to worry too much about actually raising the tobacco tax by 55 cents.

THE PRESIDENT: Of course you don't, but we're talking about-- we don't actually say we're trying to raise it 55 cents in here, do we? So they could assume that we're going to get the money from the suit.

Q (Inaudible.)

Q Well, it's going to be in the papers tomorrow -- the tax increase. So it's not going to be a secret. But I think you're right about the placement of it. If you can say -- Justice Department -- so it doesn't matter where in the speech you say that, that's going to be a big moment.

Q (Inaudible.)

Q We should start with work and family.

THE PRESIDENT: My view is -- let me just look and see, hold on. You've got -- my view is you ought to start with child care

Q And health care?

THE PRESIDENT: Where did we put family leave?

Q Under child care, it's the same -- we're bouncing

THE PRESIDENT: Family leave, yes. And then I'd go to health care. And do patients' bill of rights and then I'd do -- you've got patients' bill of rights, medical records -- then I

would do tobacco, then I would do -- where are we doing Medicare? Then I'd do Medicare extension -- I'd do Medicare extension to old

COPY

people, tobacco/young people. You might want to talk a little more about what we're doing on the 5 million children, you know what progress we're making on the 5 million children. Is there a progress report there? Because that's something we're still doing, what do we know, you know.

And then I'd put tobacco there. Then you do medical records -- Mrs. Gore -- you could do medical records if you wanted under patients' bill of rights. Aren't medical records protected there?

Q What's nice about that is that it's an executive option.

THE PRESIDENT: Yeah, it's fine. Two points. On welfare to work, you know, we're up to 10,000 businesses hiring people and we ought to have a sentence or two on welfare to work, what's in there, what we're doing, how it's working better than anybody ever dreamed. And it's not just for the -- you're not just cherry picking, we're going and we're seeing efforts to get all kinds of welfare people going.

And you might even say that the first round of states all met their job participation requirements, work participation requirements, whatever it was.

But we don't have anything in here on this Shalala idea now.

Q Right. I think we should add --

Q Community health centers?

THE PRESIDENT: Yeah.

Q For those who are not --

THE PRESIDENT: That's what I think.

Q Eli Segal says that if this is going to be in the speech -- and we told him it probably would -- that they would really be able to gear up more activity around the welfare to work.

THE PRESIDENT: So we are going to do that, we're going to --

Q Sir, we put tobacco --

Q Why not begin with minimum wage so you get all these people standing and cheering --

THE PRESIDENT: That's fine.

Q And then ending on -- announcement that you're

COPY

suing tobacco companies --

THE PRESIDENT: Yeah, fine.

Q And then all the rest --

Q So start with working families --

THE PRESIDENT: We need to get an understanding, based on my conversation with Breaux last night, a strong America is one that can put up with a speech this long.

Q We have made no progress in cutting.

THE PRESIDENT: We will, though. Look, it's more important to have the ideas clear and things in order. Let me tell you what I'm going to do tonight. I'm going to take this -- and I wish you could also give me smaller copy, a print copy -- because what I'm going to do is take and I'm going to make an outline and then say what the main point we want to make is. And once you decide what the main point is, then there's some things you have to explain. Like you have to explain the financial crisis; you have to explain what you're doing with the surplus for seniors; you have to explain how we're going to change the way we give out federal education money. You have to explain that.

Anything you don't have to explain, you ought to assert. And when you get into what you have to explain and what you have to assert, there may be a way to distill more of this. You know, there are some things just by stating the factual sentence, the linear sentence, people will get it -- or they'll get it enough. Or at least it will sound --

Q Single spaced or double spaced?

Q Double space, small type.

THE PRESIDENT: Yeah, like this. Now, I think some of this stuff can be tightened up, this strong America thing.

My question here, you see where I put Congressmen King, Kennedy and Dodd? In many of my states of the union -- and I think last year, you ought to go back and check -- I've got them all and I was going to check. But I think in almost all of them I mention a smattering of Republican and Democratic senators. Like, I think you can mention Jeffords and Harkin and Kennedy in this thing we did today.

Q That's in there.

THE PRESIDENT: That's in the speech, isn't it -- the disabled, employment of the disabled.

Q -- not.

COPY

THE PRESIDENT: What's that in?

Q In the health care section.

THE PRESIDENT: And so I think in this section it's a good place, non-gratuitous way to mention Peter King. And you mentioned all the other Democrats, Peter King and other House members of both parties for something like that. Or even mention one Democrat, too.

-- the more generic point that I think that, you know, you don't want to just lard it up, but we normally have some mention of members of Congress. And if all I'm doing is bragging on Al and Hillary and Tipper and a few citizens, so we've got to be a little careful about that. You want to --

Q It shows you're able to work in bipartisanship.

THE PRESIDENT: Yeah. And I brag on Hastert, so that's

Now, my question on this: Israelis, Palestinians in the world, blah, blah, blah -- we've got important legislation here. I don't know if it helps, but important information to implement the Wye accord that has aid for Israel, the Palestinians and Jordan in here. And I question whether we can get away with not mentioning it.

Q (Inaudible.)

THE PRESIDENT: Yeah, if the NSC doesn't want me to, it's fine.

Q Well, it's not like this is a --

Q I also think we could even tighten up the rhetoric in those three peace paragraphs to make them more dramatic.

THE PRESIDENT: Yes, on this Russia, Ukraine, former Soviet Union and all this stuff we want to do for Russia and all that, I have a question here about whether we ought to -- it's an NSC question, you can take it back, Tony -- whether I ought not to use this forum to ask the Russian duma, please, finally to ratify the START II treaty so we can get on with START III, which is in their best interest for security and economic terms and also in ours and the world's -- with other countries, out there talking about developing nuclear weapons. We need -- Russia and the United States need to be setting a good example, and continuing to implement our treaties and our agreements to reduce our arsenals.

Okay, so I think you ought to think about that. I also

COPY

think -- I have a question whether we ought to say anything about the missile defense issue in here, since we -- and I think that the Saddam Hussein paragraph is too long. It looks like we are obsessed with Saddam Hussein. I mean, it looks like, Jesus, he's the only guy we ever think about. There's a whole world out there.

Q Mr. President -- not being schooled in foreign policy, like my colleagues. I actually think it's important to do Saddam Hussein at some length, because we just had such a significant military action there. To not really talk about it --

THE PRESIDENT: Oh, I think you've got to say it. I just thought you could say the sentence. No, no, I don't think you ought to say, oh, by the way, we zapped him.

The truth is, we hurt the guy far worse than most Americans think. Now, most Americans think the attack was a failure. I mean, we actually -- he did a pretty good job of concealing it. We're only now getting the intelligence out that shows that he was actually hurt a lot worse

Q -- the first paragraphs sounds almost defensive.

THE PRESIDENT: What?

Q -- the second paragraph is great, about our missions and what happened. And it's sort of -- the first paragraph sounds, to me, defensive.

THE PRESIDENT: The first paragraph; that's what I mean. It just -- tonally -- we're saying the same thing we have said 500 times before, in the State of the Union, and it's like, we don't have anything new to say about foreign policy, so we'll just say the same old thing we say about Saddam Hussein every time we open up. We don't need -- I think you can say, Saddam Hussein -- we held him in check with blah blah blah, and then -- and we're prepared to work for the day, and we had to hit him, and our soldiers were great, and by the way here's this guy, and the Republicans will stand up for him.

Q -- international purpose, not domestic, is that, with all the -- remind people that this is a really bad guy, even though we've said it hundreds of times before, it's useful --

THE PRESIDENT: Well, maybe. I'll look at it. It just struck me -- it looked defensive to me. It looked like --

Q Would it help if we flipped the paragraphs? Or -- just to set the case.

THE PRESIDENT: I don't know.

Q The emotional peak is --

THE PRESIDENT: Yeah, but not only that. We've got --

COPY

it logically goes into where we are with the military. Military strike, fact fact fact, which I like.

Q Can we go to the --

THE PRESIDENT: Okay, NATO, Asia --

Q What's this brackets here?

THE PRESIDENT: Whether we want to call for a second round of base closings.

Q Okay, I don't know what John thinks about that. It's going to be painful.

THE PRESIDENT: I'm for it, but they won't pass it, so if we're going to -- I don't mind proposing it, but we might as well not do something we'll take a hit for on the dial-meter --

Q And that you have no chance of passing.

Q That's a commencement address-type thing. Mr. President, in an early outline that you wrote out --

(interruption to tape.)

THE PRESIDENT: -- I think we ought to say that it's still a big problem and that the United States -- say, one of the things we're proudest of, you could put it up there with our achievements, is that this year, again, we invested more than half the resources the world dedicates to de-mining, to try to rid the world of the scourge of dangerous landmines that are killing kids.

Q -- problem is that the Pentagon is going, frankly, a little slow on finding alternatives to anti-personnel mines in Korea and we're getting a little bit of flak for that. They just haven't been --

THE PRESIDENT: Precisely. Which is why I think it's worth reminding people that those lines ain't killed nobody. The UN sent us there; the UN gave us a mandate. And we're out, while all these other people are sanctimoniously putting their fingers in the air and pointing at us, we're actually out there saving people's lives with landmines. We destroyed a million and a half landmines, or two million landmines; we've done all this stuff. I don't feel terrifically strongly about it, but I think that -- you know, the United States has the best record of any country on the landmine issue in the last five years.

And all we do is take shit because we can't sign that Convention, because they wrote it to make it impossible for us to sign, and enjoyed doing it. People that never had a landmine, wouldn't know one if they saw it, and don't send people all the way across the world. We lost a plane in the last year -- I think that

COPY

plane, did that plane go down since the last State of the Union? Off the coast of Africa?

Why don't you check that out? Was it in '98? Yeah, off the coast of Namibia, was it '98 or was it earlier? So it would have been '97 --

Q -- one problem, Mr. President, is that if you do that, it opens up -- takes to explain it, so you're dragging a little. Now, you can do it --

THE PRESIDENT: What is it you have to explain?

Q Well, you have to explain why you get into this. You say --

THE PRESIDENT: I don't want to get into it. I just want to assert that we've tried to lead the way toward ending the threat of landmines. We've destroyed X million and we've put up 55 percent of the money the world spends on de-mining every year. We're working at it in Bosnia and in other places around the world.

We don't have to do it, but I think it's important. I don't think we should be defensive on this. I think we should be offensive. I do not wish to be defensive. But I also don't want to hide our light under a bushel. Nobody else in the world who has done remotely what we've done on this issue. And they're trying to gang-bang us because we wouldn't sign an agreement that they knew we couldn't sign when they wrote it the way they wrote it. Just to screw us. And none of them have to -- you know, they don't have to worry about Korea and 1,700,000 North Korean soldiers, 20 miles from Seoul.

On Hurricane Mitch -- I think there are over 3,000 military people still down there. I think that ought to be put in there. I think we ought to point out that they're still down there, we still have 3,000 people down there. And we might talk about how much money we've dedicated already, and how much we want to spend -- I think we have a program to get more money for them. And we could thank the First Lady and Tipper and the members of Congress of both parties who have gone down and --

Q The Republican members who went down there. That might be another place where you --

THE PRESIDENT: Yeah, and thank the Republicans and the Democratic members of Congress that went down there. And we're very grateful. Okay, what?

Q The readiness paragraph.

THE PRESIDENT: Yeah?

Q I've heard you talk about the issue of readiness, privately, in a more compelling way than this, in terms of what the

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soldiers have to put up with, you know, in terms of their quality of life, and the weapons, and that sort of thing. Do you have a particular way you want to talk about readiness, because -- right now it's very bureaucratic.

THE PRESIDENT: No, I think you ought to say, look, they're out there. We've downsized the military. They're gone longer, they're taking on more foreign missions, they're away from home for longer periods of time. Their resources are more stretched and, if we want to keep the best people in, or keep getting good people, we've got to pay them well, support their families, give them good training, give them world-class equipment and keep it well-maintained. You know, we've got to do that. We owe that to them. That's what readiness is.

And if you think about what it's like -- you know, we flew those missions over Iraq, and we didn't lose a single plane. Whatever job we give them to do -- we say, go down there and help those countries rebuild after Hurricane Mitch, they figure out how to do it. But we're down on enlistments in the Navy. We're having a hard time holding our pilots because the economy's good and private airline companies can pay them a lot of money. And we've got some other problems. We've got to do something. We've got to address them. That's why I've made these proposals.

You know, I'm trying to make it more -- almost conversational. Explaining to people what the hell the deal is, here. Get people to imagine what it'd be like if they were there.

Now, on the Cuba deal? That's sort of our obligatory throwaway line, our pander line, that we always say. Don't you want -- I mean, shouldn't I say something about the recent initiative we made to bring the people of the United States and the people of Cuba closer together, do more to help the people there? Even as we continue to press for expanded freedom and democracy in Cuba?

Q Depends on whether or not you want to make the Republicans applaud. The first part of that, they will applaud. You use this line, they won't applaud. You have to do this first -- I mean, if that was the purpose of having this in there, which I assume was what it was, then they are forced to applaud --

THE PRESIDENT: I don't like this sentence. This is sort of a yawner. No, yeah, I was thinking about 21st century communities.

Q Can I just go back to the China piece? Given that China has been really clamping down, I mean, significantly --

THE PRESIDENT: Yeah, I think we've got to do that. I was going to do that when I got it again.

Q We have to recognize somehow --

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Q I think it's very effective, Mr. President, when you actually address foreign nations in a speech like this. If you look at Reagan's State of the Unions, half of them were actually addressed to Russia. Had nothing to do with the Congress, but it was entirely appropriate. And China and the Duma are both places to do that.

THE PRESIDENT: Yeah. I could say, you know, that we had a wonderful trip there. We respect the achievements of China in modernizing. We respect their culture, their heritage and their people. We want very much to have a partnership for the future. But we think it is a serious mistake to crush out legitimate political speech, or something like that.

In other words, we defend our policy of engagement, but we explicitly say what we don't like, and we do it in a metaphorical way, that it's not such a big insult. And you also don't have to use that word. I think that "engagement" word is so awkwardly used. It has a sort of a tinny feel to it, you know? Engagement. You don't know whether you're asking somebody to dance, asking somebody to shoot dice with you, asking somebody to have a drink, asking somebody to go over Niagara Falls. I mean, you just don't know --

Q -- sixteen -- actually done so much to strengthen democracy there.

THE PRESIDENT: Yeah, I think -- we've got a hell of a lot better record in Latin America. We don't say anything about that. Yeah, go do that. Now, can we start again? Otherwise we're never going to get finished if we just -- we're just going on and on and on and on and on here.

Q You said you thought the intro to the families was weak?

THE PRESIDENT: No. I think the first sentence is good. Here are my -- let me just give you my observations, because we're going to run out of time. "The ties that bind us together too often have been frayed by the forces of change." You know, this 20th century, 21st century -- I would say, in this case -- I mean, you can say that, but really what I'd like to say is that here, in America -- the ties that bind people together have been frayed -- these words are going to be all wrong, but I'm just telling you what I'm thinking.

This is like going back to the 20th century. This is like thinking about the KKK lynchings in the '20s or something. You're trying to sweep back across the 20th century. What I'd really like to say there is that the vast diversity of America has strained the ties that bind us together in recent years, even as we have seen even more violent conflicts, you know, whatever, in other countries. And then, in the 21st century, I wouldn't say "restore those threads

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of community." I don't like that. I think you should say, we have no choice but to be One America. If we want to have a positive -- if we want to have a good influence around the world, then we must be good at home. Something like that, you want to say some idea like that.

Q You've said that before.

THE PRESIDENT: This thing here, I'm just not sure -- I guess it's okay to have this here, but it seems so logical to put it in the economic section where -- that it ought to be in the economic section because we're talking about expanding opportunity to people and places that have not yet felt it.

Now, in this budget do we have new empowerment zones or community banks?

Q Increases -- we have a whole --

THE PRESIDENT: Fine. Now, I have to tell you -- now, I'm going to read this to you and you tell me what I just said. Tonight I propose the next stage of our opportunity strategy -- I presume this should be a colon -- more capital into our inner cities, a new American private investment corporation to make loan guarantees for investment in our untapped domestic markets; tax credits for new investments; 100,000 new vouchers to help poor people move out of public housing; a better farm safety net for rural America with crop insurance -- that's good.

If you put crop insurance and foreign income assistance, you may not need this last sentence there. But what is the American private investment corporation? Is it modeled on OPIC, is that why it's called American private investment corporation? If it is, shouldn't we say, modeled on the Overseas Private Investment Corporation? I think that's a nice parallel. People are always saying we ought to do at home what we do abroad.

If it's going to have loan guarantees, where does the money come from? And where are the tax credits for new investments coming from? And are they new tax credit not now in the law? And all of this is going to be explained in my speech on Friday morning?

All I'm saying is, everybody doesn't hear that speech on Friday morning, they won't know what the hell I'm talking about.

Q Doing it this way was designed to show there's a whole lot of stuff going on that you're putting out there. Maybe we'd be better off explaining what you're talking about a little more without identifying new initiatives. But you can't do both for length.

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THE PRESIDENT: No, no, what you could do, you could litanize the points -- and have the last one be, and an American private investment corporation. Then you could have, if it's modeled on OPIC, modeled on our Overseas Private Investment Corporation, which will do thus and so, and explain what it will do in one sentence.

You want it to be -- this is a pretty damn big idea. And we're going to try to play it big on Friday, aren't we? So I think if we're going to play it big on Friday, we need to play it big in the State of the Union.

Q -- untapped markets -- give incentives to people to

Q You could even say Gene's line, then say, last week, before an audience of many of America's business executives, I unveiled a new initiative to get -- don't go through the whole litany except for closing with APIC. I don't think you can do both -- in terms of compression, that might be more --

THE PRESIDENT: All I'm saying is, the big idea here is the American Private Investment Corporation. And it has a certain resonance to it.

Q Because people always get upset that you're willing to invest in overseas and not at home.

THE PRESIDENT: They're wrong, but --

Q When they find out it is for the inner cities, they won't like that either.

THE PRESIDENT: Yes, they do. They support that. They get big numbers. People think, if you're trying to put people to work anywhere, they will spend the money on it. Every one of Mark's polls shows surprising support for investment in the inner cities.

On strong communities and safe communities, I think you can make this first paragraph much shorter.

Q I think that's true for the whole section.

Q The big three things are keeping guns out of the hands of juveniles, -- 100,000 police --

Q More police targeted to high-crime areas. Better tools -- 21st century tools to make sure the police are as well equipped as the criminals. And then juvenile Brady which is not mentioned here.

THE PRESIDENT: We ought to put juvenile Brady in.

Q I think you need to make a decision -- with all the

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gun stuff, do you want us to say it quickly, do you want us to save it for later --

THE PRESIDENT: I don't see why we don't --

(End of side one)

(Side Two)

THE PRESIDENT: (in progress) -- But South Carolina, Maryland, and Virginia all have this? Those are two conservative states, that one handgun a month. Maybe we ought to leave it in there. But I think you need to tighten it up.

The same thing on the livable communities -- you can tighten that up a little bit. I think it's interesting, we put global warming in here with livable community -- you could have put global warming up there with the global challenges. We just need to tighten that up.

Q -- went back on AmeriCorps and made it better --

THE PRESIDENT: It's better, but it sure is long. Too long. You can make it just as good and make it shorter. It doesn't need to be three pages long, you can make it just as good and short.

God, this one America thing is long, too. It is so long. We have got to really talk about who the hell we're going to have there, too.

The immigrant thing is too long. Way too long.

Q Look at the end of it, which is nice.

THE PRESIDENT: Well, I hate to repeat, ordinary time. I said that last year.

Q Not in the State of the Union -- line for the election.

THE PRESIDENT: My line for the election was, building a bridge for the 21st century. A perfectly good line all you stomped out --

Q -- good news in domestic economy as well -- foreign policy agenda --

THE PRESIDENT: So based on what John said, I guess I ought to delete the paragraph that Paul Begal wrote that urged people to --

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Q I had told my wife that she could not be seen in public with more than two of any item. (Laughter.)

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THE WHITE HOUSE

Office of the Press Secretary

MEETING ON STATE OF THE UNION SPEECH

January 13, 1999

Q There's some pages coming. Math is not our strong suit. We'll leave that to the NEC.

THE PRESIDENT: What do I normally have to do here -- 60 to 70 pages? Isn't that what we normally do?

Q Yes. This is significantly longer, almost twice as long as it will wind up being. And tonight, after we're done with this, task number one is to --

THE PRESIDENT: Because I tried to cut it some. Let's just do the first -- let me make sure I've got it right. I had some factual -- more factual questions in here, too. Gene's not here, we'll ask him later. Okay. Are you going to let Diana Walker come in here and take pictures, is that right?

Q Yes, once we get started, so that we'll have some --

THE PRESIDENT: Okay. What's that, the beginning? Just leave it --

Q It's so sensitive, Mr. President, even you can't see it.

THE PRESIDENT: See, I think that's better, that first. It gets right off --

Q You mean the chestnut --

THE PRESIDENT: The way we tighten the first paragraph.

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Q We actually thought of even cutting out -- in fact, I thought we had done it -- just start, I have the privilege of -- responsibility of --

THE PRESIDENT: Do we have a \$76 billion surplus or a \$70 billion surplus.

Q It's \$76 was the number that was announced a week ago.

THE PRESIDENT: That's the estimated number for this year?

Q Right.

Q Note on the second paragraph -- it ends where --

THE PRESIDENT: Just make notes of all that. Don't you think it's better to say, In the last years of what has been called the American century a new American century has already begun?

Q We actually have gone back and forth on this.

THE PRESIDENT: You don't really need anything there,

actually.

Q I actually don't like the phrase, a new American century. I think it sounds hyperbolic.

THE PRESIDENT: You know me, I'm against hyperbole. I think there's too much -- I can take it altogether, if you want. You don't need anything there.

Q The biggest -- before us, it's a really big idea is --

THE PRESIDENT: Yes, I agree with that.

Q -- lead paragraph here at all. But I think at the end of the speech it makes a lot of sense.

THE PRESIDENT: You want to make them look small. Lott's worried about it and we want to give --

Q (Inaudible.)

Q The other possibility is Al From's line of an era of new American progress has begun.

Q I would just make it -- we've begun a new era.

THE PRESIDENT: Did you see, I moved this John Glenn thing up here. I don't know if we need the John Glenn thing or not, but it's --

The government thing is pretty good, though. That President Washington thing, that really should be a separate paragraph, because it's a different point, really.

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This you could probably tighten up, too -- what we make of this moment. But it's a good point.

Q We need a little bit of futuristic stuff right near the beginning.

THE PRESIDENT: Large, long-term, unmet challenges. Unmet is duplicative. It's repetitive, isn't it? If it's met, it's not a challenge: Large, long-term challenges, that's okay.

Now, I think the way I rewrote this is better. We must -- what we must -- And I think it allows us to get, you know, not get right into aging and children and then economy and --

Q We'll tidy it up and then you might want to see --

THE PRESIDENT: We can tighten it up, but the point is this is specific and I think people like -- I think the specifics are more powerful than the general. People will know what the hell we're talking about with this language. You may want to tighten it up.

Q This is actually the paragraphs that lays in one paragraph what this is about.

THE PRESIDENT: Yes. That's why I like it.

Q We'll make it --

THE PRESIDENT: And that last should be a separate paragraph, too, this: We must keep coming together to build one America.

And I think it's worlds better to say: Our budget surplus growing, our economy expanding and our confidence rising,

let's get to work. The economy is almost certainly going to slow down soon.

Q When we get down further into this section there was some editing made that we couldn't understand what we wanted to do.

THE PRESIDENT: I don't know if 2017 is the right date. But the reason I want it in there is because securing things to 2050 looks longer.

Q (Inaudible.)

THE PRESIDENT: No -- but it looks like we did more.

Q Moving from 32 to 50 doesn't sound as good --

Q Moving from 17 to --

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THE PRESIDENT: 2013?

Q (Inaudible.)

THE PRESIDENT: Why? If I'm going to get flat, we can get rid of it. The most important thing is to keep the Democrats happy here. We can always lose sentences. So you can put a bracket around that sentence.

I do think on the: Tonight I propose -- we've got to get into this. I think we should put: Invest a small portion of the trust fund -- you can't say "a small portion" in the private section.

Q That is actually explained. And we didn't really talk among ourselves about whether it should be the stock market or the private sector -- though I kind of think the private sector.

Q (Inaudible.)

THE PRESIDENT: I think the stock market -- you might want to buy corporate bonds.

Q (Inaudible.)

Q Right -- be acquiring something -- if you do private sector -- then you're not talking --

THE PRESIDENT: Well, they might want to put it in corporate bonds, too.

Q Right, exactly.

THE PRESIDENT: Now, you couldn't tell what this -- what I was going to say is, what I meant by this edit here --

Q Where to move it?

THE PRESIDENT: What I was going to do is to say -- is that really you could take the second sentence -- "that the best way" -- the middle part of that bracketed thing -- and give the Democrats a little of what they want by putting it -- "invest the surplus to save Social Security" and then have a separate paragraph -- "the best way for Social Security to remain for the long-term a rock solid guarantee is to invest its resources more widely, not to make drastic cuts in benefits, not to raise payroll taxes, not to drain resources from Social Security and (inaudible) saving it. So tonight I propose that we invest half the budget." Do you see what I'm saying? It belongs there, I think.

Q (Inaudible.)

THE PRESIDENT: Well, we can decide that. We can decide that. We've got to make up our minds.

Q My guess is that it would be better for us to -- if you do that -- some people will come out and say, the President ended Social Security --

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THE PRESIDENT: We don't want to do that. And we opened the door to some forms of accounts and we can't turn around and close that. We just never have opened the doors -- payroll tax.

Q -- briefing the other day saying, we're not having individual accounts -- what we do have is universal pension thing --

Q Mr. President, the First Lady, I gather, Gene, you were there, had a suggestion on this point of a way to make this point without doing it in this way. Which I think was to talk about why people need that kind of security of the guarantee. In other words, you think you're doing fine now, but who knows when you're going to get that phone call to say, your parents --

THE PRESIDENT: Yes, I know we've got to cut words, but there's that point. I also think that maybe we ought to restate our five principles here, too -- almost in one sentence, you know, just comma, comma, comma. I think that should be considered somewhere in this thing.

Q (Inaudible.)

THE PRESIDENT: Yes, I want to work with you. You know, you can have that at the end. I want to work with you. A lot of people have different ideas about how to do this. My concern has always been to uphold five principles -- one, two, three, four, five -- but we can get it done this year. We can do that at the end, but I think -- okay.

The second, I would lose that, "after we save Social Security," for the simple reason that as a practical matter you don't want to be put in the position of saying if we're not going to vote on Social Security reform until September 6th we can't pass the Medicare before that. And you don't need that, since you're holding the surplus that you need for Social Security -- see what I'm saying?

Q I actually think that we are underestimating the degree to which the public, which heard last year's speech as save the whole surplus for Social Security, might see this as a retreat.

Q I think the way we could do that is something like -- with the funds devoted that are necessary to solve Social Security -- we can still

THE PRESIDENT: We will still have --

Q (Inaudible.)

Q I want to do it the way Gene did it. I think --

Q -- funds to save Social Security.

THE PRESIDENT: Once we've set aside -- After we set aside the funds to save Social Security, we must also fulfill our obligation to save and improve Medicare.

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Q -- get into the commission on the Medicare?

THE PRESIDENT: I think you have to.

Q -- had some questions about this paragraph, maybe you've answered it.

THE PRESIDENT: My question is, you take -- I have two questions. Number one is, you don't say, "are you setting aside this 20 percent for 15 years, as well." And it sounds truly pathetic. You're going to set aside 20 percent of the surplus for 15 years, and it only adds two years to the Medicare trust fund?

Q No, it's 12 on top of --

THE PRESIDENT: Twelve on top of the 15? But how long are we -- shit, how long do we need to save the Medicare trust fund? We don't ever have more than 20 years in the Medicare trust fund.

What I'd like to say -- if that's true, this language doesn't say it. This says for 12 years. You can say -- this would extend the life of the Medicare trust fund from 2008 to 2020. Then you say --

Q -- secure for the next 20 years --

THE PRESIDENT: 20 years, 21 years. Then I think the question is --

Q -- when you devote this amount of money, when people see this amount of money float into Medicare, there's going to be a barnstorm to your office to say, prescription drugs, prescription drugs. So if you focus on 2020, we're using all the money just for solvency, but Ted Kennedy can come and say --

THE PRESIDENT: But that's where I was getting to. Is this Breaux-Thomas-(inaudible) proposal anything that we can live with? And if -- let me finish. And if they are going to propose something we can live with, is it possible -- with this amount of money plus whatever we can live with coming out of that panel -- to create enough money to start a prescription drug benefit?

Q -- the answer to your fiscal question, I believe, is that the prescription drug benefit would take about half the money you're setting aside, here.

THE PRESIDENT: If you did it as a full-blown benefit right away? You're talking about (inaudible). There's a need for that, and after the Breaux-Thomas commission, you know, makes its recommendation, I think we ought to all get together and see if we can't figure out a way to add to the life of the Medicare trust fund and, you know, at least make a beginning on this prescription drug benefit. I don't know if you feel comfortable with that, but I think that's huge politics.

Q -- but I think if you said, "if we put this aside, we need to make sure that Medicare (interruption to tape) efficient. I believe we can include things like prescription drugs and still extend it that long."

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THE PRESIDENT: Yeah. That's what I want to say, just what he said. Just now. That's what I want to say, just what Gene said. And that's good politics, I think, because it gets you a little on both sides.

Q -- concept of the 15 year --

THE PRESIDENT: Well, maybe what we need to do is to have a deal up there where, somewhere after the surplus is, this year it will be \$76 billion, following on a \$70 billion next year. And over a 20 year period, it's projected to be \$2 trillion.

Q -- invest the surplus. The next 20 years the surplus is \$2 trillion, and I'm going to propose we invest half of that surplus for the next 15 years. So it's right in the same time --

THE PRESIDENT: I agree with Mark. We've got to put it in there. Well, let's just keep going. We know we have to do it; you all figure out how to do it.

Q That's a number that a lot of people don't --

THE PRESIDENT: Can't say an ass-pocket full of money, can you? Even though it's real money, even here. Even for these turkeys. All right.

Now, here's the deal. This does not say -- if I were listening to this pension thing, I wouldn't know what in the living hell we were talking about.

Q It doesn't say that the government's putting in money.

THE PRESIDENT: It doesn't say the government's putting in the money. It doesn't say what percentage of the surplus we're putting in. It doesn't say that people have to put up their money, but poor people may not. It doesn't say anything. It says -- now just listen -- assume you didn't know anything about it. "Therefore, I propose a new universal pension, personal savings invested as each worker sees fit, which would be bolstered by the national government." I would say, is he saying that -- we're going to force people to save their own money, but they can invest it, their own money, however they see fit. And we'll give them a tax credit for it? I mean, you can't tell what the hell we're saying here. This does not make a lick of sense.

Q -- actually know that. But let's say it's something like we did before. I think what (inaudible) was saying is -- you know, I think we should use -- every single American has their own savings account or pension, and we will contribute blank dollars --

THE PRESIDENT: We have to say it. But then you've got to say, we'll contribute it only to people who save their own money this much. Every year that people save \$100, we'll give \$100. Every year they save -- whatever the number is -- except if your income is below X, we'll make a contribution, we have to give them \$200?

You've got to work it out. You've got to figure out exactly what it is we're going to propose; what we don't know; and if we want to set aside the

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money, but we don't want to make the decision, then that's fine, we can say we'll work with Congress to work out the details. But the point is, the way it is, is very confusing. It doesn't tell you anything. If I heard this, it would raise more questions than it answers for me. I wouldn't have any -- we can't get any credit for doing it because we didn't tell them what we're doing.

Q -- can't we give it a name, to --

THE PRESIDENT: Absolutely.

Q -- because you're trying -- I think there's something good about -- the criticism we will get from our side is that you really just did give them an individual account.

Q -- call it Universal Savings Account, the acronym is USA. I just think this would really lift this up in people's consciousness.

THE PRESIDENT: You're a great American. (Laughter.) Don't go back to Israel until the storm passes.

Q -- defined contribution versus defined benefits, you might want to call it a savings account as opposed to a pension account.

THE PRESIDENT: USA. It's your USA account. People will go around 10 years from now, 20 years from now, saying, how much money you got in your USA account?

Q That's okay with the Democrats, right? I mean --

Q They'll love it.

THE PRESIDENT: Even with -- let me just say this, you call it a name like that and you say we're going to put money into it every year, and then you've just got to make up your mind how you're going to work out the details, or how much you want to leave to Congress, but I think it's a hell of an idea.

It's also so good that the Congress may have trouble changing the name of that. You know, they changed the name of America Reads, they changed the name of our mentoring program, they changed the name of -- they're so obsessed, you know, they don't want me to get any credit for any idea -- I think if they could change "AmeriCorps" to "Kids in big baggy t-shirts" they'd double the size of it. It's sick, but --

Q Universal Social Security Reform accounts, USSR

Q Thank you, Michael.

THE PRESIDENT: Back in the USSR -- all right, let's go. It is weird, though. It would be better, if you think about it rationally, if you had Social Security and the savings and the Medicare and the long-term care -- we're going flip-flop, flip-flop --

Q But I think you can't underestimate Gene's point about how sensitive our friends are.

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THE PRESIDENT: Sensitivity will substitute for thinking every time.
Let's go.

Q Old programs to new programs. Saving the old programs, coming into the new millennium.

THE PRESIDENT: That's good.

* * * * *

THE PRESIDENT: Okay. Now, do you want to do this? Is this enough people to justify another paragraph?

Q The last thing that we found out was that it was only 50,000. It may even be less than that.

Q If we're looking for places to cut, you can easily do this in a subsequent radio address --

THE PRESIDENT: We can do this, we can have an event, you know -- you like it?

Q The numbers bother me, but the thought that you can give more people the option of being at home than in a nursing home is really a light heart.

THE PRESIDENT: We do need to cut. Now, the reason I want -- I like cutting it. The reason I want another sentence here, in this next paragraph, "preparing for the aging of America" is, it's important, because otherwise it's going to look like hell -- you know, we worked our ass off to get this surplus, we've got the poverty rate among kids as twice the poverty rate among old people, and we're shoving all this money at old people instead of making them pay more. The Republicans are right. I mean, basically, we are. And the Democrats are throwing money at people who aren't going to vote for them anyway, because of gays and whatever else.

I mean, I think, my own view is, we are giving too much money, and we should make people pay more for it. But, I guess --

Q I think what she's saying is, by us being prudent and saving the surplus now, we will be taking the burden off our children and allow them to focus on education and all those things. In other words, that's what your --

THE PRESIDENT: I just want you to think about where you could be in America if you means-tested Social Security and did some of these more radical things, and pour all this surplus for 20 years and spend it on children. You could hire a million teachers and increase their salaries by 50 percent and really do something. It wouldn't be nearly as popular, but I mean, if you're going to do this, and spend 85 percent of this surplus on seniors, you have to say that one of the benefits of this will be that you're going to leave more money in the hands of their children to spend on their grandchildren. And I don't know what other way to say that is.

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But that's true, and that's the only way I can justify doing this for them.

Q But I think this shows that this framing isn't the framing you want. Our framing is, are we going to waste this money right now on, like, tax cuts and frivolous spending things?

THE PRESIDENT: That's right. That's right. I can't get it in to the kids, I realize that. That's another problem.

Q -- section is this sort of political rallying cry, the way schoolhouse was two years ago, and last year Save Social Security First. We need to really firm this up so that people know what you're saying is, let's do this now, let's not waste the surplus.

THE PRESIDENT: Yeah, I agree with that.

Q -- I thought the best line was your ad-lib at Georgetown, in the Social Security speech where you said, "no one in my generation wants to solve this problem by putting the burden on our children." By saving this now, helping to take care of it --

THE PRESIDENT: I think you ought to put that in there. Maybe you ought to take these last two paragraphs here, before you get to education, and put that in there. You know, "as the oldest of the baby boomers, I can tell you that nobody in my generation wants -- you know, I talk to a lot of people in my age group and all income groups, and none of us wants to impose an intolerable burden on our children and their ability to raise our grandchildren. We should do this now. We worked hard for this surplus, and we ought to solve this long-term problem for 21st century America, and free the children of the baby boomers to build strong families and to raise grandchildren." Something like that. That's better than these last two paragraphs. It's more personal, more passionate, more pointed. I think Gene is right about that.

Okay, but let's go on to education.

(Begin Side Two)

THE PRESIDENT: -- (in progress) -- worst system ever -- anytime in our history -- open the doors of college for all --

You could, if you wanted you could save a little words. You could say, today we can say what we could not say six years ago. Together we have opened the doors of college to all -- easier student loans -- and the HOPE Scholarship -- tax cut that nearly 6 million Americans will receive this year.

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We have also made progress in -- that's a sentence you can save if you want. These are important, though. Nearly every state has imposed tougher academic goals -- tougher academic standards -- higher academic standards. Why is tougher academic goals better? Never mind, I've already said that. I got lost.

You have to say, we have supported. You can't say, we are teaching, because we at the national level have supported the schools -- now, the three things we don't mention here -- there are four things we don't mention here, one of them we mention later, charter schools.

We mention Internet, but later when we do it we can mention this, but we started NetDay not in '96, but in '94 I think. We went to San Francisco --

Q That was in '96.

THE PRESIDENT: In front of that park? That was '96? But, anyway, there is some measure of progress -- there's been like a doubling or tripling of the number of schools that are wired since then, and a lot of it has been done with money we had. So if not here, then later we ought to say that.

Then we ought to say something about America Reads, or whatever the hell we're supposed to call it now, and the 1,000 colleges -- people in 1,000 colleges are helping kids to read, using their work-study money to help kids to read.

Q -- that's still called America Reads.

THE PRESIDENT: And then there's that Fattah's mentoring program that we have a huge deal on.

Q High Hopes.

THE PRESIDENT: I wish somewhere we can mention those two things.

Q You are doubling it --

THE PRESIDENT: We are doubling the mentoring program? Then we ought to say it somewhere else, down there where we're doubling it. But we ought to put that in there. Those two things should be mentioned because they're significant and we don't want to reduce the visibility of the thing. We ought to increase the visibility to keep the college kids still doing this. Otherwise, the damn university will have them in there washing dishes and stuff again.

Q -- 35 percent to --

THE PRESIDENT: You could just put that in there. But I think those are the things I'm interested in.

Q You want concrete examples --

THE PRESIDENT: Yes.

And more -- all these efforts and more -- I think that's one. You've

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got to give the states and schools credit. You can't say, all these efforts and more. It looks like we're running the school systems and we're doing it all. And that's why -- even though we don't need more words, I think -- that people that will be listening to this, I've been fooling with them for 20 years, it's important that you say this.

So when we cut don't take that out, okay?

This revolution of rising expectations is an overworn phrase, I think. It's been beaten to death I think.

Q You kind of put it out there in '96. We can change it.

THE PRESIDENT: Is that right? Is that the first time we --

Q I think it's yours and I don't think it was used in another State of the Union.

THE PRESIDENT: I don't care. What I said, more reforms at work and more accountability. I didn't say resources. Each year the national government invests over \$13 billion in our schools -- is that right? I know that this is redundant, we'll have to tighten this up -- it's okay to tighten this up, but we must be very clear that we are proposing something dramatically different and we need words that are different.

The American people will support this. Now, the Republicans won't like it because the school superintendents and school boards are telling them it's bad, and the Democrats won't like it because the teacher crowd are telling them it's bad. But we ought to be out there for this, because the public will think it's important. And I can tell you it is important, this is important.

So we need -- just like Bob or somebody said, we need to highlight some other thing -- you said that earlier thing about the surplus -- this is a sea change in the way we are proposing to spend federal money.

Q -- give us a name --

THE PRESIDENT: Let me give you the background and maybe you can think of some way to say it. Basically reauthorized the Elementary and Secondary Education Act. And this year what we propose to do is to reauthorize it by changing it. Instead of just giving them money to spend in the same way they spent it over all, we propose to actually require the school districts to do something quite dramatic about this.

What I'm saying is -- again, I know you don't want it to be too long, but I'm saying that every five years we have the responsibility to reauthorize -- I think it's every five years -- the Elementary and Secondary Education Act. This is the federal fund which gives X billion dollars to our schools. And I think it's time that this money be directed toward what works and have some real accountability in it.

We have seen in the schools what works. We know what works now, so we

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have no excuse for continuing to invest in what doesn't. And we have a moral responsibility to our children to invest in what does.

I don't know what words you want to use, but this needs to be clear, unambiguous. Therefore -- see, you can do that instead of these sentences that we've got here on Page 25. Therefore, when the bill comes up for consideration this year -- or whatever -- therefore, this year I will propose that every school in every community receiving federal help -- you don't have to say for the schools again -- take the following steps, steps which teachers and students have already proved do work. Already proved do work.

Q Can we say we should invest in "only" what works?

THE PRESIDENT: You can't do that because it's folly to say that. We don't want to over-say. This is dramatic.

The rest of it, this is fine, it works. Chicago is long, long, long, long. Long, long, long. You can just say they give after-school help, they give summer school, you have to go to summer school if you don't pass the test. Dramatic improvements in summer school kids that do pass the test.

It takes people's breath away when you tell people that the summer school in Chicago is now the 6th biggest school district in America. That's a graphic statistic. There are more kids going to summer school in Chicago every summer than go to school all year long in all but five school districts. That's a little picture there.

Let's go down to second. Let's see here. Here, I feel badly about all this because -- now, my balanced budget includes \$200 million to help turn around failing schools. Is this what we tried to get last time, this is people that will do what Chicago is trying to do and we'll give them this money?

Q This is an accountability fund, money that goes to states as funds as part of Title I, and they're required to spend it to turn around -- public schools.

THE PRESIDENT: But they can bring in better-trained teachers, so this is money for better-trained teachers.

Q -- to identify the worst schools -- to put plans into effect --

THE PRESIDENT: Well, should we mention any of these states?

Q I think North Carolina we should mention somewhere.

THE PRESIDENT: I do, too. They had the biggest improvement, they were first. Texas is doing this under Bush, but it was passed under Ann Richards. I bet you anything he forgets to say that in his 30-second ads.

Q He knows a good thing when he sees it.

THE PRESIDENT: You've got to give him credit for that. The only thing that bothers me is now, apparently, we went from spending what I thought was too much, now we're not really doing anything to improve teacher quality.

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Q Well, I think we have an opportunity to. There's not a lot of new money in the budget. After the State of the Union we need to figure out future Goals 2000, the future of the Eisenhower program, a couple other ESEA issues, that there may be an opportunity to create a future program that is worth something.

THE PRESIDENT: The Republicans will never let us suspend a program named for a Republican. We could change it, if we call it the Eisenhower -- if I called it the Harding-Coolidge-Hoover National Health Insurance program, I could pass it.

Yes, my budget includes fivefold increase in scholarships, from 2 to 10

Q From \$1400 to \$7000. You're now back at where you started.

THE PRESIDENT: That's good.

You must empower parents by giving them better information. I guess that's all right.

Q -- charter schools --

THE PRESIDENT: I do, too. You guys have got to reword this. If you're going to do it like that -- you must empower parents by giving them better information about their schools and more choices, by creating more charter schools. You've got to put them in the same sentence.

Q Except that charter schools isn't really new.

THE PRESIDENT: Yes, but there are 900 today; by the next century there should be -- because this budget does keep us moving toward 3000, right? But then you've got this sort of gratuitous sentence about parents -- new public school choices -- school construction -- yes, 42 years old. I don't think that's very good. I don't know if you want to say the average building. In some of our cities the average age of school buildings is 65. You just lose the 42 years.

And then you say -- I think it's worth saying that some of them can't be wired for the Internet. Then I want to say, the other big problem that we have is that we've got 53 million kids and some of our school districts are overflowing with them and putting them in house trailers.

Q You definitely want to keep the 53 million.

THE PRESIDENT: Yes.

Q I think we should do that right in the beginning of the education section.

THE PRESIDENT: All I'm saying is I think you can tighten this up a bit

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and get the same goal. I love the way this -- for the sake of our children, Congress must not miss that opportunity again. I think that's a good line. That's a good thought, anyway, if you can make it even terser, it's okay.

I think it's okay on that, on the blood alcohol, on anything that they didn't do last time. You can say, we can't miss this opportunity again.

You might want a reprieve there. I just ask you guys to think about it. You could say that on that, on the blood alcohol, on the patients' bill of rights, stuff that we're coming up with again.

We're putting family and medical leave in here again for Mark again, even though they won't do it. And when you do the polls after it's over, nobody ever remembers that I mentioned it in the speech.

Q --

THE PRESIDENT: You know me, I love it. Hell, if it was up to me, I'd have 12 weeks of paid leave. There's just not a shot, though. It wouldn't --

Q -- very little piece in the budget, about \$10 million, to do research on paid leave plans. It's so small. But they would still like you to give a nod to it to try to push it along.

Q -- 400,000 of the greatest books -- I don't think there are 400,000 great books because --

THE PRESIDENT: I agree with that -- 400,000 of the greatest books -- my God.

Q This whole proposal really came out of what you said last year -- that we want a future where every child can reach across the keyboard and get every book ever written.

THE PRESIDENT: Up to 400,000 books, I agree with that. Did you see that summary that Bob Rubin gave me of where we are on international economy?

Q If we want these quick hits on the economy -- computer investments, financial right to know, and antitrust. First of all, we have to decide whether we want to do them -- language saying our antitrust forces have brought more cases than either of the two administrations combined.

THE PRESIDENT: Well, they didn't believe in antitrust laws. They thought they were an impediment to Rupert Murdoch and all those people that were trying to turn us into a sort of right-wing, fascist state.

Q -- Chicago schools -- that's how I got here --

THE PRESIDENT: You didn't have anybody to defend or prosecute. Kind of like playing the lute.

You might be able to have a little bit -- sexier paragraph here at the beginning. I think this 30 percent increase in long-term computer research, I

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think it speaks for itself. You don't have to say anything else. People know that's a good thing.

I'd rather have, aggressive but prudent, instead of, prudent but aggressive. If you're proud of what you did. You can be aggressive, but prudent. It's hard to imagine how you can be prudent, but aggressive. Know what I mean? An aggressive prude? A prudent aggressor.

Do we have to do all this? Who is this for, the Y2K thing?

Q First of all, you have to make some mention of it. We can tighten this, but I actually think it's quite important --

THE PRESIDENT: You know I think it's important. Hell, I beat the crap out of the government here for a year before we ever got anything done. You ought to be able to make it a little tighter.

Q You should also report to the public that the federal government is going to be ready.

THE PRESIDENT: Yes, give them a little update -- that's good. Keep in mind, all these stuff we've done press conferences on, a few people heard it, but not everybody. So I think telling them Social Security is ready and we're working on defense and all these others -- the checks is in the mail, that sort of thing.

Q -- buy shotgun shells and bottled water --

THE PRESIDENT: Put a few extra cans of gasoline in your pickup, right? God, I wish I could make a speech like that. This is a little bit more bull-shitty here.

Q The international economy stuff?

THE PRESIDENT: Yes. This really is big, though. And keep in mind, this -- particularly if we've got Brazil still shaky when I give this, the Stock Market drops 300 points or something, is still way down next week -- one of the reasons people are for me is they think I know what the hell I'm doing on this. And remember, when we spoke in September it has a very salutary effect on this. Remember? Even though people didn't understand the details.

Q We'll shorten it, but I don't want to shorten it too --

THE PRESIDENT: It's better to start with the international economy, and then say, here's some things we're doing at home -- boom, boom, boom -- then put that manufacturing thing at the end. Don't you have that manufacturing assistance little blurb in there?

Q I think that talking about a trade round can be -- if it comes out this way -- as one of the big things --

THE PRESIDENT: Actually, if you decide to lead with the international economy, it may be that what we've got on 45 is the way to start. This year we have two big challenges ahead --

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Then go back to the explanation of what we're doing now. But right now we've got this immediate crisis in the global economy, and then you go into the explanation --

I don't know, it may not work, because you're dealing with the -- we need to tighten it up, but there needs to be enough to really explain to people what the hell is going on here.

Q In the Council on Foreign Relations speech that was how you did it -- you said, this is the immediate crisis, but then we have long-term challenges of trade and architecture.

THE PRESIDENT: Then you have to say, there are two big long-term challenges ahead. I'll have to spend some more time on this, but you all can look at it, too.

Q -- your reaction when we did that was that it seemed out of place. I know that most jobs are not lost due to trade, they're lost due to other reasons --

THE PRESIDENT: If we're going to put the education section, which I wouldn't be against, then we ought to have more to say than we got here. As I understand, we're putting a hell of a lot of money into this thing.

Let me just say, let's go all the way to that because and you need to go over that economic stuff. But on this tools to succeed, I'm okay on putting the education section, but if you do, you need to say, our adults have a lot of educational needs, too. We've got a lot of immigrants and a lot of others who never finished high school. We want to mount a much larger national campaign, a large national campaign to improve adult literacy. And we want to do more to get people who have dropped out of high school to come back and get their GED. And we want to make sure that adults who need it will have access to training for a lifetime.

I would like to do more. It's fine with me if you put it in the education section. But if you do -- if we're going to do this adult literacy thing, put some life --

(end of tape.)

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Draft 1/13/99 3:30pm

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**PRESIDENT WILLIAM J. CLINTON
STATE OF THE UNION ADDRESS
UNITED STATES CAPITOL
January 19, 1999**

Mr. Speaker, Mr. Vice President, Members of Congress, honored guests, my fellow Americans:

On your behalf, let me acknowledge in the presence in the box with Mrs. Hastert of Wei Ling Chestnut and Lyn Gibson, the widows of the two Capitol Police officers who were struck down defending this house, the heart of this democracy. As much as any soldier in our history, they were watchmen on the walls of freedom. I ask us all now to bow our heads in silent prayer in honor of JJ Chestnut and John Gibson. *[moment of silence]*

Tonight, we begin again our work together for the people of America. And let me begin by saluting the new Speaker of the House. Mr. Speaker, on the day you were sworn in, you asked us to work in a spirit of civility and bipartisanship. I accept. Let's heed the words and honor the spirit of Thomas Jefferson, who in 1801 asked a divided Congress to restore "that harmony and affection without which liberty and even life itself are but dreary things." More and more, all across our nation, Americans are working in that spirit. They demand no less of us.

Tonight, I have the honor and responsibility of delivering the last report of the 20th Century on the State of our Union, and to call on our nation to rise to the challenges and opportunities of the 21st Century, barely more than 300 days before us.

I have the privilege to report that we have created the longest peacetime economic expansion in American history -- with wages rising at twice the rate of inflation and nearly 18 million new jobs.

I stand before you to report that more Americans are living in their own homes than at any time in our history -- that the welfare rolls are the smallest in 29

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years -- and that the peacetime unemployment rate is the lowest it has been since 1957.

I stand before you the first president in three decades to report not just that the budget is balanced, but that we have a \$76 billion surplus -- the highest in American history.

I stand before you to report that violent crime is at its lowest point in a quarter century.

I stand before you to report that the environment is the cleanest in a quarter century, and that in six years -- even as our economy has boomed -- we have cut pollution from factories in half.

I stand before you to report that America stands strong -- a force for peace and reconciliation in lands torn by ancient hatreds, from Northern Ireland, to Bosnia, to the Middle East.

In the last years of what has been called the American Century, a new American century has already begun.

Once again our government is a progressive instrument of the common good. Thanks to the pioneering leadership of Vice President Gore, America has a government for the Information Age that lives within its means. The smallest government since -- well, since John Glenn first orbited the Earth. A flexible, creative government driven not by rigid ideology, but by ideas that work; devoted to giving the American people the tools they need to solve their own problems. A 21st Century government for 21st Century America.

Once again, after years of doubt, we have proved to ourselves and the world that when America faces a challenge at home and abroad, we can meet it. President Washington told the First Congress that succeeding generations must carry forward "the sacred fire of liberty" which is "finally staked on the experiment entrusted in the hands of the American people." My fellow Americans, at the end of one American century and the dawn of another, that sacred fire still burns brightly. The State of our Union is strong.

What will we make of this moment? We stand before time of unimaginable possibility for our nation -- of vast new economic opportunities, stunning scientific discoveries, remarkable advances in the health and happiness of our people: a time when cancer is a thing of the past; when new technologies make it easier for parents to succeed at work and be raising their children; children acquire new knowledge in new ways that keep us together -- moving us forward.

This is the future we can build together. But we cannot do it if we allow the hum of our prosperity to lull us into complacency. New times pose new perils even

as they offer new promise. They demand new action.

Yes, America is working again. But we still face large long-term [unclear] challenges on our way to the 21st Century.

We must deal with the aging of America by saving Social Security and Medicare and do more for retirement savings. We must give our growing and increasingly diverse population of schoolchildren a world-class education. We must bring economic opportunity to people and places still untouched by our prosperity and put a human face on a more stable global economy. We must build stronger families and communities for the 21st Century, giving parents health care and child care, safer streets and a cleaner environment. We must maintain our leadership in science and technology so that we can conquer dreaded diseases and stay at the forefront of human discovery. We must remain, in the face of new threats, the world's leading force for peace, prosperity and security. And still we must keep coming together to build, out of all our difference and diversity, One America -- a 21st Century America, stronger and safer, richer and fairer, more diverse and more united than ever.

There will never be a better time to meet these challenges than now -- now, with our budget surplus growing, our economy expanding, and above all, our confidence rising. Let's get to work.

AGING OF AMERICA

Our fiscal discipline gives us an unsurpassed opportunity to address perhaps our greatest new challenge: the aging of America.

Though our nation is young in spirit, our people are aging. Life expectancy is at an all time high. With the number of elderly Americans set to double by 2030, the Baby Boom will become a Senior Boom. We must prepare for this seismic demographic shift.

First and before all else, we must save Social Security. Early in this century, to be old meant to be poor. When President Franklin Roosevelt created Social Security, thousands wrote to thank him for eliminating what one woman called the "stark terror of penniless, helpless old age." Even now, without Social Security, half our nation's elderly would plunge into poverty.

Today, Social Security is strong. But it will soon face a crisis. By 2017, payroll taxes will not cover retirement obligations. By 2032 the Trust Fund will be exhausted, and Social Security will be unable to pay out the full benefits older Americans depend upon to live.

Last year, from this podium, I said we should set aside the surplus until we save

Social Security. Working together, we have done so. Tonight, let us resolve to finish the job -- and invest the surplus to save Social Security.

Tonight, I propose that we invest half the budget surplus for 15 years to save Social Security. We can get a higher return if we invest a small portion of the Trust Fund in the private sector -- like any private or state government pension would, or, indeed, like any family would. If we take this step, we can save Social Security for 50 years. But we must do more. From the first days of this program, we have sought to assure that the system was on sound footing for at least 75 years. To do that, we will have to make difficult but achievable choices in a bipartisan agreement. I am committed to that end; I ask you to commit to it, too.

MOVE UP [Let me be clear. [The best way for Social Security to remain, for the long-term, a rock-solid guarantee of support, is to invest its resources more wisely -- not to make drastic cuts in benefits; not to raise payroll tax rates; and not to drain resources from Social Security in the name of saving it.] I do not believe we should devote a single dollar of the payroll paid by every American tax to any new or untested account that puts basic Social Security benefits at risk.]

SO TONIGHT...

RESTATE 5 PRINCIPLES IN ONE SENT I WANT TO WORK WITH YOU LOT OF DIFF IDEAS MY CONCERN HAS ALWAYS BEEN 5 PRINCIP. WE CAN GET IT DONE THIS YR.

Second, [W/ FUNDS DEVOTED TO SAVE SOC SEC, WE CAN STILL DO THE FOLLOWING; ONCE WE HAVE SET ASIDE FUNDS TO SAVE SOC SEC, WE MUST ALSO...] after we save Social Security, we must fulfill our obligation to save and improve Medicare. Already, we have extended the life of Medicare by 10 years -- but for the health care of our seniors to be on solid ground, it must be extended for at least another decade. So I propose that we put one out of every five dollars in the surplus toward saving Medicare. ~~If we did this and no more, we would extend the life of Medicare for at least 12 years.~~ But if we do more -- if we take strong steps and take seriously the work of the bipartisan panel chaired by Senator John Breaux and Rep. Bill Thomas that will report in March -- then we can also improve the quality of Medicare as well. [You had questions about this sentence]

THIS LANG DOESN'T SAY "MED TRUST FUND SECURE FOR NEXT 21 YRS."
EK: IS THIS REF TOO POSITIVE FOR DEMS?
PRESCRIPTION DRUGS?

THERE'S A NEED FOR DRUG BEN, AND AFTER B-T COMM MAKES REC, WE OUGHT TO GET TOGETHER SEE IF WAY TO DO THIS AND AT LEAST MAKE A BEGINNING ON PRESC. DRUG BEN.

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IF WE WORK HARD, TOGETHER, LOOK AT RECS OF B-T, I BELIEVE... AND CONSIDER IMPORTANT THINGS LIKE EXTEND PRES. DRUG BEN.

THIS MONEY ALONE, CD GO TO 2020, BUT IF WE WORK TOGETHER, WE CD CONSIDER THESE OTHER THINGS [YES, THIS]

ANNOUNCE 76 B FOLLOWING ON 70 M SURPLUS -- PROJECT 2 TRILLION -- TONIGHT I PROPOSE WE INVEST THAT SURPLUS

Third, we must do more to help all Americans, from their first day on the job, to save, to invest, to create wealth. As President Roosevelt made plain, Social Security was only one pillar of support for older Americans; private savings and pensions were the others. But today, tens of millions of people still retire with few savings and no pension. Even if we save Social Security, Americans living longer than ever simply must save more. Therefore I propose a new universal pension -- personal savings, invested as each worker sees fit, which would be bolstered by the national government. By doing so we would give more Americans a greater stake in our prosperity. . . a greater hand in the creation of wealth. . . a greater chance to retire in comfort, security, and dignity. I know we can agree: this is a future, a secure future, every hard-working American deserves. [*what % of surplus?*]

WHAT % OF SURPLUS, IS GOVT PUTTING IN \$; I W
CAN'T TELL WHAT HELL WE'RE SAYING. DOESN'T MAKE LICK OF SENSE

TONIGHT WANT TO MAKE SURE WE USE 10 % TO MAKE SURE EVERY
AMER HAS OW SAVING/PENSION/ WE WILL CONTRIB... GOVT WHICH MATCH
FUNDS IN WAY THT FAVORS HARDEST WORKING FAMILIES.

RAISES MORE QUESTIONS THAN IT ANSWERS
WORK W/ CONG TO WORK OUT DETAILS?

NEEDS NAME: UNIVERSAL SAVINGS ACCTS (USA) PEOPLE 10 YRS FROM
NOW WILL ASK HOWMUCH \$ YOU HAVE IN YR USA ACCT

OLD PROGRAMS, NEW PROGRAMS

Fourth, to better prepare for the Senior Boom, we must help Americans provide long-term care for aging and ailing loved ones. Today, millions of working people are caring for elderly relatives and even neighbors, often at great cost to their families. The care these families provide is invaluable. Our nation should recognize and reward it. In my balanced budget, I will propose a long-term care tax credit of \$1,000 for aged or disabled people with long-term care needs or for the families that shelter them. The care these families provide is invaluable; but we can show we value it very much indeed.

CUT IT.

Finally, we should help every elderly American who can do so to stay in their own home or with their own family, before going to a nursing home. A new initiative in my

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balanced budget plan will help [50,000] elderly Americans stay in their own homes.

Preparing for the aging of America means investing this fraction of our budget and 85 percent of our budget surplus. This will not only help the growing Senior population; it will help their children, by freeing them of their ????? for their grandchildren. If we make good use of our good fortune, the retirement of the old need not be a burden on the young. So we should take those bold steps toward a better future now. This year. With no excuses.

NEED ANOTHER SENT: BY BEING PRUDENT & SAV SURPLUS NOW, WE
TAKE BURDEN OFF CHILDREN & ALLOW.

ARE WE GOING TO WASTE THIS \$ ON TX CUTS, OR SAVE IT?

GTOWN ADLIB: NO ONE IN MY GEN WANTS TO PUT BURDEN ON
CHILDREN. BY SAVING THIS NOW... AS OLDEST OF BBOOMERS, I CAN TELL
YOU, NONE OF US WANT TO PUT INTOLERABLE BURDEN ON CHILDREN &
ABILITY TO RAISE

FREE THE CHILDREN OF BBOOMERS TO HAVE STRONG FAMILIES &

MORE PERSONAL, POINTED, PASSIONATE

Education

LOT OF STUFF IN HERE W/ LEGS

DON'T USE WORD "SYSTEM" EVER

We must look to the future not only for older Americans, but for our children. Today, there are more children in our public schools than at any time in our history, and their education is more activity and skills as never before.

TODAY WE CAN SAY WHAT WE CD NOT 6 YRS AGO:

Together, we have opened the door of college to all -- with easier student loans, more Pell grants for deserving students, 1 million new work study jobs, education IRAs, and the HOPE scholarship tax cut that nearly 6 million Americans will receive this year. Today we can say what we could not say six years ago: Every high school graduate in America, regardless of income, can afford to go to college.

We have also made progress in renewing our public schools with higher academic standards, more discipline, more choice, and a focus on results. Nearly every state has imposed tougher academic goals, and a voluntary national test is being developed to measure students' progress in meeting those goals. Thousands of schools have cracked down on drugs, gangs, and violence, and improved learning and discipline with school uniforms. We have supported teaching values and finding a proper place for religious faith in our public schools.

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[QUERY: AMERICA READS, MENTORING]

4 THINGS WE DON'T MENTION: CHARTER; AM READS, 1000 COLLEGES HELPING; CHAKA FATA'S MENTORING PROG (DBLING; SAY LATER)-- GEAR UP/ HIGH HOPES -- INCRS VISIBILITY

35-78% WIRED

SF 1996: SOUBLING/TRIP # OF SCHLS WIRED -- HERE OR LATER

All these efforts and continuing reform at state and local levels have begun to bear fruit. SAT scores are up. Math scores have risen in nearly all grades nationwide. This is good news. But there is a perplexing problem: while our fourth graders outperform their peers in other developed countries in math and science achievement, our eighth graders are around average, and our twelfth graders rank near the bottom. Clearly, American students have the capacity to learn and start out strong, but the system fails them.

We can and must do better, with higher expectations, more reforms that work and resources [???]. Each year the national government invests over \$13 billion [ck] in our public schools. IS THAT RIGHT? I believe we should invest more in education -- in our schools, our classrooms, our teachers. But I also believe we have a responsibility to invest in what works and insist on results when we do. Later this year, I will send Congress a plan that for the first time will hold states and school districts accountable for progress and reward them for results. I propose that every school in every community receiving federal help for their schools take the following steps, steps teachers and students have proved work.

MUST BE VERY CLEAR PROPOSING SOMETHING DRAMATICALLY DIFF.
THIS IS A SEA CHANGE IN WAY WE PROPOSING TO SPEND FED \$.

NEED NAME?

EVERY 5 YRS, NEED TO REAUTH ESEA; THIS YR, PROP TO REAUTH BY CHANGING IT; REQ SCHL DISTR TO DO SOMETHING QUITE DRAMATIC THIS IS THE FED FUND THAT GIVES \$ B TO OUR SCHLS I THINK ITS TIME TO GIVE THIS TO WHAT WORKS & DEMAND ACCTABILITY. (WE KNOW WHAT WORKS SO WE HAVE NO EXCUSE FOR CONT TO INVEST IT WHAT DOESN'T SO WE HAVE A MORAL RESPON TO KIDS TO INVEST IN WHAT DOES.)

THEREFORE THIS YR I WILL PROPOSE THAT EV SCHL IN EV COMM THAT GETS FED \$ TAKE STEPS -- STEPS WHICH TEACHERS AND STUDENTS ALREADY RPOVED DO WORK.

First, all schools must end social promotion. Too many students move from grade to grade without mastering the basics. This practice must stop. We

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need to give young people the help they need to meet high standards, and make sure they do. My new balanced budget triples the funding for academically-enriched summer school and after school programs, so schools can end social promotion and give extra help to the kids who need it. We can keep one million students learning in the hours after regular school lets out, when parents work and juvenile crime soars. Our children should learn their lessons in the school house, not on the streets.

TOO LONG: AFTER SCHOOL HELP, SUMMER SCHL HELP --> DRAMATIC IMPROVE. Three years ago, Chicago Mayor Richard Daley sparked such a revolution in his city's schools when he ended social promotion and started giving students extra help during and after school to master the basics. If they still fall short at the end of the year, they go to summer school and get special tutoring until they do pass -- and most do.

It is tough medicine, but it works. Citywide math and reading scores have gone up three years in a row in Chicago, with the biggest gains coming from some of the most disadvantaged students. One of those students is Darneisha Rogers, who lives in Chicago's tough Cabrini-Green public housing complex. Last spring, Darneisha got a letter saying she would have to repeat sixth grade unless she raised her test scores. Distraught at first, Darneisha buckled down, and in six weeks of summer school boosted her reading level by eight months and her math by a year and five months. She passed her test, entered seventh grade with her friends, and now she's thinking about going to college. Darneisha is with us tonight, sitting with the First Lady.

Every child in America can learn. We owe all of them the same chance as Darneisha to prove they can.

Second, all states and school districts must identify their worst-performing schools, and take serious, even drastic steps, to turn them around. We will no longer tolerate schools that deny generation after generation of disadvantaged Americans the opportunity to learn their way out of poverty. That means, if need be, bringing in new principals, new curricula, and new, better-trained teachers. If schools still fail to improve, they should be shut down and the students placed elsewhere. That's what [19] states are already doing. My balanced budget includes \$200 million to help turn around failing schools.

MENTION NC IF WE CAN BIGGEST IMPRV, WERE FIRST.

Third, all states and school districts must be held responsible for the quality of the teachers they send into the classroom. None of us would be here tonight if it weren't for our teachers. We should lift them up, not tear them down. But in too many schools, teachers do not have college majors--or even minors--in the subjects they teach. We should require new teachers to pass skills tests, and all teachers to know the subject they're teaching.

And we need to attract our best and brightest to the teaching profession, especially where they are needed most. My budget includes a five-fold increase in scholarships for people who agree to teach in our poorest schools.

We must do more to get better trained teachers into our poorest neighborhoods: in the inner city, in isolated rural areas and Indian reservations.

Fourth, we must empower parents by giving them better information about their schools. In most communities, it is easier to get information on the quality of local restaurants than the quality of local public schools. Schools issue report cards on students. I believe every school district should issue report cards on schools.

& MORE CHOICES...

CHARTER SCHLS IS BIGGER IDEA. DO FIRST.

Empowering parents with better information will create tremendous competitive pressure on schools to improve. So will expanding the choices parents have by creating more innovative public charter schools. There was one such charter school in all of America when I became President. There are 900 today, thanks in no small measure to the support we have provided. By early in the next century, there should be 3000. This budget keeps us moving toward that goal. LOSE IT: We should also offer parents new public school choices tailored to the way families work and live today -- including new public schools located at workplaces, so that harried working parents can spend more time with their children and get more involved in their schools. [THIS BUDGET?]

To bring more discipline, more attention, and more learning to every young child, we reached across party lines last fall and began to hire 100,000 new highly-trained teachers to reduce class size in the early grades. I ask this Congress to finish our mission of hiring 100,000 new teachers.

We must also give our children schools as modern as the world they live in. The average school buildings begins to deteriorate after 40 years, and the average school building in America today is 42 years old <-- NOT VERY GOOD. LOSE IT. In some cities, the average age of school buildings is 65 years old. Too many of our schools are falling apart, with walls too old to be wired for the Internet. OTHER BIG PROB IS... [TIGHTEN] Many others are so packed with our nearly 53 million school children that trailers must be used to handle the overflow. Last fall, Congress missed an opportunity to create a tax break to modernize or build 5000 new schools. This year, for the sake of our children, Congress must not miss that opportunity again. GOOD LINE, MAKE EVEN TERSER. USE SAME REPRISE ON BLOOD ALCOHOL, PBR, ANYTHING WE DIDN'T GET LAST TIME.

In 1996, the Vice President and I promised that every classroom and library in America would be connected to the Internet by the year 2000. We have made

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new investments in computers, training for teachers, and discounts to make logging on affordable. Since then, nine times as many classrooms have been hooked up. But another million classrooms have yet to be connected to the technology that will connect children to the future. This year, our budget makes \$2 billion available to link all our classrooms to the Internet. I ask every school in every community in America to make that vital connection.

I ask the Congress to fund a Digital Library that will put online state of the art math and science curriculum, the treasures of the Smithsonian, and up to 400,000 [CUT of the greatest] books in human history. Imagine what our children can accomplish when they enter a library as vast as their imaginations. We can put that library within the reach of every child.

21st Century economy

RUBIN SUMMARY MIGHT HAVE CLEARER LANG
SEXIER GRAPH HERE AT BEGINNING?

By securing the retirement of the elderly and the education of the young, we will make huge strides to build lasting prosperity into the 21st Century. To widen the circle of opportunity in a modern economy, we must do more.

To spur the high tech industries that account for one third of our growth, my administration will propose a 30% increase in long-term computer research -- so that [TK].
SPEAKS FOR ITSELF -- NO "SO THAT."

To help families with the dizzying choices in the financial marketplace, my administration will propose a new "financial right to know" law to help consumers protect their investments, combat fraud, and make smart choices.

To make sure that competition and innovation thrive, my enforcement team will continue its [prudent but] aggressive BUT PRUDENT record of enforcing our antitrust laws.
AN AGGRESSIVE PRUDE A PRUDENT AGGRESSOR

Y2K TOO LONG. SHRUM: KEEP 1ST AND LAST SENT. ONLY; WE'VE
ALREADY DONE SOC SEC (GIVE LITTLE UPDATE), WORKING ON DEF

To make certain that we reap the rewards and minimize the disruptions of these new technologies, we are working around the clock to prepare for the so called 'millennium computer bug.' As you know, many computers and machines will have difficulty processing the year 2000. I believe that the national government will be ready. Every business, every city and county, every university in this country and around the world is at risk. But if we work hard and work together, the millennium bug can be the last headache of the 21st Century and not the first crisis of the 21st Century.

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Finally, it is plain that economic growth at home depends upon economic growth around the world. Because this is so vital to our nation, I want to take a moment to explain what the stakes are and what we have done.

TOO LONG: TIGHTEN

BUT IT'S BIG, PARTICULARLY IF BRAZIL IS SHAKY.

HEADLINE HERE IS INTL ECON; HERE ARE SOME THINGS DOING AT HOME, THEN MFG INIT (TRD)

P 45 MAY BE WAY TO START: THIS YR WE HAVE TWO BIG LONG-TERM CHALL AHEAD, THEN GO BACK

FIRST, STAKES. POTUS WILL SPEND MORE TIME ON IT.

Our nation benefits greatly from the free flow of goods and capital and the new lines of commerce and communication that link us to other nations. America has prospered in this decade because of the vibrancy of our economy, the flexibility of our markets, the creativity of our people. The qualities that spell success in the global economy are at the core of the American character. But the same economy that brings new opportunity brings with it new uncertainty. Until recently, a full one third of our economic growth came from trade. But over the past year and a half, financial turmoil that began in Asia and spilled across the world has put that growth at risk. Worldwide financial markets first flood a nation with funds, then just as suddenly withdraw those funds in a panic -- leaving social devastation in its wake. Today, much of the world is in recession. Across Asia, an entire generation that worked its way into the middle class has been plunged into poverty. Too many of our trading partners can't buy our exports -- and can flood our market with inexpensive imports, as the value of their money drops relative to ours and they can be [can't read].

This is the most critical financial crisis in a half century. Last September, I set out a new strategy to spur global growth, to stabilize the global economy and keep the world trading system open, free, and fair. Together with other leading nations, the United States acted -- lowering interest rates, meeting its obligations to the International Monetary Fund, [organizing the nations of the world to help the economy of Brazil]. The turmoil is not over; and over the next year we may yet feel its full impact within our own borders. But because America led and America acted, the world economy is much more sound than it would have been. I thank lawmakers of both parties for your support.

This year there are two big challenges ahead -- to build a 21st Century trading system and a 21st Century financial system that will put a human face on the global economy. An international market that does not honor the values and protect the interest of ordinary citizens will neither earn nor deserve their support.

We must build a financial system for the 21st Century that tames the savage

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cycles of boom and bust in the world economy. This spring, I will meet with the leaders of the world's most important economies to lay plans for a world financial system as modern as the markets. We must insist that every nation open its books. We must strengthen bank regulations to reduce the risks posed by the ricocheting of money around the world. We must work together to build new ways to respond to these crises before they become calamities. We must make sure that the poorest citizens do not become the victims of financial turmoil.

And we must build a trading system for the 21st Century -- one that spurs growth, expands opportunity, and honors the values we fight for every day.

For too long, trade has divided Americans, across lines of party and philosophy and economic station. We must find a new approach to trade -- the common ground on which business and labor and environmentalists and government can stand.

We must do more to help American manufacturers hit hard by the global financial crisis. I ask the Congress to provide credit to help spur \$2 billion more manufacturing exports abroad. We would be very unwise to erect protectionist walls that could start a chain reaction, hurt exports of American goods, farm products, and services. But let me be clear: where imports are unfairly surging into our nation, we will act. I have made clear to the government of Japan that if Japan's inexplicable surge of cheap steel imports into our country is not reversed, I am ready to self-initiate actions under our trade laws.

We will work with Congress to ensure that sanctions in pursuit of our foreign policy goals do not jeopardize the competitive position of our farmers and businesses in foreign markets.

Five times in the past half century, we have negotiated worldwide trade agreements that have opened markets and lifted our prosperity. Tonight I propose to launch new trade negotiations to open markets -- a new round of negotiations in the World Trade Organization to expand our exports of farm products, services and manufactures. We will seek to expand trade with Africa and with the Central American nations devastated by the recent hurricane and to pursue a Free Trade Area of the Americas.

In all these efforts, we must press for trade that is more open. But we must also press for trade that promotes the dignity of work and the rights of workers. We must insist that international trade organizations be open to the sunlight of public scrutiny. We must insist that trade rules never be used as a pretext to destroy environmental protections. We must never let vigorous international economic competition become a race to the bottom among nations.

I ask Congress to move forward with me based on this common approach and pass legislation granting the President traditional trade authority so we can advance our prosperity.

We will work with the International Labor Organization on a new initiative to

lift labor standards around the world. And we must act, once and for all, to end the most exploitative trade practices of all: I will sign a new international agreement to ban child labor everywhere in the world.

And we must make certain that every American worker has the tools to succeed in the new economy.

Today, there is not so much an income gap as a skills gap. At a time when skills matter more than ever, one out of four working people reads at less than a sixth grade level. This past year I was proud to sign bipartisan legislation to transform our worker training system. With a simple voucher, Americans can now choose the skills they need. My balanced budget will build on that momentum, with a national campaign to improve adult literacy and a commitment every American who needs training gets training.

IF THIS GOES IN ED, WE NEED MORE TO SAY ABOUT IT. OUR ADULTS HAVE ED NEEDS TOO -- IMMIGRANTS, PEOPLE NOT FINISH HS; WANT TO MOUNT LG NATL CAMPAIGN TO GET PEOPLE TO COMEBACK GET GED; MAKE SURE ADULTS WHO NEED IT WILL HAVE ACCESS TO TRG FOR LIFETIME. PUT SOME LIGHTS ON IT. HOW THEY TAUGHT? WHO DOES IT? WHAT ONCE THEY GET CERT? (GET BACK INTO GED; LIFETIME LEARNING) WHO ARE WE TALKING ABOUT?

BUILDING STRONG FAMILIES FOR THE 21st CENTURY

In the 20th Century, the American family was transformed as we adapted to new workplaces and new ways. Now, we must strengthen the American family for the challenges of the 21st Century. No government can raise or love a child. Mothers and fathers do. But government can empower parents with the tools they need to meet their most vital responsibilities.

Tobacco

STRONG FAMILIES, WORKING FAMILIES
BEGIN WITH MIN WAGE; END W/ TOBACCO (SHRUM)
START W/ CHILD CARE; FMLA
THEN HEALTH CARE; PBR (MED RECORDS?)
THEN TOBACCO (YOUNG)
THEN MEDICARE EXTENSION (OLD)
PROGRESS ON 5 M CHILDREN?

WELF TO WORK: SENT OR TWO -- UP TO 10M BUSINESSES; NOT JUST CHERRY PICKING, EFFORTS TO GET ALL WELF RECIPIENTS
ADD SHALALA IDEA COMM HEALTH CTS

A STRONG AMER WDN'T PUT UP W A SPEECH THIS LONG.

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POTUS WILL MAKE OUTLINE & SAY HAT MAIN PT IS
WANTS DBL SPACE SM TYPE
EXPLAIN FIN CRISIS; SURPLUS; FED ED \$
BUT ASSERT ANYTHING YOU DON'T HAVE TO EXPLAIN; FACTUAL
LINEAR SENT

- Strong families start with healthy children.

As is now well known, our children -- what the tobacco industry calls "replacement smokers" -- are the target of a massive media campaign to hook them on cigarettes -- a product that will kill them. I ask this Congress to resist the awesome power of the tobacco lobby and pass comprehensive, bipartisan legislation that will raise the price of cigarettes, protect farmers, and give us the tools to protect our children from tobacco.

The tobacco industry and its deceptions have imposed a cost not just on our families. Illness due to smoking -- from cancer to emphysema -- costs Medicare [X billion] a year. Taxpayers should not be left holding the bag. Already, state governments have recovered [x] billion dollars for taxpayers for state health care costs.

Tonight, I am directing the Department of Justice to prepare and bring a lawsuit against the tobacco companies for the costs to Medicare of smoking. Any funds we recover from these tobacco companies will help strengthen and reform Medicare. And these funds could be used to extend health care, including a new Medicare prescription drug benefit.

We know that tobacco is not the only product that can bring early death to our children. Each year, on too many dark roads, drunk drivers kill nearly 3000 children. I ask the Congress to write tough new blood alcohol standards into law to protect every American, on every roadway. We missed the chance to do this last year. We should take it now.

Strong families depend on strong parents.

We must do more to help the millions of working American parents who give their all every day to succeed at home and at work.

I ask the Congress once again to enact a comprehensive plan to make quality child care more affordable, more accessible, and more enriching than ever. Our plan -- with tax cuts for working families, child care subsidies for small business, high standards and training for child care providers -- is fully paid for in our balanced budget. It will pay off in greater peace of mind for working parents, and better care for our children.

A child care plan that is in balance with our values will also help mothers who choose to stay at home with their children, giving up income while they do. Our child care plan includes a new tax credit to help those stay-at-home mothers. No job is more important

than the job of raising our children.

I was proud that the Family Medical Leave Act was the first bill I signed into law. Since then, it has helped nearly [20 million] American workers to care for a new baby or an ailing relative without risking their jobs. We should build on that success, and guarantee Family Leave to 10 million more Americans who work for smaller companies.

And parents who work to support their families should never face discrimination in the workplace. I will send legislation to Congress that prohibits companies from refusing to hire or promote workers simply because they have children. We should not punish parents who fulfill their most important responsibility -- we should honor them.

[Next Fall], the First Lady and I will host a White House Conference to examine work and family in the 21st Century. [*Reference to Mrs. Clinton*]

Strong families need strong health care.

The United States has the world's most advanced medical care -- and we must continue our commitment to cutting edge research and pathbreaking innovation.

In just the past six years, medical researchers introduced the first effective drugs to treat HIV. They have begun testing the first drugs to prevent or reduce risk of cancer. They have discovered the process of aging itself -- raising the prospect of new treatments to prevent or delay the infirmities of old age, from Parkinsons to Alzheimers to arthritis.

My balanced budget will keep us on track to increase the budget for the National Institutes of Health by fifty percent. By voting to fund scientific research, this Congress will commit our nation to finding a cure for cancer and HIV early in the new century.

But as our sophisticated medicine races ahead, we cannot let our health care system lag behind.

And as we all know, managed care has transformed medicine in America -- driving down costs, but threatening to drive down quality as well.

Here's a true story told to us by an emergency room physician from Dearborn, Michigan. A patient was rushed into the emergency room; he had died. The doctor managed to resuscitate the patient, and he recovered. But the man's health plan said they would not pay. Being dead, apparently, was not "an emergency"!

Our health care bill of rights says: Every American should have the right to the best care, not just the cheapest. The right to see a specialist. The right to continuity of care. The right to [??] medical treatment. The right to emergency care.

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Within my power as President, I have acted, extending these rights to the 85 million Americans served by Medicare, Medicaid, and other federal health plans. But only Congress can extend this Patient's Bill of Rights to all Americans, and again I ask Congress to do so, on a bipartisan basis, early this year.

Step by step, we must also extend health insurance to more Americans. Today, more Americans lack coverage than they did in 1993. Two years ago, we extended health insurance to up to 5 million children. Now, we should give people 55 to 65 -- the fastest growing group of the uninsured -- the chance to buy in to Medicare. We should make it easier for small businesses to offer health insurance to their employees. We should pass the bipartisan legislation, introduced by Senators Kennedy and Jeffords, to allow people with disabilities to buy Medicaid health insurance when they return to work. No American should have to make the choice between having health care and going to work.

And as more of our medical records are stored electronically, the threats to privacy increase. If Congress does not act this year, as provided by law, I will act -- issuing an executive order to protect the privacy of medical records online.

[And we must step up our efforts to treat and prevent an illness faced by tens of millions of Americans -- mental illness. Mrs. Gore has led our efforts to fight the stigmas faced by the millions of Americans with mental illnesses and to improve their treatment and care. This year, we will host a [first-ever] White House Conference on Mental Health. No American should ever be afraid to recognize and treat this disease. No American should face an ugly stigma. And every American should have equal opportunity to thrive.]

Strong families are working families.

Already, by expanding the Earned Income Tax Credit and raising the minimum wage, we have helped [x] million work their way up from poverty. But you can't raise a family on \$5.15 an hour. I believe that we should say to all parents: if you work hard and play by the rules, you can raise your children out of poverty. Let's agree to raise the minimum wage by \$1 over the next two years.

Welfare to work -- [to come]

A STRONG AMERICA IN A NEW WORLD

MENTION SMATTERING OF SENATORS: BRAG ON A FEW
AG SHD GO IN ECON (PODESTA)

READINESS: MORE CONVERSATIONAL. LONGER MISSIONS; RESOURCES
MORE STRETCHED. IF WE WANT BEST, HAVE TO SUPPORT, PAY; OWE THAT TO
THEM. THAT'S WHAT READINESS IS. DIDN'T LOSE SINGLE PLANE OVER IRAQ;
WHATEVER JOB, THEY FIGURE OUT HOW TO DO IT. BUT ENLIST DOWN IN
NAVY, PILOTS LEAVING AF

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We end this century as the world's indispensable nation. The power of our ideals, the strength of our economy, and the might of our military have given us a unique opportunity to shape a more democratic, peaceful and prosperous world. Because of our unique position, we bear a responsibility -- to act when our interests are clear, our values are at stake and where we can make a difference. In the new century, new opportunities for peace and democracy must be seized. And new threats to our security and the world's must be addressed with vigilance.

Over the next year, the United States must continue to bring the calm hand of reconciliation to lands torn by war and violence.

At the center of Europe, where just a few years ago tens of thousands of people lost their lives to the bloodiest war since World War II, American leadership and NATO's resolve have put Bosnia on the path to peace and prevented a humanitarian catastrophe in Kosovo. Over the next year, we will continue to make Bosnia's peace self-sustaining -- and continue to drawdown our forces. In Kosovo, we will work to sustain a fragile cease-fire and press for a settlement that gives its people the self-government they once enjoyed and so strongly deserve.

All Americans should be proud that we stood with Protestants and Catholics in Northern Ireland as they moved from the deep freeze of despair to the warm sunlight of peace. Through the Good Friday Accord, the people of Northern Ireland have put an end to 30 years of heartbreak and chosen a future of peace. Now, America will help them build it. [*Cong-Peter King? Kennedy & Dodd?*]

And in the Middle East -- birthplace of three great religions, source of so much instability in the world -- we have helped bring the parties closer to a lasting peace. Two months ago, in a long week of meetings on the Maryland shore, we helped put the peace process back on track. Last month, in Israel, we kept it moving forward. I was proud to address the Palestinian National Council on the day it renounced its call for the destruction of Israel. The road to ahead will be difficult. But we can see our way toward a just and secure peace that is good for Israelis, for Palestinians and for the world. [*aid to Israel, Palestinian Auth & Jordan*]

IMPORTANT LEG TO AID PALESTINIANS -- CAN WE MENTION?

As we seize the opportunities to make peace, we must also stand ready to meet the new threats to our nation and the security of the world. With the end of the Cold War, there is no longer a single, existential threat to our survival. But today, outlaw nations and bands of terrorists can disrupt the peace... acquire poison gas, biological weapons and even nuclear arms... and wreak havoc through fear. The battlefields of this conflict are the subways of Tokyo. The streets of the Middle East. Our embassies in Nairobi and Dar es Salaam. We will stand ready to defend our security wherever it is threatened.

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We stand ready on the Korean Peninsula, where 37,000 American troops and our South Korean allies guard the last militarized fault line of the Cold War. We must continue to deter aggression and prevent North Korea from developing nuclear materials. Forty-five years after the end of the Korean War, it is time for a secure peace to come to Korea.

We stand ready to defend our nation against emerging threats here at home. My balanced budget includes a fifty percent increase in funding to protect from hackers and terrorists the computers that keep our armed forces, communications, transportation, electrical networks and financial markets running strong. It will help train and equip fire departments, police departments, hospitals and local communities to deal with chemical and biological emergencies. And it will support significant new research into vaccines, treatments and monitoring programs to keep our people healthy and secure from these new and deadly threats.

We stand ready to restrain the spread of nuclear weapons. To end all nuclear testing, to prevent a new arms race, and to make it harder for nations without nuclear weapons to develop them, I call on Congress to give its advice and consent to the Comprehensive Test Ban Treaty. In 1963, just two months elapsed between the time President Kennedy signed the Limited Test Ban Treaty and its approval by the Senate. It's been more than two years since I became the first world leader to sign the CTBT. I ask the Senate to act -- without delay.

SHD WE USE FORUM TO ASK DUMA PLS TO RATIFY START2 SO WE CAN GET ON W START3 IN THEIRS AND OUR BEST INTEREST? RUSS AND US NEED TO BE SETTING EX... ETC

We must also help Russia, Ukraine, and the other nations of the former Soviet Union keep a tight grip on their nuclear arsenals as they continue to make the difficult transition to democracy and free markets. My balanced budget would help these countries prevent weapons of mass destruction from falling into the hands of terrorists and outlaw nations... use their remarkable scientific potential for peaceful purposes... implement sweeping arms control agreements... and accelerate the destruction of thousands of nuclear weapons and fissile material. For half a century, our nation spent trillions of dollars in the nuclear standoff with the Soviet Union. This would be one of the best investments for peace that we could make today.

TOO LONG. LOOKS LIKE WE ARE OBSESSED. WHOLE WORLD OUT THERE.

TOO DEFENSIVE: DON'T WE HAVE SOMETHING NEW TO SAY ABT FOREIGN POLICY?

SAY WE HELD HIM IN CHECK W/ ABC & WE HAD TO & SOLDIERS ARE GRT & HERE'S THE SOLDIER...

And we stand ready -- and stand firm -- against the threat posed by Saddam Hussein. For nearly a decade, Iraq has defied its obligation to destroy its nuclear, chemical

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and biological weapons and the missiles to deliver them. Saddam has used such weapons before -- against soldiers and civilians against his neighbors and his own people. I have no doubt that, left unchecked, he would use them again. American resolve, leading the international community, has held Saddam in check -- with diplomacy and sanctions whenever possible, with force whenever necessary. And we will work for the day when Iraq has a government worthy of its people.

GREAT (SHRUM) In all of these efforts, we rely on our Armed Forces to defend America's interests in a dangerous world. We are proud of them because they are the best in the world. Every American should be proud of the men and women of our military who last month struck at the weapons of terror in Iraq. Our troops were superb; their weapons precise and powerful. Their mission was successful -- so flawlessly executed that we risk taking for granted the bravery and skill they brought to the job. [x] flew [x] missions, destroying [x] that made [chemical weapons][or whatever]. He is here with us tonight. Let us all honor him and the 10,000 other men and women of Desert Fox.

When I took office, to take advantage of the end of the Cold War and to make America stronger by putting our economic house in order, this Administration continued to streamline our military. But as Commander-in-Chief, I have no higher obligation than to give our troops the tools, training and equipment they need to succeed. Four times over the past nine months, I asked Congress for a total of \$6 billion in emergency funds and reprogrammed money to keep our readiness razor-sharp. Each time, Congress said yes. The budget I will submit for next year asks you to approve an increase of over \$12 billion for defense readiness and modernization -- the start of a sustained, six-year real effort that will reverse a decline in defense spending that began in 1985. My budget will ensure that our Armed Forces remain ready to deploy rapidly in any crisis... that they remain the best equipped fighting force in the world... and that their service is not only rewarding, but well-rewarded, with a pay raise of 4.4 percent. [TK: BRAC insert?] Our men and women in uniform always deliver for America. We must deliver for them.

BE OFFENSIVE, NOT DEFENSIVE. ONE OF THINGS WE'RE PROUDEST OF WE SPENT MORE THAN HALF OF WORLD'S RESOURCES ON DE-MINING. PLANE WENT DOWN OFF COAST NAMIBIA? DESTROYED 1.5-2 M; HAVE BEST RECORD OF ANY COUNTRY IN LAST 5 YRS.

As we enter the 21st Century, we must strengthen and extend our alliances and partnerships to preserve peace and security.

For half a century, NATO has kept the peace and defended democracy in Europe. Now, we are modernizing NATO for the challenges of the 21st Century. This spring in Washington, we will mark NATO's 50th anniversary by welcoming Hungary, Poland and the Czech Republic as our first new allies from Central Europe. And we will continue to give NATO new capabilities to combat the more diverse, but no less dangerous threats of the future: ethnic, racial and religious conflict... the spread of weapons of mass destruction.

And we recognize that more than ever, America's future will not be secure if Asia's is in doubt. As President, I have worked hard to strengthen America's relationships with Japan and Korea, our allies and economic partners. And I am convinced that engaging with China -- home to one in five of the world's people -- is the best way to advance America's interests in this region and to deal directly with our differences. I told the Chinese people on TV this past summer that free markets, political pluralism, the rule of law, and respect for human rights are the best guarantees of national stability. The more we bring China into the world, the more the world will bring freedom to China.

RECOGNIZE THEY ARE CLAMPING DOWN. ADDRESS FOREIGN NATIONS (IE REAGAN & USSR) HAD A WONDERFUL TRIP THERE; RESPECT ACH OF CHINA MODERNIZING VULTURE HERITAGE PEOPLE WANT PARTNERSHIP BUT SERIOUS MISTAKE TO CRUSH LEGIT POL SP. [HUGE APPLAUSE] DEFND ENGAGE [TINNY FEEL] BUT SAY EXPLICIT WHAT WE DON'T LIKE IN METAPHOR WAY.

Finally, we must do more to foster the spread of freedom, democracy and human rights around the world. From our founding, as Thomas Paine said, "The cause of America is the cause of mankind." The blossoming of democracy on every continent at century's end was so sudden, and so widespread, that we risk taking it for granted. There is a danger that, in some countries, confidence in democracy and free markets will be undermined financial turmoil, and by the failure of new institutions to keep up with aspirations. We must help people deepen their democracies so that the historic choice they have made for freedom is never again in doubt.

Last spring, Hillary and I saw an African continent transformed by democracy and economic reform. But we also saw how violence and disease continue to plague the people of Africa and threaten their progress. We must intensify our efforts to strengthen democracy, end conflict, and promote good health. And -- because Africans and Americans can benefit from more trade and investment -- we must finally pass the Africa Growth and Opportunity Act.

And we must continue to strengthen our ties to our neighbors in the Americas, where now every government but one is freely chosen by the people. We must honor our commitment to put the victims of Hurricane Mitch back on the road to recovery. They are our neighbors, and when neighbors are in trouble, good neighbors help out. And we are determined that the people of Cuba, too, should know the blessings of freedom. STILL HAVE 3000 PEOPLE THERE; HOW MUCH \$ DEDICATED; THANK FL & TIPPER & GOP & DEM MEMBERS WHO WENT DOWN THERE

MENTION CUBA INIT?

21st CENTURY COMMUNITIES

GOOD: In the 20th Century, the ties that bind us together too often have been frayed by the force of change. In the 21st Century, we have no choice but to restore those threads of

community.

SAY: BUT HERE IN AMER, TIES THAT BIND PEOPLE TOGETHER HAVE BEEN FRAYED; VAST DIVERSITY OF AMER HAVE STRAINED TIES THAT BIND US TOGETHER IN RECENT YRS EVEN AS WE HAVE SEEN EVEN MORE VIOLENT CONFLICT ABROAD; IN 21ST C RESTORE THOSE THREADS [NO] HAVBE NO CHOICE BUT TO BE ONE AMER. IF WE WANT TO HAVE GOOD INFLUENCE AROUND WORLD MUST BE GOOD AT HOME

Strong communities, first, are communities where hope and opportunity flourish.

MORE LOGICAL TO PUT IN ECON SECTION:

Already, new empowerment zones, community banks, and a surge in investment by private banks have brought [\$x] trillion into our inner cities and poor rural areas. Tonight I propose the next stage of our urban opportunity strategy.[:] More capital into our inner cities. A new American Private Investment Corporation to make loan guarantees for investment in our untapped domestic markets. Tax credits for new investments. 100,000 new vouchers to help poor people move out of public housing. A better farm safety net for rural America, with crop insurance reform and income assistance. When dropping prices and the loss of foreign markets have led to dire economic conditions for too many of our hardworking family farmers.

WHAT IS APIC? MODELED ON OPIC? IF SO, SHDN'T WE SAY IT, AMKE NICE PARALLEL? WHERE DO \$ & TX CREDITS COME FROM? [FRI SP, BUT...]

LITANIZE BULLETS BUT LAST ONE: AND AN APIC, MODELED ON OPIC, WHICH WILL DO ... [ONE SENT] PRETTY DAMNED BIG IDEA. PLAY IT BIG HERE.

GS:HAVE TO EXPAND TO UNTAPPED MKTS. THE GREATEST MKT IS URBAN & RURAL. THAT'S WHY I'M ANNOUNCING COMP PLAN... LAST WK, BEFORE AUDIENCE OF BUS EXEC, I UNVEILED...

Strong communities are safe communities.

MAKE MUCH SHORTER:

BUT...

GUNS OUT HANDS KIDS

100,000 POLICE

21ST C TOOLS

JUVENILE BRADY (ONE A MONTH...)

Six years ago, our country was at peace, but too many of our communities were at war. Gangs and drug dealers controlled entire neighborhoods where even police officers weren't safe to walk the streets. Then, in our communities and our capitol, we fought back.

CLINTON LIBRARY PHOTOCOPY

Here's the strategy: More police on the beat. Fewer guns in the hands of criminals. Tougher punishment. Better prevention.

Crime has declined to its lowest level in 28 years. But you and I know that crime is still a dangerous fact of life in too many neighborhoods. So we must build on our success of the past six years and break the cycle of violence in America for good.

Tonight I propose a crime bill for the 21st Century to press our growing advantages against the criminals, so we can deploy the latest tools, technologies and tactics in the fight against crime.

This year, we will reach our goal of putting 100,000 community police officers on our streets -- under budget and a full year ahead of schedule. This budget will put even more police on the street ... hire 2000 prosecutors ... and give law enforcement the high technology tools they need to fight crime. Criminals have access to the best technology. Now the police will, too.

We must sever the deadly connection between crime and drugs. 80% of people in prison have a drug problem. Yet once they return to the streets, only 1 percent are ever drug tested, and as a result, most return to drugs -- and to crime -- and to prison. It is a destructive cycle -- a cycle we can break.

My balanced budget strengthens support for drug testing and treatment for prisoners, parolees and probationers. To prisoners in every state, we want to send a message: If you stay on drugs, you must stay behind bars. To probationers and parolees, we want to send a message: If you want to keep your freedom, you have to keep free of drugs.

Next, we should continue to take guns off our streets. Since the Brady Bill took effect, 250,000 felons, fugitives and stalkers have tried to buy guns have been turned away empty handed. That's enough guns to fill the floor of this chamber [shoulder high]. Who knows how many lives have been saved?

Now the requirement for a waiting period for buying a handgun has expired. I ask the Congress to keep in place a law that has worked, and make a mandatory waiting period for buying a handgun once again the law of the land.

We can do more to take guns out of the hands of criminals. We should close the loophole that lets criminals buy guns at gun shows. We should say: No background check, no guns, no exceptions. And we should follow South Carolina, Maryland and Virginia's lead and say: nobody needs to buy more than one handgun a month. Let's shut the gunrunners down.

Strong communities are livable communities.

TIGHTEN:

A century ago, President Theodore Roosevelt defined our nation's "great, central task"

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as "leaving this land even a better land for our descendants than it is for us." He set aside millions of acres of natural treasures shaped by the hand of God over hundreds of millions of years -- so they could not be sacrificed for short term gain.

This is the vision we are fulfilling today, protecting California's ancient redwoods, Florida's __ Everglades, Utah's stunning red-rock canyons, and Yellowstone, America's very first National Park. The air we breathe is healthier, the water we drink cleaner. The American bald eagle, the symbol of our national strength, soars once again -- and this year, we will proudly take it off the endangered species list. But for America to soar high and free throughout the new century, there are new environmental challenges we must come together to meet.

The most profound environmental challenge of the 21st Century is the threat of global warming. A few weeks ago, scientists confirmed that 1998 was the warmest year on record. The ice storms, heat waves, and near-biblical floods of the past year are but hint of what future generations may endure. I say: We must act now.

Tonight, I pledge to work with Congress to enact a common-sense strategy: a clean air fund to help communities reduce both pollution and smog; new research and development for clean energy sources; tax cuts for energy-efficient cars, homes, and appliances; rewards for companies that take early, voluntary action to reduce their greenhouse pollution. And finally, we will continue our vigorous diplomatic efforts, because we must meet a global threat with a global response.

Another new environmental challenge is, quite literally, in our very neighborhoods. As so many are buying new homes and sharing in the American Dream, our communities are losing about 7,000 acres of open space every day. We must find new ways to keep our communities both growing and green.

So tonight, Vice President Gore and I propose a \$1 billion Lands Legacy initiative to preserve millions of places of natural beauty across the country -- farmlands, parklands, and open spaces within easy reach of every citizen. This would be the single largest investment in protecting America's lands since President Roosevelt set our nation on a path of conservation nearly a century ago. We must make this gift to the 21st Century.

AmeriCorps MAKE SHORTER:

From our earliest days, the ethic of service -- the belief that all Americans have a duty to give something back to our communities and to each other -- has been the hallmark of American citizenship. For the better part of this century, from the Civilian Conservation Corps to the Peace Corps, young people-- always brimming with idealism and energy -- have been at the front lines of citizen service.

Six years ago, I fought to create AmeriCorps to tap that same vein in today's

CLINTON LIBRARY PHOTOCOPY

generation, to give them a new chance to serve America, earn money for college and work side by side with peers from all walks of life. I wanted to prove the pundits wrong -- that our young people had not become a generation of cynics and slackers, but a generation of patriots and doers.

In just four years, AmeriCorps members have touched the lives of millions of Americans. They have built thousands of low-income homes with Habitat for Humanity. They have helped churches in Dallas tutor children and raise reading scores by more than half. They have worked with the American Red Cross to comfort families hit hard by Hurricane Georges, setting up emergency shelters, clearing away trees and rebuilding homes.

Nothing in my time as President gives me greater pride than this: as of today, 100,000 young people now have served our nation through AmeriCorps -- more than served in the Peace Corps during its entire first two decades. Some of them are with us tonight, and we should thank them for their service.

I ask this Congress to thank these young people as only you can: by increasing support for AmeriCorps. And to all the young people in America, I want you to know that you can make a difference in your community. Whether through AmeriCorps, your church, or other community organization, you have the power to make this world a better place. I challenge you to use it.

Democracy

As we work to strengthen our communities, we must work to renew our democracy. Our campaign finance system is broken -- our laws overwhelmed by an out of control fundraising arms race. Last year, a strong bipartisan majority in the House of Representatives passed strong campaign finance reform. But obstruction by a partisan minority blocked reform and preserved the status quo. I ask the House to pass reform quickly once again -- and I ask the Senate to say no to big money and yes to a strong democracy in the Year 2000.

[free TV]

[And we must recognize that far too few Americans vote. Americans will go around the world to fight for the right to vote -- but too often, we won't go across the street to exercise that right ourselves. [election reforms - to come]]

ONE AMERICA

But the greatest opportunity facing our nation is also our oldest challenge: the challenge of building One America out of the most racially and ethnic diverse peoples on earth. What can we do to build one nation for the 21st Century?

For the past year and a half, our Initiative on Race has sought to bridge the divides

between our people. What we discovered was that the will to bring our people together across all racial lines is strong in America. Thousands of ordinary citizens through their schools, their businesses, through the arts and media, are taking the lead, bringing people from all walks of life to talk and listen to each other, to learn together, to serve side-by-side in our communities. I challenge more communities to follow their example.

But we must also recognize that there is much we can do as a nation to close the opportunity gaps that continue deepen the divides between the races. We must continue to revitalize our most troubled schools, to press forward in our fight for safe streets and safe neighborhoods, to work to bring the American Dream to every corner of America.

For generations, that dream has represented a fundamental compact among our people. We believe that all citizens should have the chance to rise as far as their God-given talents will take them. What counts is energy and talent and heart. No arbitrary distinctions should bar the way. So when we deny opportunity because of ancestry or religion, race or gender, disability or sexual orientation, we break the compact. It is wrong. And it should be illegal. I call upon Congress to honor our most cherished principles and make the Employment Non-Discrimination Act the law of the land.

America has always been lifted up by our struggle to live closer to our ideals of freedom and equality. But too often, in too many places across America, too many Americans become victims of ignorance and intolerance, hate and violence.

[With us tonight are Judy and Dennis Shepard of Casper, Wyoming. Dennis is an oil rig inspector. Judy [stayed at home and raised two fine sons]. This fall, they were proud when their elder son Matthew enrolled in his Dad's alma mater, the University of Wyoming. But barely a few months into his freshman year, Matthew was beaten, tied to a fence, and left for dead on a deserted country road. He was killed, police say, because he was gay. My fellow Americans, this should never have happened to the Shepards and their son -- and it should never happen to any family in America.]

The American family cannot survive when we harbor hate and foster violence against those who are different, when any one of us refuses to acknowledge that each and every one of us are children of God. So I call on Congress to speak with one voice and pass the Hate Crimes Prevention Act this year. We must declare unequivocally that America values every one of our people; that we will never ever tolerate acts of violence and intolerance in this great land of freedom and equality.

But we have much more to do. The face of America will change immeasurably in the next century. We are witnessing the largest wave of immigration since the turn of the last century. Today, one in ten people in America was born in another country. By the end of next year, California will have no majority race.

WAY TOO LONG

I believe our newest immigrants are good for America. They are revitalizing our cities, energizing our culture, building our new economy. They are strengthening our ties to the global economy, just as earlier waves of immigrants settled the frontier and powered the Industrial Revolution.

I know that the new accents and new faces have left some Americans feeling unsettled, fearful that the America they know and love is becoming a foreign land. That fear is understandable, but it is wrong. My fellow Americans, just look at our immigrants and you will see yourselves, your parents, your grandparents.

We must say to our newest immigrants: You are welcome here, to share and enlarge the bounty of America. But you, too, must take responsibility -- to obey our laws, to learn English, to strive to enter the mainstream of American life and to make America's heroes your own. That is why in my balanced budget, I am proud to boost our efforts to teach our immigrants English, our customs and our system of government.

We must help them and all Americans understand the most basic American lesson of all: Whether your ancestors came here on slave ships or on the Mayflower, whether they landed on Ellis Island or Los Angeles International Airport, whether they arrived yesterday or have been here thousands of years, if you believe in the Declaration of Independence and the Constitution, if you accept the responsibilities as well as the rights embedded in them, then you are an American.

PERORATION: THE MILLENNIUM

This is the last state of the Union of this century -- and you are the last Congress of this century. Barely 300 days from now, dawn will break on a new century and a new millennium. This is a moment for clarity and contemplation, a moment to come together, a moment, as the First Lady has said, to honor the past and imagine the future.

I thank the Congress for its support of our efforts to restore the Star Spangled Banner and other national treasures that are known to every schoolchild. Last year, Hillary traveled across our country to inspire more communities to work together to Save America's Treasures. By preserving the places in which our forbears lived and worked, from Thomas Edison's laboratory to Louis Armstrong's house in Queens, we ensure that children today and in the next century can better understand who we are and where we came from. So I call on cities and towns to strive to become "Millennium Communities" -- working to mark the millennium through one shared endeavor, whether by restoring historic places, cleaning up a river or a park, recruiting a volunteers to help children.

I came to this office six years ago tomorrow in a time of doubt for America. Our economy was troubled; our deficit was high; many, even among our own people, wondered whether America's best days were behind us. But a year earlier, traveling across this country through a thousand cities and neighborhoods, in living rooms, churches, and community centers, I had seen, even in the pain and uncertainty of recession, the strength, the idealism, the bold, resilient character of

America.

I had no doubt of what we together could do for our country.

Tonight, as I deliver the last State of the Union message of the 20th Century, that work goes on.

So I ask all of us who hold office to work as hard as the American people do, each and every day. Because they are right to demand it. And because we are working for them.

SAID LAST YR. '98 ELECTION This is no ordinary time. We are in the final months of a century when generations of Americans answered the call to greatness, overcoming Depression, lifting up the dispossessed, bringing down barriers of racial prejudice, opening up opportunity and the most widely shared prosperity in human history, winning two world wars and "a long twilight struggle" against the most vicious forms of tyranny ever known. Perhaps in the daily press of events, in the clash of controversy, we do not see our time for what it truly is – a new dawn for America. GREAT. WAIT UNTIL END?

A hundred years from tonight, another American President will stand in this place to report on the State of our Union. He – or she – will look back on a 21st Century shaped in its very first moments, even by the decisions we make here and now, before it begins.

Let it be said of us then that we were thinking not only of our time, but of their time; that we reached as high as our ideals; that we put aside our divisions and found a new hour of healing and hopefulness; that in these next two years, with pride in our purpose and the grace of our God, we joined together to serve and strengthen the country we love.

Let us lift our eyes, and from the mountaintop of the American century, look forward to the next one.

Let us go to work together for the American people.

And, in this high endeavor, may God watch over the United States of America.

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Michael Waldman to Joshua Gottheimer; RE: State of the Union Draft [partial] (1 page)	01/09/1999	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14417

FOLDER TITLE:

SOTU [State of the Union] 1999 Speech Drafts 1/9/99 - 1/12/99 [Binder] [3]

Debbie Bush
2006-0469-F
db2241

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.

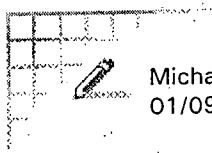
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

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

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Michael Waldman
01/09/99 02:17:03 PM

Record Type: Record

To: Joshua S. Gottheimer/WHO/EOP

cc:

Subject: Re:

----- Forwarded by Michael Waldman/WHO/EOP on 01/09/99 02:18 PM -----



Glastis @ aol.com
01/09/99 01:13:46 AM

Record Type: Record

To: Michael Waldman/WHO/EOP

cc:

Subject: Re:

Subj:

. Mike, I love much of what June writes below about immigration. I'm not sure, however, that there is much to be gained by setting immigration up as a major problem, akin to the murder of blacks and gays. First of all, immigration as a political problem has largely receded in the last two years, both because the economy has boomed and because we passed a couple of get-tough immigration laws. Second, the average person hearing this, having forgotten how pissed off he was about immigration in 1995, will think, oh yeah, you're right, let's keep the foreigners out; yet we come back and say the solution to the immigration problem is for US to be nicer to and more tolerant of THEM. With that in mind, here are my suggestion.

Our seventh great challenge must be to build a strong American community for the 21st Century.

Today, new conditions are challenging us to keep true to our oldest values in ways that make sense for today. A new wave of immigrants, [cut in percentage terms, this wave is smaller than the one that occurred at the turn of the century, and while they are more diverse, their differences have had a far less shocking affect on Americans today than the Irish and Eastern European immigrants of a century ago did to Americans at that time. Moreover, I don't think we want to be questioning the American people's loyalty to old ideals. larger than any in a century, more diverse than any in history, is changing the

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. draft	RE: State of the Union Address (27 pages)	01/13/1999	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14417

FOLDER TITLE:

SOTU [State of the Union] 1999 Speech Drafts 1/9/99 - 1/12/99 [Binder] [4]

Debbie Bush
2006-0469-F
db2242

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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**PRESIDENT WILLIAM J. CLINTON
STATE OF THE UNION ADDRESS
UNITED STATES CAPITOL
January 19, 1999**

Mr. Speaker, Mr. Vice President, Members of Congress, honored guests, my fellow Americans:

On your behalf, let me acknowledge in the presence in the box with Mrs. Hastert of Wei Ling Chestnut and Lyn Gibson, the widows of the two Capitol Police officers who were struck down defending this house, the heart of this democracy. As much as any soldier in our history, they were watchmen on the walls of freedom. I ask us all now to bow our heads in silent prayer in honor of JJ Chestnut and John Gibson. [*moment of silence*]

Tonight, we begin again our work together for the people of America. And let me begin by saluting the new Speaker of the House. Mr. Speaker, on the day you were sworn in, you asked us to work in a spirit of civility and bipartisanship. I accept. Let's heed the words and honor the spirit of Thomas Jefferson, who in 1801 asked a divided Congress to restore "that harmony and affection without which liberty and even life itself are but dreary things." More and more, all across our nation, Americans are working in that spirit. They demand no less of us.

Tonight, I have the honor and responsibility of delivering the last report of the 20th Century on the State of our Union, and to call on our nation to rise to the challenges and opportunities of the 21st Century, barely more than 300 days before us.

I have the privilege to report that we have created the longest peacetime economic expansion in American history -- with wages rising at twice the rate of inflation and nearly 18 million new jobs.

I stand before you to report that more Americans are living in their own homes than at any time in our history -- that the welfare rolls are the smallest in 29 years -- and that the peacetime unemployment rate is the lowest it has been since 1957.

I stand before you the first president in three decades to report not just that the budget is balanced, but that we have a \$76 billion surplus -- the highest in American history.

I stand before you to report that violent crime is at its lowest point in a quarter century.

I stand before you to report that the environment is the cleanest in a quarter century, and that in six years -- even as our economy has boomed -- we have cut pollution from

factories in half.

I stand before you to report that America stands strong -- a force for peace and reconciliation in lands torn by ancient hatreds, from Northern Ireland, to Bosnia, to the Middle East.

In the last years of what has been called the American Century, a new American century has already begun.

Once again our government is a progressive instrument of the common good. Thanks to the pioneering leadership of Vice President Gore, America has a government for the Information Age that lives within its means. The smallest government since -- well, since John Glenn first orbited the Earth. A flexible, creative government driven not by rigid ideology, but by ideas that work; devoted to giving the American people the tools they need to solve their own problems. A 21st Century government for 21st Century America.

Once again, after years of doubt, we have proved to ourselves and the world that when America faces a challenge at home and abroad, we can meet it. President Washington told the First Congress that succeeding generations must carry forward "the sacred fire of liberty" which is "finally staked on the experiment entrusted in the hands of the American people." My fellow Americans, at the end of one American century and the dawn of another, that sacred fire still burns brightly. The State of our Union is strong.

What will we make of this moment? We stand before time of unimaginable possibility for our nation -- of vast new economic opportunities, stunning scientific discoveries, remarkable advances in the health and happiness of our people: a time when cancer is a thing of the past; when new technologies make it easier for parents to succeed at work and be raising their children; children acquire new knowledge in new ways that keep us together -- moving us forward.

This is the future we can build together. But we cannot do it if we allow the hum of our prosperity to lull us into complacency. New times pose new perils even as they offer new promise. They demand new action.

Yes, America is working again. But we still face large long-term [unclear] challenges on our way to the 21st Century.

We must deal with the aging of America by saving Social Security and Medicare and do more for retirement savings. We must give our growing and increasingly diverse population of schoolchildren a world-class education. We must bring economic opportunity to people and places still untouched by our prosperity and put a human face on a more stable global economy. We must build stronger families and communities for the 21st Century, giving parents health care and child care, safer streets and a cleaner environment. We must

maintain our leadership in science and technology so that we can conquer dreaded diseases and stay at the forefront of human discovery. We must remain, in the face of new threats, the world's leading force for peace, prosperity and security. And still we must keep coming together to build, out of all our difference and diversity, One America -- a 21st Century America, stronger and safer, richer and fairer, more diverse and more united than ever.

There will never be a better time to meet these challenges than now -- now, with our budget surplus growing, our economy expanding, and above all, our confidence rising. Let's get to work.

AGING OF AMERICA

Our fiscal discipline gives us an unsurpassed opportunity to address perhaps our greatest new challenge: the aging of America.

Though our nation is young in spirit, our people are aging. Life expectancy is at an all time high. With the number of elderly Americans set to double by 2030, the Baby Boom will become a Senior Boom. We must prepare for this seismic demographic shift.

First and before all else, we must save Social Security. Early in this century, to be old meant to be poor. When President Franklin Roosevelt created Social Security, thousands wrote to thank him for eliminating what one woman called the "stark terror of penniless, helpless old age." Even now, without Social Security, half our nation's elderly would plunge into poverty.

Today, Social Security is strong. But it will soon face a crisis. By 2017, payroll taxes will not cover retirement obligations. By 2032 the Trust Fund will be exhausted, and Social Security will be unable to pay out the full benefits older Americans depend upon to live.

Last year, from this podium, I said we should set aside the surplus until we save Social Security. Working together, we have done so. Tonight, let us resolve to finish the job -- and invest the surplus to save Social Security.

Tonight, I propose that we invest half the budget surplus for 15 years to save Social Security. We can get a higher return if we invest a small portion of the Trust Fund in the private sector -- like any private or state government pension would, or, indeed, like any family would. If we take this step, we can save Social Security for 50 years. But we must do more. From the first days of this program, we have sought to assure that the system was on sound footing for at least 75 years. To do that, we will have to make difficult but achievable choices in a bipartisan agreement. I am committed to that end; I ask you to commit to it, too.

MOVE UP [Let me be clear. [The best way for Social Security to remain, for the long-term, a rock-solid guarantee of support, is to invest its resources more wisely -- not to make drastic cuts

in benefits; not to raise payroll tax rates; and not to drain resources from Social Security in the name of saving it.] I do not believe we should devote a single dollar of the payroll paid by every American tax to any new or untested account that puts basic Social Security benefits at risk.]

SO TONIGHT...

RESTATE 5 PRINCIPLES IN ONE SENT I WANT TO WORK WITH YOU LOT OF DIFF IDEAS MY CONCERN HAS ALWAYS BEEN 5 PRINCIP. WE CAN GET IT DONE THIS YR.

Second, [W/ FUNDS DEVOTED TO SAVE SOC SEC, WE CAN STILL DO THE FOLLOWING; ONCE WE HAVE SET ASIDE FUNDS TO SAVE SOC SEC, WE MUST ALSO...] after we save Social Security, we must fulfill our obligation to save and improve Medicare. Already, we have extended the life of Medicare by 10 years -- but for the health care of our seniors to be on solid ground, it must be extended for at least another decade. So I propose that we put one out of every five dollars in the surplus toward saving Medicare. ~~If we did this and no more, we would extend the life of Medicare for at least 12 years.~~ *But if we do more -- if we take strong steps and take seriously the work of the bipartisan panel chaired by Senator John Breaux and Rep. Bill Thomas that will report in March -- then we can also improve the quality of Medicare as well. [You had questions about this sentence]*

THIS LANG DOESN'T SAY "MED TRUST FUND SECURE FOR NEXT 21 YRS."
EK: IS THIS REF TOO POSITIVE FOR DEMS?
PRESCRIPTION DRUGS?

THERE'S A NEED FOR DRUG BEN, AND AFTER B-T COMM MAKES REC, WE OUGHT TO GET TOGETHER SEE IF WAY TO DO THIS AND AT LEAST MAKE A BEGINNING ON PRESC. DRUG BEN.

IF WE WORK HARD, TOGETHER, LOOK AT RECS OF B-T, I BELIEVE... AND CONSIDER IMPORTANT THINGS LIKE EXTEND PRES. DRUG BEN.

THIS MONEY ALONE, CD GO TO 2020, BUT IF WE WORK TOGETHER, WE CD CONSIDER THESE OTHER THINGS [YES, THIS]

ANNOUNCE 76 B FOLLOWING ON 70 M SURPLUS -- PROJECT 2 TRILLION --
TONIGHT I PROPOSE WE INVEST THAT SURPLUS

Third, we must do more to help all Americans, from their first day on the job, to save, to invest, to create wealth. As President Roosevelt made plain, Social Security was only one pillar of support for older Americans; private savings and pensions were the others. But today, tens of millions of people still retire with few savings and no pension. Even if we save Social Security, Americans living longer than ever simply must save more. Therefore I propose a new universal

pension -- personal savings, invested as each worker sees fit, which would be bolstered by the national government. By doing so we would give more Americans a greater stake in our prosperity. . . a greater hand in the creation of wealth. . . a greater chance to retire in comfort, security, and dignity. I know we can agree: this is a future, a secure future, every hard-working American deserves. [what % of surplus?]

WHAT % OF SURPLUS, IS GOVT PUTTING IN \$; I W
CAN'T TELL WHAT HELL WE'RE SAYING. DOESN'T MAKE LICK OF SENSE

TONIGHT WANT TO MAKE SURE WE USE 10 % TO MAKE SURE EVERY AMER HAS
OW SAVING/PENSION/ WE WILL CONTRIB... GOVT WHICH MATCH FUNDS IN WAY
THT FAVORS HARDEST WORKING FAMILIES.
RAISES MORE QUESTIONS THAN IT ANSWERS
WORK W/ CONG TO WORK OUT DETAILS?

NEEDS NAME: UNIVERSAL SAVINGS ACCTS (USA) PEOPLE 10 YRS FROM NOW
WILL ASK HOWMUCH \$ YOU HAVE IN YR USA ACCT

OLD PROGRAMS, NEW PROGRAMS

Fourth, to better prepare for the Senior Boom, we must help Americans provide long-term care for aging and ailing loved ones. Today, millions of working people are caring for elderly relatives and even neighbors, often at great cost to their families. The care these families provide is invaluable. Our nation should recognize and reward it. In my balanced budget, I will propose a long-term care tax credit of \$1,000 for aged or disabled people with long-term care needs or for the families that shelter them. The care these families provide is invaluable; but we can show we value it very much indeed.

CUT IT.

Finally, we should help every elderly American who can do so to stay in their own home or with their own family, before going to a nursing home. A new initiative in my balanced budget plan will help [50,000] elderly Americans stay in their own homes.

Preparing for the aging of America means investing this fraction of our budget and 85 percent of our budget surplus. This will not only help the growing Senior population; it will help their children, by freeing them of their ?????] for their grandchildren. If we make good use of our good fortune, the retirement of the old need not be a burden on the young. So we should take those bold steps toward a better future now. This year. With no excuses.

NEED ANOTHER SENT: BY BEING PRUDENT & SAV SURPLUS NOW, WE TAKE
BURDEN OFF CHILDREN & ALLOW.

ARE WE GOING TO WASTE THIS \$ ON TX CUTS, OR SAVE IT?

GTOWN ADLIB: NO ONE IN MY GEN WANTS TO PUT BURDEN ON CHILDREN. BY SAVING THIS NOW... AS OLDEST OF BBOOMERS, I CAN TELL YOU, NONE OF US WANT TO PUT INTOLERABLE BURDEN ON CHILDREN & ABILITY TO RAISE FREE THE CHILDREN OF BBOOMERS TO HAVE STRONG FAMILIES &

MORE PERSONAL, POINTED, PASSIONATE

Education

LOT OF STUFF IN HERE W/ LEGS

DON'T USE WORD "SYSTEM" EVER

We must look to the future not only for older Americans, but for our children. Today, there are more children in our public schools than at any time in our history, and their education is more important than ever, for the new economy prizes knowledge, creativity and skills as never before.

TODAY WE CAN SAY WHAT WE CD NOT 6 YRS AGO:

Together, we have opened the door of college to all -- with easier student loans, more Pell grants for deserving students, 1 million new work study jobs, education IRAs, and the HOPE scholarship tax cut that nearly 6 million Americans will receive this year. Today we can say what we could not say six years ago: Every high school graduate in America, regardless of income, can afford to go to college.

We have also made progress in renewing our public schools with higher academic standards, more discipline, more choice, and a focus on results. Nearly every state has imposed tougher academic goals, and a voluntary national test is being developed to measure students' progress in meeting those goals. Thousands of schools have cracked down on drugs, gangs, and violence, and improved learning and discipline with school uniforms. We have supported teaching values and finding a proper place for religious faith in our public schools.

[QUERY: AMERICA READS, MENTORING]

4 THINGS WE DON'T MENTION: CHARTER; AM READS, 1000 COLLEGES HELPING; CHAKA FATA'S MENTORING PROG (DBLING; SAY LATER)-- GEAR UP/ HIGH HOPES -- INCRS VISIBILITY

35-78% WIRED

SF 1996: SOUBLING/TRIP # OF SCHLS WIRED -- HERE OR LATER

All these efforts and continuing reform at state and local levels have begun to bear

fruit. SAT scores are up. Math scores have risen in nearly all grades nationwide. This is good news. But there is a perplexing problem: while our fourth graders outperform their peers in other developed countries in math and science achievement, our eighth graders are around average, and our twelfth graders rank near the bottom. Clearly, American students have the capacity to learn and start out strong, but the system fails them.

We can and must do better, with higher expectations, more reforms that work and resources [???]. Each year the national government invests over \$13 billion [ck] in our public schools. IS THAT RIGHT? I believe we should invest more in education -- in our schools, our classrooms, our teachers. But I also believe we have a responsibility to invest in what works and insist on results when we do. Later this year, I will send Congress a plan that for the first time will hold states and school districts accountable for progress and reward them for results. I propose that every school in every community receiving federal help for their schools take the following steps, steps teachers and students have proved work.

MUST BE VERY CLEAR PROPOSING SOMETHING DRAMATICALLY DIFF. THIS IS A SEA CHANGE IN WAY WE PROPOSING TO SPEND FED \$.

NEED NAME?

EVERY 5 YRS, NEED TO REAUTH ESEA; THIS YR, PROP TO REAUTH BY CHANGING IT; REQ SCHL DISTR TO DO SOMETHING QUITE DRAMATIC THIS IS THE FED FUND THAT GIVES \$ B TO OUR SCHLS I THINK ITS TIME TO GIVE THIS TO WHAT WORKS & DEMAND ACCTABILITY. (WE KNOW WHAT WORKS SO WE HAVE NO EXCUSE FOR CONT TO INVEST IT WHAT DOESN'T SO WE HAVE A MORAL RESPON TO KIDS TO INVEST IN WHAT DOES.) THEREFORE THIS YR I WILL PROPOSE THAT EV SCHL IN EV COMM THAT GETS FED \$ TAKE STEPS -- STEPS WHICH TEACHERS AND STUDENTS ALREADY RPOVED DO WORK.

First, all schools must end social promotion. Too many students move from grade to grade without mastering the basics. This practice must stop. We need to give young people the help they need to meet high standards, and make sure they do. My new balanced budget triples the funding for academically-enriched summer school and after school programs, so schools can end social promotion and give extra help to the kids who need it. We can keep one million students learning in the hours after regular school lets out, when parents work and juvenile crime soars. Our children should learn their lessons in the school house, not on the streets.

TOO LONG: AFTER SCHOOL HELP, SUMMER SCHL HELP --> DRAMATIC IMPROVE. Three years ago, Chicago Mayor Richard Daley sparked such a revolution in his city's schools when he ended social promotion and started giving students extra help during and after school to master the basics. If they still fall short at the end of the year, they go to

summer school and get special tutoring until they do pass -- and most do.

It is tough medicine, but it works. Citywide math and reading scores have gone up three years in a row in Chicago, with the biggest gains coming from some of the most disadvantaged students. One of those students is Darneisha Rogers, who lives in Chicago's tough Cabrini-Green public housing complex. Last spring, Darneisha got a letter saying she would have to repeat sixth grade unless she raised her test scores. Distraught at first, Darneisha buckled down, and in six weeks of summer school boosted her reading level by eight months and her math by a year and five months. She passed her test, entered seventh grade with her friends, and now she's thinking about going to college. Darneisha is with us tonight, sitting with the First Lady.

Every child in America can learn. We owe all of them the same chance as Darneisha to prove they can.

Second, all states and school districts must identify their worst-performing schools, and take serious, even drastic steps, to turn them around. We will no longer tolerate schools that deny generation after generation of disadvantaged Americans the opportunity to learn their way out of poverty. That means, if need be, bringing in new principals, new curricula, and new, better-trained teachers. If schools still fail to improve, they should be shut down and the students placed elsewhere. That's what [19] states are already doing. My balanced budget includes \$200 million to help turn around failing schools.

MENTION NC IF WE CAN BIGGEST IMPRV, WERE FIRST.

Third, all states and school districts must be held responsible for the quality of the teachers they send into the classroom. None of us would be here tonight if it weren't for our teachers. We should lift them up, not tear them down. But in too many schools, teachers do not have college majors--or even minors--in the subjects they teach. We should require new teachers to pass skills tests, and all teachers to know the subject they're teaching.

And we need to attract our best and brightest to the teaching profession, especially where they are needed most. My budget includes a five-fold increase in scholarships for people who agree to teach in our poorest schools.

We must do more to get better trained teachers into our poorest neighborhoods: in the inner city, in isolated rural areas and Indian reservations.

Fourth, we must empower parents by giving them better information about their schools. In most communities, it is easier to get information on the quality of local restaurants than the quality of local public schools. Schools issue report cards on students. I believe every school district should issue report cards on schools.

& MORE CHOICES...

CHARTER SCHLS IS BIGGER IDEA. DO FIRST.

Empowering parents with better information will create tremendous competitive pressure on schools to improve. So will expanding the choices parents have by creating more innovative public charter schools. There was one such charter school in all of America when I became President. There are 900 today, thanks in no small measure to the support we have provided. By early in the next century, there should be 3000. This budget keeps us moving toward that goal. LOSE IT: We should also offer parents new public school choices tailored to the way families work and live today -- including new public schools located at workplaces, so that harried working parents can spend more time with their children and get more involved in their schools. [THIS BUDGET?]

To bring more discipline, more attention, and more learning to every young child, we reached across party lines last fall and began to hire 100,000 new highly-trained teachers to reduce class size in the early grades. I ask this Congress to finish our mission of hiring 100,000 new teachers.

We must also give our children schools as modern as the world they live in. The average school buildings begins to deteriorate after 40 years, and the average school building in America today is 42 years old <-- NOT VERY GOOD. LOSE IT. In some cities, the average age of school buildings is 65 years old. Too many of our schools are falling apart, with walls too old to be wired for the Internet. OTHER BIG PROB IS... [TIGHTEN] Many others are so packed with our nearly 53 million school children that trailers must be used to handle the overflow. Last fall, Congress missed an opportunity to create a tax break to modernize or build 5000 new schools. This year, for the sake of our children, Congress must not miss that opportunity again. GOOD LINE, MAKE EVEN TERSER. USE SAME REPRISE ON BLOOD ALCOHOL, PBR, ANYTHING WE DIDN'T GET LAST TIME.

In 1996, the Vice President and I promised that every classroom and library in America would be connected to the Internet by the year 2000. We have made new investments in computers, training for teachers, and discounts to make logging on affordable. Since then, nine times as many classrooms have been hooked up. But another million classrooms have yet to be connected to the technology that will connect children to the future. This year, our budget makes \$2 billion available to link all our classrooms to the Internet. I ask every school in every community in America to make that vital connection.

I ask the Congress to fund a Digital Library that will put online state of the art math and science curriculum, the treasures of the Smithsonian, and up to 400,000 [CUT of the greatest] books in human history. Imagine what our children can accomplish when they enter a library as vast as their imaginations. We can put that library within the reach of every child.

21st Century economy

RUBIN SUMMARY MIGHT HAVE CLEARER LANG
SEXIER GRAPH HERE AT BEGINNING?

By securing the retirement of the elderly and the education of the young, we will make huge strides to build lasting prosperity into the 21st Century. To widen the circle of opportunity in a modern economy, we must do more.

To spur the high tech industries that account for one third of our growth, my administration will propose a 30% increase in long-term computer research -- so that [TK].
SPEAKS FOR ITSELF -- NO "SO THAT."

To help families with the dizzying choices in the financial marketplace, my administration will propose a new "financial right to know" law to help consumers protect their investments, combat fraud, and make smart choices.

To make sure that competition and innovation thrive, my enforcement team will continue its [prudent but] aggressive BUT PRUDENT record of enforcing our antitrust laws.
AN AGGRESSIVE PRUDE A PRUDENT AGGRESSOR

Y2K TOO LONG. SHRUM: KEEP 1ST AND LAST SENT. ONLY; WE'VE ALREADY
DONE SOC SEC (GIVE LITTLE UPDATE), WORKING ON DEF

To make certain that we reap the rewards and minimize the disruptions of these new technologies, we are working around the clock to prepare for the so called 'millennium computer bug.' As you know, many computers and machines will have difficulty processing the year 2000. I believe that the national government will be ready. Every business, every city and county, every university in this country and around the world is at risk. But if we work hard and work together, the millennium bug can be the last headache of the 21st Century and not the first crisis of the 21st Century.

Finally, it is plain that economic growth at home depends upon economic growth around the world. Because this is so vital to our nation, I want to take a moment to explain what the stakes are and what we have done.

TOO LONG: TIGHTEN
BUT IT'S BIG, PARTICULARLY IF BRAZIL IS SHAKY.

HEADLINE HERE IS INTL ECON; HERE ARE SOME THINGS DOING AT HOME, THEN
MFG INIT (TRD)

P 45 MAY BE WAY TO START: THIS YR WE HAVE TWO BIG LONG-TERM CHALL

AHEAD, THEN GO BACK

FIRST, STAKES. POTUS WILL SPEND MORE TIME ON IT.

Our nation benefits greatly from the free flow of goods and capital and the new lines of commerce and communication that link us to other nations. America has prospered in this decade because of the vibrancy of our economy, the flexibility of our markets, the creativity of our people. The qualities that spell success in the global economy are at the core of the American character. But the same economy that brings new opportunity brings with it new uncertainty. Until recently, a full one third of our economic growth came from trade. But over the past year and a half, financial turmoil that began in Asia and spilled across the world has put that growth at risk. Worldwide financial markets first flood a nation with funds, then just as suddenly withdraw those funds in a panic -- leaving social devastation in its wake. Today, much of the world is in recession. Across Asia, an entire generation that worked its way into the middle class has been plunged into poverty. Too many of our trading partners can't buy our exports -- and can flood our market with inexpensive imports, as the value of their money drops relative to ours and they can be [can't read].

This is the most critical financial crisis in a half century. Last September, I set out a new strategy to spur global growth, to stabilize the global economy and keep the world trading system open, free, and fair. Together with other leading nations, the United States acted -- lowering interest rates, meeting its obligations to the International Monetary Fund, [organizing the nations of the world to help the economy of Brazil]. The turmoil is not over; and over the next year we may yet feel its full impact within our own borders. But because America led and America acted, the world economy is much more sound than it would have been. I thank lawmakers of both parties for your support.

This year there are two big challenges ahead -- to build a 21st Century trading system and a 21st Century financial system that will put a human face on the global economy. An international market that does not honor the values and protect the interest of ordinary citizens will neither earn nor deserve their support.

We must build a financial system for the 21st Century that tames the savage cycles of boom and bust in the world economy. This spring, I will meet with the leaders of the world's most important economies to lay plans for a world financial system as modern as the markets. We must insist that every nation open its books. We must strengthen bank regulations to reduce the risks posed by the ricocheting of money around the world. We must work together to build new ways to respond to these crises before they become calamities. We must make sure that the poorest citizens do not become the victims of financial turmoil.

And we must build a trading system for the 21st Century -- one that spurs growth, expands opportunity, and honors the values we fight for every day.

For too long, trade has divided Americans, across lines of party and philosophy and economic station. We must find a new approach to trade -- the common ground on which business and labor and environmentalists and government can stand.

We must do more to help American manufacturers hit hard by the global financial crisis. I ask the Congress to provide credit to help spur \$2 billion more manufacturing exports abroad. We would be very unwise to erect protectionist walls that could start a chain reaction, hurt exports of American goods, farm products, and services. But let me be clear: where imports are unfairly surging into our nation, we will act. I have made clear to the government of Japan that if Japan's inexplicable surge of cheap steel imports into our country is not reversed, I am ready to self-initiate actions under our trade laws.

We will work with Congress to ensure that sanctions in pursuit of our foreign policy goals do not jeopardize the competitive position of our farmers and businesses in foreign markets.

Five times in the past half century, we have negotiated worldwide trade agreements that have opened markets and lifted our prosperity. Tonight I propose to launch new trade negotiations to open markets -- a new round of negotiations in the World Trade Organization to expand our exports of farm products, services and manufactures. We will seek to expand trade with Africa and with the Central American nations devastated by the recent hurricane and to pursue a Free Trade Area of the Americas.

In all these efforts, we must press for trade that is more open. But we must also press for trade that promotes the dignity of work and the rights of workers. We must insist that international trade organizations be open to the sunlight of public scrutiny. We must insist that trade rules never be used as a pretext to destroy environmental protections. We must never let vigorous international economic competition become a race to the bottom among nations.

I ask Congress to move forward with me based on this common approach and pass legislation granting the President traditional trade authority so we can advance our prosperity.

We will work with the International Labor Organization on a new initiative to lift labor standards around the world. And we must act, once and for all, to end the most exploitative trade practices of all: I will sign a new international agreement to ban child labor everywhere in the world.

And we must make certain that every American worker has the tools to succeed in the new economy.

Today, there is not so much an income gap as a skills gap. At a time when skills matter more than ever, one out of four working people reads at less than a sixth grade level. This past year I was proud to sign bipartisan legislation to transform our worker training system. With a

simple voucher, Americans can now choose the skills they need. My balanced budget will build on that momentum, with a national campaign to improve adult literacy and a commitment every American who needs training gets training.

IF THIS GOES IN ED, WE NEED MORE TO SAY ABOUT IT. OUR ADULTS HAVE ED NEEDS TOO -- IMMIGRANTS, PEOPLE NOT FINISH HS; WANT TO MOUNT LG NATL CAMPAIGN TO GET PEOPLE TO COMEBACK GET GED; MAKE SURE ADULTS WHO NEED IT WILL HAVE ACCESS TO TRG FOR LIFETIME. PUT SOME LIGHTS ON IT. HOW THEY TAUGHT? WHO DOES IT? WHAT ONCE THEY GET CERT? (GET BACK INTO GED; LIFETIME LEARNING) WHO ARE WE TALKING ABOUT?

BUILDING STRONG FAMILIES FOR THE 21st CENTURY

In the 20th Century, the American family was transformed as we adapted to new workplaces and new ways. Now, we must strengthen the American family for the challenges of the 21st Century. No government can raise or love a child. Mothers and fathers do. But government can empower parents with the tools they need to meet their most vital responsibilities.

Tobacco

STRONG FAMILIES, WORKING FAMILIES

BEGIN WITH MIN WAGE; END W/ TOBACCO (SHRUM)

START W/ CHILD CARE; FMLA

THEN HEALTH CARE; PBR (MED RECORDS?)

THEN TOBACCO (YOUNG)

THEN MEDICARE EXTENSION (OLD)

PROGRESS ON 5 M CHILDREN?

WELF TO WORK: SENT OR TWO -- UP TO 10M BUSINESSES; NOT JUST CHERRY PICKING, EFFORTS TO GET ALL WELF RECIPIENTS
ADD SHALALA IDEA COMM HEALTH CTS

A STRONG AMER WDN'T PUT UP W A SPEECH THIS LONG.

POTUS WILL MAKE OUTLINE & SAY HAT MAIN PT IS

WANTS DBL SPACE SM TYPE

EXPLAIN FIN CRISIS; SURPLUS; FED ED \$

BUT ASSERT ANYTHING YOU DON'T HAVE TO EXPLAIN; FACTUAL LINEAR SENT

Strong families start with healthy children.

As is now well known, our children -- what the tobacco industry calls "replacement

smokers" -- are the target of a massive media campaign to hook them on cigarettes -- a product that will kill them. I ask this Congress to resist the awesome power of the tobacco lobby and pass comprehensive, bipartisan legislation that will raise the price of cigarettes, protect farmers, and give us the tools to protect our children from tobacco.

The tobacco industry and its deceptions have imposed a cost not just on our families. Illness due to smoking -- from cancer to emphysema -- costs Medicare [X billion] a year. Taxpayers should not be left holding the bag. Already, state governments have recovered [x] billion dollars for taxpayers for state health care costs.

Tonight, I am directing the Department of Justice to prepare and bring a lawsuit against the tobacco companies for the costs to Medicare of smoking. Any funds we recover from these tobacco companies will help strengthen and reform Medicare. And these funds could be used to extend health care, including a new Medicare prescription drug benefit.

We know that tobacco is not the only product that can bring early death to our children. Each year, on too many dark roads, drunk drivers kill nearly 3000 children. I ask the Congress to write tough new blood alcohol standards into law to protect every American, on every roadway. We missed the chance to do this last year. We should take it now.

Strong families depend on strong parents.

We must do more to help the millions of working American parents who give their all every day to succeed at home and at work.

I ask the Congress once again to enact a comprehensive plan to make quality child care more affordable, more accessible, and more enriching than ever. Our plan -- with tax cuts for working families, child care subsidies for small business, high standards and training for child care providers -- is fully paid for in our balanced budget. It will pay off in greater peace of mind for working parents, and better care for our children.

A child care plan that is in balance with our values will also help mothers who choose to stay at home with their children, giving up income while they do. Our child care plan includes a new tax credit to help those stay-at-home mothers. No job is more important than the job of raising our children.

I was proud that the Family Medical Leave Act was the first bill I signed into law. Since then, it has helped nearly [20 million] American workers to care for a new baby or an ailing relative without risking their jobs. We should build on that success, and guarantee Family Leave to 10 million more Americans who work for smaller companies.

And parents who work to support their families should never face discrimination in the

workplace. I will send legislation to Congress that prohibits companies from refusing to hire or promote workers simply because they have children. We should not punish parents who fulfill their most important responsibility -- we should honor them.

[Next Fall], the First Lady and I will host a White House Conference to examine work and family in the 21st Century. [*Reference to Mrs. Clinton*]

Strong families need strong health care.

The United States has the world's most advanced medical care -- and we must continue our commitment to cutting edge research and pathbreaking innovation.

In just the past six years, medical researchers introduced the first effective drugs to treat HIV. They have begun testing the first drugs to prevent or reduce risk of cancer. They have discovered the process of aging itself -- raising the prospect of new treatments to prevent or delay the infirmities of old age, from Parkinsons to Alzheimers to arthritis.

My balanced budget will keep us on track to increase the budget for the National Institutes of Health by fifty percent. By voting to fund scientific research, this Congress will commit our nation to finding a cure for cancer and HIV early in the new century.

But as our sophisticated medicine races ahead, we cannot let our health care system lag behind.

And as we all know, managed care has transformed medicine in America -- driving down costs, but threatening to drive down quality as well.

Here's a true story told to us by an emergency room physician from Dearborn, Michigan. A patient was rushed into the emergency room; he had died. The doctor managed to resuscitate the patient, and he recovered. But the man's health plan said they would not pay. Being dead, apparently, was not "an emergency"!

Our health care bill of rights says: Every American should have the right to the best care, not just the cheapest. The right to see a specialist. The right to continuity of care. The right to [??] medical treatment. The right to emergency care.

Within my power as President, I have acted, extending these rights to the 85 million Americans served by Medicare, Medicaid, and other federal health plans. But only Congress can extend this Patient's Bill of Rights to all Americans, and again I ask Congress to do so, on a bipartisan basis, early this year.

Step by step, we must also extend health insurance to more Americans. Today, more Americans lack coverage than they did in 1993. Two years ago, we extended health insurance to

up to 5 million children. Now, we should give people 55 to 65 -- the fastest growing group of the uninsured -- the chance to buy in to Medicare. We should make it easier for small businesses to offer health insurance to their employees. We should pass the bipartisan legislation, introduced by Senators Kennedy and Jeffords, to allow people with disabilities to buy Medicaid health insurance when they return to work. No American should have to make the choice between having health care and going to work.

And as more of our medical records are stored electronically, the threats to privacy increase. If Congress does not act this year, as provided by law, I will act -- issuing an executive order to protect the privacy of medical records online.

[And we must step up our efforts to treat and prevent an illness faced by tens of millions of Americans -- mental illness. Mrs. Gore has led our efforts to fight the stigmas faced by the millions of Americans with mental illnesses and to improve their treatment and care. This year, we will host a [first-ever] White House Conference on Mental Health. No American should ever be afraid to recognize and treat this disease. No American should face an ugly stigma. And every American should have equal opportunity to thrive.]

Strong families are working families.

Already, by expanding the Earned Income Tax Credit and raising the minimum wage, we have helped [x] million work their way up from poverty. But you can't raise a family on \$5.15 an hour. I believe that we should say to all parents: if you work hard and play by the rules, you can raise your children out of poverty. Let's agree to raise the minimum wage by \$1 over the next two years.

Welfare to work -- [to come]

A STRONG AMERICA IN A NEW WORLD

MENTION SMATTERING OF SENATORS: BRAG ON A FEW
AG SHD GO IN ECON (PODESTA)

READINESS: MORE CONVERSATIONAL. LONGER MISSIONS; RESOURCES MORE STRETCHED. IF WE WANT BEST, HAVE TO SUPPORT, PAY; OWE THAT TO THEM. THAT'S WHAT READINESS IS. DIDN'T LOSE SINGLE PLANE OVER IRAQ; WHATEVER JOB, THEY FIGURE OUT HOW TO DO IT. BUT ENLIST DOWN IN NAVY, PILOTS LEAVING AF

We end this century as the world's indispensable nation. The power of our ideals, the strength of our economy, and the might of our military have given us a unique opportunity to shape a more democratic, peaceful and prosperous world. Because of our unique position, we bear a responsibility -- to act when our interests are clear, our values are at stake and where we

can make a difference. In the new century, new opportunities for peace and democracy must be seized. And new threats to our security and the world's must be addressed with vigilance.

Over the next year, the United States must continue to bring the calm hand of reconciliation to lands torn by war and violence.

At the center of Europe, where just a few years ago tens of thousands of people lost their lives to the bloodiest war since World War II, American leadership and NATO's resolve have put Bosnia on the path to peace and prevented a humanitarian catastrophe in Kosovo. Over the next year, we will continue to make Bosnia's peace self-sustaining -- and continue to drawdown our forces. In Kosovo, we will work to sustain a fragile cease-fire and press for a settlement that gives its people the self-government they once enjoyed and so strongly deserve.

All Americans should be proud that we stood with Protestants and Catholics in Northern Ireland as they moved from the deep freeze of despair to the warm sunlight of peace. Through the Good Friday Accord, the people of Northern Ireland have put an end to 30 years of heartbreak and chosen a future of peace. Now, America will help them build it. [*Cong- Peter King? Kennedy & Dodd?*]

And in the Middle East -- birthplace of three great religions, source of so much instability in the world -- we have helped bring the parties closer to a lasting peace. Two months ago, in a long week of meetings on the Maryland shore, we helped put the peace process back on track. Last month, in Israel, we kept it moving forward. I was proud to address the Palestinian National Council on the day it renounced its call for the destruction of Israel. The road to ahead will be difficult. But we can see our way toward a just and secure peace that is good for Israelis, for Palestinians and for the world. [*aid to Israel, Palestinian Auth & Jordan*]

IMPORTANT LEG TO AID PALESTINIANS -- CAN WE MENTION?

As we seize the opportunities to make peace, we must also stand ready to meet the new threats to our nation and the security of the world. With the end of the Cold War, there is no longer a single, existential threat to our survival. But today, outlaw nations and bands of terrorists can disrupt the peace... acquire poison gas, biological weapons and even nuclear arms... and wreak havoc through fear. The battlefields of this conflict are the subways of Tokyo. The streets of the Middle East. Our embassies in Nairobi and Dar es Salaam. We will stand ready to defend our security wherever it is threatened.

We stand ready on the Korean Peninsula, where 37,000 American troops and our South Korean allies guard the last militarized fault line of the Cold War. We must continue to deter aggression and prevent North Korea from developing nuclear materials. Forty-five years after the end of the Korean War, it is time for a secure peace to come to Korea.

We stand ready to defend our nation against emerging threats here at home. My balanced budget

includes a fifty percent increase in funding to protect from hackers and terrorists the computers that keep our armed forces, communications, transportation, electrical networks and financial markets running strong. It will help train and equip fire departments, police departments, hospitals and local communities to deal with chemical and biological emergencies. And it will support significant new research into vaccines, treatments and monitoring programs to keep our people healthy and secure from these new and deadly threats.

We stand ready to restrain the spread of nuclear weapons. To end all nuclear testing, to prevent a new arms race, and to make it harder for nations without nuclear weapons to develop them, I call on Congress to give its advice and consent to the Comprehensive Test Ban Treaty. In 1963, just two months elapsed between the time President Kennedy signed the Limited Test Ban Treaty and its approval by the Senate. It's been more than two years since I became the first world leader to sign the CTBT. I ask the Senate to act -- without delay.

SHD WE USE FORUM TO ASK DUMA PLS TO RATIFY START2 SO WE CAN GET ON W START3 IN THEIRS AND OUR BEST INTEREST? RUSS AND US NEED TO BE SETTING EX... ETC

We must also help Russia, Ukraine, and the other nations of the former Soviet Union keep a tight grip on their nuclear arsenals as they continue to make the difficult transition to democracy and free markets. My balanced budget would help these countries prevent weapons of mass destruction from falling into the hands of terrorists and outlaw nations... use their remarkable scientific potential for peaceful purposes... implement sweeping arms control agreements... and accelerate the destruction of thousands of nuclear weapons and fissile material. For half a century, our nation spent trillions of dollars in the nuclear standoff with the Soviet Union. This would be one of the best investments for peace that we could make today.

TOO LONG. LOOKS LIKE WE ARE OBSESSED. WHOLE WORLD OUT THERE.
TOO DEFENSIVE: DON'T WE HAVE SOMETHING NEW TO SAY ABT FOREIGN POLICY?

SAY WE HELD HIM IN CHECK W/ ABC & WE HAD TO & SOLDIERS ARE GRT & HERE'S THE SOLDIER...

And we stand ready -- and stand firm -- against the threat posed by Saddam Hussein. For nearly a decade, Iraq has defied its obligation to destroy its nuclear, chemical and biological weapons and the missiles to deliver them. Saddam has used such weapons before -- against soldiers and civilians against his neighbors and his own people. I have no doubt that, left unchecked, he would use them again. American resolve, leading the international community, has held Saddam in check -- with diplomacy and sanctions whenever possible, with force whenever necessary. And we will work for the day when Iraq has a government worthy of its people.

GREAT (SHRUM) In all of these efforts, we rely on our Armed Forces to defend America's

interests in a dangerous world. We are proud of them because they are the best in the world. Every American should be proud of the men and women of our military who last month struck at the weapons of terror in Iraq. Our troops were superb; their weapons precise and powerful. Their mission was successful -- so flawlessly executed that we risk taking for granted the bravery and skill they brought to the job. [x] flew [x] missions, destroying [x] that made [chemical weapons][or whatever]. He is here with us tonight. Let us all honor him and the 10,000 other men and women of Desert Fox.

When I took office, to take advantage of the end of the Cold War and to make America stronger by putting our economic house in order, this Administration continued to streamline our military. But as Commander-in-Chief, I have no higher obligation than to give our troops the tools, training and equipment they need to succeed. Four times over the past nine months, I asked Congress for a total of \$6 billion in emergency funds and reprogrammed money to keep our readiness razor-sharp. Each time, Congress said yes. The budget I will submit for next year asks you to approve an increase of over \$12 billion for defense readiness and modernization -- the start of a sustained, six-year real effort that will reverse a decline in defense spending that began in 1985. My budget will ensure that our Armed Forces remain ready to deploy rapidly in any crisis... that they remain the best equipped fighting force in the world... and that their service is not only rewarding, but well-rewarded, with a pay raise of 4.4 percent. [TK: BRAC insert?] Our men and women in uniform always deliver for America. We must deliver for them.

BE OFFENSIVE, NOT DEFENSIVE. ONE OF THINGS WE'RE PROUDEST OF WE SPENT MORE THAN HALF OF WORLD'S RESOURCES ON DE-MINING. PLANE WENT DOWN OFF COAST NAMIBIA? DESTROYED 1.5-2 M; HAVE BEST RECORD OF ANY COUNTRY IN LAST 5 YRS.

As we enter the 21st Century, we must strengthen and extend our alliances and partnerships to preserve peace and security.

For half a century, NATO has kept the peace and defended democracy in Europe. Now, we are modernizing NATO for the challenges of the 21st Century. This spring in Washington, we will mark NATO's 50th anniversary by welcoming Hungary, Poland and the Czech Republic as our first new allies from Central Europe. And we will continue to give NATO new capabilities to combat the more diverse, but no less dangerous threats of the future: ethnic, racial and religious conflict... the spread of weapons of mass destruction.

And we recognize that more than ever, America's future will not be secure if Asia's is in doubt. As President, I have worked hard to strengthen America's relationships with Japan and Korea, our allies and economic partners. And I am convinced that engaging with China -- home to one in five of the world's people -- is the best way to advance America's interests in this region and to deal directly with our differences. I told the Chinese people on TV this past summer that free markets, political pluralism, the rule of law, and respect for human rights are the best guarantees of national stability. The more we bring China into the world, the more the

world will bring freedom to China.

RECOGNIZE THEY ARE CLAMPING DOWN. ADDRESS FOREIGN NATIONS (IE REAGAN & USSR) HAD A WONDERFUL TRIP THERE; RESPECT ACH OF CHINA MODERNIZING VULTURE HERITAGE PEOPLE WANT PARTNERSHIP BUT SERIOUS MISTAKE TO CRUSH LEGIT POL SP. [HUGE APPLAUSE] DEFND ENGAGE [TINNY FEEL] BUT SAY EXPLICIT WHAT WE DON'T LIKE IN METAPHOR WAY.

Finally, we must do more to foster the spread of freedom, democracy and human rights around the world. From our founding, as Thomas Paine said, "The cause of America is the cause of mankind." The blossoming of democracy on every continent at century's end was so sudden, and so widespread, that we risk taking it for granted. There is a danger that, in some countries, confidence in democracy and free markets will be undermined financial turmoil, and by the failure of new institutions to keep up with aspirations. We must help people deepen their democracies so that the historic choice they have made for freedom is never again in doubt.

Last spring, Hillary and I saw an African continent transformed by democracy and economic reform. But we also saw how violence and disease continue to plague the people of Africa and threaten their progress. We must intensify our efforts to strengthen democracy, end conflict, and promote good health. And -- because Africans and Americans can benefit from more trade and investment -- we must finally pass the Africa Growth and Opportunity Act.

And we must continue to strengthen our ties to our neighbors in the Americas, where now every government but one is freely chosen by the people. We must honor our commitment to put the victims of Hurricane Mitch back on the road to recovery. They are our neighbors, and when neighbors are in trouble, good neighbors help out. And we are determined that the people of Cuba, too, should know the blessings of freedom. STILL HAVE 3000 PEOPLE THERE; HOW MUCH \$ DEDICATED; THANK FL & TIPPER & GOP & DEM MEMBERS WHO WENT DOWN THERE

MENTION CUBA INIT?

21st CENTURY COMMUNITIES

GOOD: In the 20th Century, the ties that bind us together too often have been frayed by the force of change. In the 21st Century, we have no choice but to restore those threads of community.

SAY: BUT HERE IN AMER, TIES THAT BIND PEOPLE TOGETHER HAVE BEEN FRAYED; VAST DIVERSITY OF AMER HAVE STRAINED TIES THAT BIND US TOGETHER IN RECENT YRS EVEN AS WE HAVE SEEN EVEN MORE VIOLENT CONFLICT ABROAD; IN 21ST C RESTORE THOSE THREADS [NO] HAVBE NO CHOICE BUT TO BE ONE AMER. IF WE WANT TO HAVE GOOD INFLUENCE AROUND WORLD MUST BE GOOD AT HOME

Strong communities, first, are communities where hope and opportunity flourish.

MORE LOGICAL TO PUT IN ECON SECTION:

Already, new empowerment zones, community banks, and a surge in investment by private banks have brought [\$x] trillion into our inner cities and poor rural areas. Tonight I propose the next stage of our urban opportunity strategy.[:] More capital into our inner cities. A new American Private Investment Corporation to make loan guarantees for investment in our untapped domestic markets. Tax credits for new investments. 100,000 new vouchers to help poor people move out of public housing. A better farm safety net for rural America, with crop insurance reform and income assistance. When dropping prices and the loss of foreign markets have led to dire economic conditions for too many of our hardworking family farmers.

WHAT IS APIC? MODELED ON OPIC? IF SO, SHDN'T WE SAY IT, AMKE NICE PARALLEL? WHERE DO \$ & TX CREDITS COME FROM? [FRI SP, BUT...]

LITANIZE BULLETS BUT LAST ONE: AND AN APIC, MODELED ON OPIC, WHICH WILL DO ... [ONE SENT] PRETTY DAMNED BIG IDEA. PLAY IT BIG HERE.

GS:HAVE TO EXPAND TO UNTAPPED MKTS. THE GREATEST MKT IS URBAN & RURAL. THAT'S WHY I'M ANNOUNCING COMP PLAN... LAST WK, BEFORE AUDIENCE OF BUS EXEC, I UNVEILED...

Strong communities are safe communities.

MAKE MUCH SHORTER:

BUT...
GUNS OUT HANDS KIDS
100,000 POLICE
21ST C TOOLS
JUVENILE BRADY (ONE A MONTH...)

Six years ago, our country was at peace, but too many of our communities were at war. Gangs and drug dealers controlled entire neighborhoods where even police officers weren't safe to walk the streets. Then, in our communities and our capitol, we fought back. Here's the strategy: More police on the beat. Fewer guns in the hands of criminals. Tougher punishment. Better prevention.

Crime has declined to its lowest level in 28 years. But you and I know that crime is still a dangerous fact of life in too many neighborhoods. So we must build on our success of the past six years and break the cycle of violence in America for good.

Tonight I propose a crime bill for the 21st Century to press our growing advantages against the criminals, so we can deploy the latest tools, technologies and tactics in the fight against crime.

This year, we will reach our goal of putting 100,000 community police officers on our streets -- under budget and a full year ahead of schedule. This budget will put even more police on the street ... hire 2000 prosecutors ... and give law enforcement the high technology tools they need to fight crime. Criminals have access to the best technology. Now the police will, too.

We must sever the deadly connection between crime and drugs. 80% of people in prison have a drug problem. Yet once they return to the streets, only 1 percent are ever drug tested, and as a result, most return to drugs -- and to crime -- and to prison. It is a destructive cycle -- a cycle we can break.

My balanced budget strengthens support for drug testing and treatment for prisoners, parolees and probationers. To prisoners in every state, we want to send a message: If you stay on drugs, you must stay behind bars. To probationers and parolees, we want to send a message: If you want to keep your freedom, you have to keep free of drugs.

Next, we should continue to take guns off our streets. Since the Brady Bill took effect, 250,000 felons, fugitives and stalkers have tried to buy guns have been turned away empty handed. That's enough guns to fill the floor of this chamber [shoulder high]. Who knows how many lives have been saved?

Now the requirement for a waiting period for buying a handgun has expired. I ask the Congress to keep in place a law that has worked, and make a mandatory waiting period for buying a handgun once again the law of the land.

We can do more to take guns out of the hands of criminals. We should close the loophole that lets criminals buy guns at gun shows. We should say: No background check, no guns, no exceptions. And we should follow South Carolina, Maryland and Virginia's lead and say: nobody needs to buy more than one handgun a month. Let's shut the gunrunners down.

Strong communities are livable communities.

TIGHTEN:

A century ago, President Theodore Roosevelt defined our nation's "great, central task" as "leaving this land even a better land for our descendants than it is for us." He set aside millions of acres of natural treasures shaped by the hand of God over hundreds of millions of years -- so they could not be sacrificed for short term gain.

This is the vision we are fulfilling today, protecting California's ancient redwoods, Florida's ___ Everglades, Utah's stunning red-rock canyons, and Yellowstone, America's very

first National Park. The air we breathe is healthier, the water we drink cleaner. The American bald eagle, the symbol of our national strength, soars once again -- and this year, we will proudly take it off the endangered species list. But for America to soar high and free throughout the new century, there are new environmental challenges we must come together to meet.

The most profound environmental challenge of the 21st Century is the threat of global warming. A few weeks ago, scientists confirmed that 1998 was the warmest year on record. The ice storms, heat waves, and near-biblical floods of the past year are but hint of what future generations may endure. I say: We must act now.

Tonight, I pledge to work with Congress to enact a common-sense strategy: a clean air fund to help communities reduce both pollution and smog; new research and development for clean energy sources; tax cuts for energy-efficient cars, homes, and appliances; rewards for companies that take early, voluntary action to reduce their greenhouse pollution. And finally, we will continue our vigorous diplomatic efforts, because we must meet a global threat with a global response.

Another new environmental challenge is, quite literally, in our very neighborhoods. As so many are buying new homes and sharing in the American Dream, our communities are losing about 7,000 acres of open space every day. We must find new ways to keep our communities both growing and green.

So tonight, Vice President Gore and I propose a \$1 billion Lands Legacy initiative to preserve millions of places of natural beauty across the country -- farmlands, parklands, and open spaces within easy reach of every citizen. This would be the single largest investment in protecting America's lands since President Roosevelt set our nation on a path of conservation nearly a century ago. We must make this gift to the 21st Century.

AmeriCorps

MAKE SHORTER:

From our earliest days, the ethic of service -- the belief that all Americans have a duty to give something back to our communities and to each other -- has been the hallmark of American citizenship. For the better part of this century, from the Civilian Conservation Corps to the Peace Corps, young people-- always brimming with idealism and energy -- have been at the front lines of citizen service.

Six years ago, I fought to create AmeriCorps to tap that same vein in today's generation, to give them a new chance to serve America, earn money for college and work side by side with peers from all walks of life. I wanted to prove the pundits wrong -- that our young people had not become a generation of cynics and slackers, but a generation of patriots and doers.

In just four years, AmeriCorps members have touched the lives of millions of

Americans. They have built thousands of low-income homes with Habitat for Humanity. They have helped churches in Dallas tutor children and raise reading scores by more than half. They have worked with the American Red Cross to comfort families hit hard by Hurricane Georges, setting up emergency shelters, clearing away trees and rebuilding homes.

Nothing in my time as President gives me greater pride than this: as of today, 100,000 young people now have served our nation through AmeriCorps -- more than served in the Peace Corps during its entire first two decades. Some of them are with us tonight, and we should thank them for their service.

I ask this Congress to thank these young people as only you can: by increasing support for AmeriCorps. And to all the young people in America, I want you to know that you can make a difference in your community. Whether through AmeriCorps, your church, or other community organization, you have the power to make this world a better place. I challenge you to use it.

Democracy

As we work to strengthen our communities, we must work to renew our democracy. Our campaign finance system is broken -- our laws overwhelmed by an out of control fundraising arms race. Last year, a strong bipartisan majority in the House of Representatives passed strong campaign finance reform. But obstruction by a partisan minority blocked reform and preserved the status quo. I ask the House to pass reform quickly once again -- and I ask the Senate to say no to big money and yes to a strong democracy in the Year 2000.

[free TV]

[And we must recognize that far too few Americans vote. Americans will go around the world to fight for the right to vote -- but too often, we won't go across the street to exercise that right ourselves. [election reforms - to come]]

ONE AMERICA

But the greatest opportunity facing our nation is also our oldest challenge: the challenge of building One America out of the most racially and ethnic diverse peoples on earth. What can we do to build one nation for the 21st Century?

For the past year and a half, our Initiative on Race has sought to bridge the divides between our people. What we discovered was that the will to bring our people together across all racial lines is strong in America. Thousands of ordinary citizens through their schools, their businesses, through the arts and media, are taking the lead, bringing people from all walks of life to talk and listen to each other, to learn together, to serve side-by-side in our communities. I challenge more communities to follow their example.

But we must also recognize that there is much we can do as a nation to close the opportunity gaps that continue deepen the divides between the races. We must continue to revitalize our most troubled schools, to press forward in our fight for safe streets and safe neighborhoods, to work to bring the American Dream to every corner of America.

For generations, that dream has represented a fundamental compact among our people. We believe that all citizens should have the chance to rise as far as their God-given talents will take them. What counts is energy and talent and heart. No arbitrary distinctions should bar the way. So when we deny opportunity because of ancestry or religion, race or gender, disability or sexual orientation, we break the compact. It is wrong. And it should be illegal. I call upon Congress to honor our most cherished principles and make the Employment Non-Discrimination Act the law of the land.

America has always been lifted up by our struggle to live closer to our ideals of freedom and equality. But too often, in too many places across America, too many Americans become victims of ignorance and intolerance, hate and violence.

[With us tonight are Judy and Dennis Shepard of Casper, Wyoming. Dennis is an oil rig inspector. Judy [stayed at home and raised two fine sons]. This fall, they were proud when their elder son Matthew enrolled in his Dad's alma mater, the University of Wyoming. But barely a few months into his freshman year, Matthew was beaten, tied to a fence, and left for dead on a deserted country road. He was killed, police say, because he was gay. My fellow Americans, this should never have happened to the Shepards and their son -- and it should never happen to any family in America.]

The American family cannot survive when we harbor hate and foster violence against those who are different, when any one of us refuses to acknowledge that each and every one of us are children of God. So I call on Congress to speak with one voice and pass the Hate Crimes Prevention Act this year. We must declare unequivocally that America values every one of our people; that we will never ever tolerate acts of violence and intolerance in this great land of freedom and equality.

But we have much more to do. The face of America will change immeasurably in the next century. We are witnessing the largest wave of immigration since the turn of the last century. Today, one in ten people in America was born in another country. By the end of next year, California will have no majority race.

WAY TOO LONG

I believe our newest immigrants are good for America. They are revitalizing our cities, energizing our culture, building our new economy. They are strengthening our ties to the global economy, just as earlier waves of immigrants settled the frontier and powered the Industrial Revolution.

I know that the new accents and new faces have left some Americans feeling unsettled, fearful that the America they know and love is becoming a foreign land. That fear is understandable, but it is wrong. My fellow Americans, just look at our immigrants and you will see yourselves, your parents, your grandparents.

We must say to our newest immigrants: You are welcome here, to share and enlarge the bounty of America. But you, too, must take responsibility -- to obey our laws, to learn English, to strive to enter the mainstream of American life and to make America's heroes your own. That is why in my balanced budget, I am proud to boost our efforts to teach our immigrants English, our customs and our system of government.

We must help them and all Americans understand the most basic American lesson of all: Whether your ancestors came here on slave ships or on the Mayflower, whether they landed on Ellis Island or Los Angeles International Airport, whether they arrived yesterday or have been here thousands of years, if you believe in the Declaration of Independence and the Constitution, if you accept the responsibilities as well as the rights embedded in them, then you are an American.

PERORATION: THE MILLENNIUM

This is the last state of the Union of this century -- and you are the last Congress of this century. Barely 300 days from now, dawn will break on a new century and a new millennium. This is a moment for clarity and contemplation, a moment to come together, a moment, as the First Lady has said, to honor the past and imagine the future.

I thank the Congress for its support of our efforts to restore the Star Spangled Banner and other national treasures that are known to every schoolchild. Last year, Hillary traveled across our country to inspire more communities to work together to Save America's Treasures. By preserving the places in which our forbears lived and worked, from Thomas Edison's laboratory to Louis Armstrong's house in Queens, we ensure that children today and in the next century can better understand who we are and where we came from. So I call on cities and towns to strive to become "Millennium Communities" -- working to mark the millennium through one shared endeavor, whether by restoring historic places, cleaning up a river or a park, recruiting a volunteers to help children.

I came to this office six years ago tomorrow in a time of doubt for America. Our economy was troubled; our deficit was high; many, even among our own people, wondered whether America's best days were behind us. But a year earlier, traveling across this country through a thousand cities and neighborhoods, in living rooms, churches, and community centers, I had seen, even in the pain and uncertainty of recession, the strength, the idealism, the bold, resilient character of America.

I had no doubt of what we together could do for our country.

Tonight, as I deliver the last State of the Union message of the 20th Century, that work goes on.

So I ask all of us who hold office to work as hard as the American people do, each and every day. Because they are right to demand it. And because we are working for them.

SAID LAST YR. '98 ELECTION This is no ordinary time. We are in the final months of a century when generations of Americans answered the call to greatness, overcoming Depression, lifting up the dispossessed, bringing down barriers of racial prejudice, opening up opportunity and the most widely shared prosperity in human history, winning two world wars and "a long twilight struggle" against the most vicious forms of tyranny ever known. Perhaps in the daily press of events, in the clash of controversy, we do not see our time for what it truly is – a new dawn for America. GREAT. WAIT UNTIL END?

A hundred years from tonight, another American President will stand in this place to report on the State of our Union. He – or she – will look back on a 21st Century shaped in its very first moments, even by the decisions we make here and now, before it begins.

Let it be said of us then that we were thinking not only of our time, but of their time; that we reached as high as our ideals; that we put aside our divisions and found a new hour of healing and hopefulness; that in these next two years, with pride in our purpose and the grace of our God, we joined together to serve and strengthen the country we love.

Let us lift our eyes, and from the mountaintop of the American century, look forward to the next one.

Let us go to work together for the American people.

And, in this high endeavor, may God watch over the United States of America.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION

001. email	Suntum to Jordan Tamagni, et al.; RE: Complete transcript of meeting tapes (35 pages)	01/11/1999	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14417

FOLDER TITLE:

SOTU [State of the Union] 1999 Speech Drafts 1/9/99 - 1/12/99 [Binder] [5]

Debbie Bush
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RESTRICTION CODES

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

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

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cc:

Subject: complete transcript of meeting tapes

THE WHITE HOUSE

Office of the Press Secretary

STATE OF THE UNION MEETING

January 11, 1999

(Tape One, Side One)

THE PRESIDENT: I'm afraid it's on the way to being -- you know, we've got to just write it all in and cut it back down. It's on the way to being way too long, isn't it?

Q We sort of view this draft as being the rhythm track. We see the structure of it and then we can sort of make each part of it --

THE PRESIDENT: But we may have to get rid of more of the words, because there's still some places that need some explanation.

Anyway, the first three pages I made some rhetorical changes. If you want me to just read it, I will -- okay?

I also think a lot of the triumphalism doesn't need to be in there. There's a little bit too much -- I never feel so comfortable with that as you all do, with all the bragging -- brag on this, brag on that, be proud of this, be proud of -- I don't know, it's a little bit --

Anyway, in the first paragraph the only thing I changed so far is the last sentence, the last two sentences. I said: Beyond these walls all across America, Americans of different backgrounds and beliefs are working together in harmony and affection -- see,

Transcript
meeting w/ POTUS
in oval Jan 11 99

referencing the -- to meet the challenges of our new, exciting time. They demand no less of us -- not, they have a right to, they do -- they demand no less of us.

And then on the other ones -- I'm just trying to save a few words here -- I said: I have the honor tonight of reporting to you on the state of our union, period. On the threshold of the 21st century we are moving toward a time of fast new economic opportunities, stunning scientific recoveries, remarkable advances in the health and happiness of our people. If we act now and act together we can ensure that future for all our people. Okay.

A 21st century America, stronger and safer, richer and fairer, more diverse and more united than ever.

It kind of rocks along there.

Then on the next paragraph I changed the last sentence. I said: Again and again, America has been tested. Again and again, we have emerged from adversity stronger, freer, more prosperous and more indispensable for the peace, freedom and prosperity of the world.

On the federal budget deficit I said: a painful symbol of economic weakness and political gridlock.

Now, I reworded the last paragraph on page two a little bit. I said: But we Americans did not believe that. When I first took the oath of office six years ago tomorrow I said,

there is nothing wrong with America that cannot be cured by what is right with America. I believed then, and I believe more firmly today, that if we offer opportunity, demand responsibility (use present tense) and build a community of all Americans, we, the people, will always be able to renew our nation.

And then I would say: For six years with energy, daring and drive, America has done just that -- because otherwise it doesn't -- in other words, you use "challenge" and "change" too many times.

Then I said -- now, you don't put "welfare" here, you put "welfare" later with "crime" -- I think it's less demeaning to put "welfare" with the economy than with crime. Instead of a problem to be solved, these are people that are -- so I put: With more than 17 million new jobs, wages rising at twice the rate of inflation, the lowest unemployment and the lowest percentage of our people on welfare in 29 years -- because this last unemployment rate gave us both -- you know, was the lowest unemployment in 29 years.

Q We actually can say it even better -- it's the lowest peacetime unemployment rate since 1957. So we'll work --

CLINTON LIBRARY PHOTOCOPY

THE PRESIDENT: Yes, however you want to do it. But I think it's better to put welfare there.

Tonight I stand before you to report for the first time -- then instead of saying "the first President" -- I mean, it's a little less arrogant, sort of -- To report for the first time in three decades that the budget is not just balanced, but in surplus. Tonight I stand before you to report that crime is at its lowest point in a quarter century.

Now, the last thing is that we have cut pollution from factories in half. That's been done in six years?

Q Yes, toxic pollution, factories --

THE PRESIDENT: In the last six years? That's good. You ought to put, the last six years, in these six years. Because otherwise people might think it's since 1970 and the Clean Air Act.

Q -- how much about it is actually due to pollution controls --

THE PRESIDENT: Yes, we had it down last year; but over six years, we're up.

On the third page, the last paragraph -- bringing reconciliation. We should say, helping to bring reconciliation, because in all those places we were not alone. Okay?

Then I redid the government paragraph on page four. In this one I would be more aggressive and more -- I would say: I can report that our government is once again a progressive instrument of the common good. We have discarded the old debate, not assumptions -- the old debate that we must either seek to dam up the currents of economic change or tell our people to sink or swim on their own. Instead we have built a government for the Information Age, one that lives within its means, a flexible, creative government, driven not by rigid ideology but by ideas that work; a government that is devoted to give the American people the tools they need to solve their own problems; a 21st century government for 21st century America.

That gets the whole message in and it's got more movement in it.

Then I said -- the next paragraph, first sentence, I said: Perhaps most important of all, we have proved again to ourselves and the world that when America faces a challenge, at home or abroad, we can meet it.

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And then the last sentence I would say: My fellow Americans, at the end of one American century and the dawn of another, that sacred fire still burns brightly. Put "still" in there, that's good.

Then I would say, this open, wide new vistas of opportunity -- we use that word over -- I would say: But we cannot allow the hum of our prosperity to lull us into complacency. I like that. New-times pose new perils, even as they offer new promise. They demand new action. Okay.

Then on this next paragraph, instead of "can" I would say "must" -- we must build an even stronger economy for the 21st century, with a secure retirement systems, strong and modern schools and opportunity spreading to our people and places who have not yet reaped the benefits of our prosperity. If you say "throughout the nation" people think it is -- it is throughout the nation, it's just there are people --

Then I'd say: We must build strong families, we must build strong communities, we must exert American leadership for peace prosperity and security. I put "prosperity" in there. Okay.

The economy I section I think is actually pretty good. I would say: We must begin by building an economy for the 21st century. Then I would say: The qualities of the new economy -- innovation, flexibility and teamwork -- I wouldn't put "ambition," ambition is a quality of every economy -- are at the core of the American character. It is no accident that from biotech to aerospace, from autos to software we are living an American economic renaissance. I think just reversing that reads a little better.

Page six. Do you want to say that the aging of America is our greatest new challenge? Do we want to say that?

Q If it isn't --

THE PRESIDENT: If it isn't, it's close?

Q If it isn't, it's hard to justify using 85 percent of the surplus for it.

THE PRESIDENT: On old people.

Q -- outrageous challenge --

THE PRESIDENT: You don't think we should what? Perhaps our greatest challenge?

Q It's the greatest -- you've kind of solved one major fiscal challenge in the country, and now you're looking towards -- really the one of the next century.

Q It's fiscal challenge --

THE PRESIDENT: You all figure it out.

Then the next paragraph: Our new fiscal discipline gives us an -- opportunity to announce the great challenge of the aging of America. You could say that.

Then I would say -- you've got a phrase in this next paragraph that I think is good, but it's just so many words here -- but it's very good: boundless in energy, uncontained by convention and patient in pursuit of progress. I love that. And that might even be better up front. But here we need to be getting on with business. It's a rhetorical flourish that we don't need here.

I would say: Though our nation is young in spirit, our people are aging. And thank goodness life expectancy is rising. With the number of elderly Americans set to double, the baby boom will soon become a senior boom.

I think we've got to explain -- you know. Okay. I guess you've got to have that next paragraph, I know we say it every time we talk about Social Security.

Q But never on national TV before. -- that came in after the last day of the year.

THE PRESIDENT: It did? Okay.

Last year from this podium I said -- I would reverse the order in the next paragraph -- it says: Now we must use it to save Social Security. Here's what I would say, I would take the third sentence and go first. I would say: We must modernize Social Security so that it continues to provide a rock solid guarantee of support for future generations. Here's how -- not by a drastic cut in benefits, not by raising payroll tax rates.

And then I'd go to the next paragraph, three, and then I'd say: Instead, if we want Social Security to work for the long-term, it should invest wisely, the way any private state government pension should, indeed, the way any family would. And I propose that we invest half the budget surplus to save Social Security.

Now, here's my question. I have a lot of questions on this that I don't know. We're getting into the crux, where I have more questions than edits. Do we want to say "half the budget surplus for 15 years" instead of "forever and a day"?

Q Yes.

Q You made some of these changes in the slightly later rendition.

THE PRESIDENT: Okay. For 15 years, okay.

Q But Mr. President, one -- that we can figure out a little later is that if there's something that everybody needs to know but they don't need to hear in your speech, you know, we can brief on before so we can --

THE PRESIDENT: Yes, but the public is going to be out there. This is something, this is a big surplus -- what are we doing with this surplus. And I think pretending that we're going to have to do this anyway --

Q I think 15 years will help with the immediate reaction. It doesn't --

THE PRESIDENT: Now here's what I think: We can get a higher return if we invest a fraction in the private sector. Do we want to say that or do we want to say, A small part of it in the stock market? A fraction in the private sector -- people don't know what that means. You don't have to resolve this now, I'm just giving it all to you, what I think. Because otherwise we'll be here for five hours. But I have a question about small -- you know, a fraction in the private sector. I don't want people -- you know, that I'm sitting here raising more questions that I answer to the listener.

Q You don't want people to think you're buying --

THE PRESIDENT: Yes. If we do this, we can extend the life of Social Security for 50 years.

Then you go to save Social Security for 75 years, as if everybody knows that's what we're supposed to do. I would say: But we should do more. We should preserve Social Security's guarantee for 75 years. To do that, we will have to make difficult, but achievable, savings in a bipartisan agreement. I am committed to that end and I ask you to commit to it to.

See, that's more likely to be an applause line.

Q We must aim higher.

THE PRESIDENT: We should do more. You might even want to say: Traditionally, at its best, Social Security has the guarantee that's good for 75 years.

You understand? Why do we want 75 years? You see what I'm saying? We've got to -- it's so easy to forget that we're speaking to people, even in the Congress, who may not know that the 75 years is a traditional --

Q -- find out where the 75 years initially came from, because if it's -- create the architects of Social Security --

Q From its first days this program has always been set for 75 years and that's our --

THE PRESIDENT: Well, you need to find that out. Okay? But it's interesting -- I just want to point out, it's interesting, it's good now for 32 years; we propose to make it good for 51 years -- yet, you say we're solving 60 percent of the problem when we're adding 19 years and we've got 25 to go. And the whole thing is kind of weird.

Q It is confusing, because the number of years you extend it are not -- you do a higher percentage of the problem -- you don't get that --

THE PRESIDENT: Okay. Then I don't know what I think about the next. I think it would be better to have a longer paragraph which analyzes the whole thing: if you're going to do this and you don't want to just inflame the Republicans or the Democrats, just say that -- to unpack that sentence, we can get a higher return if we invest a fraction in the private sector. I do not favor having accounts that would run the risk of either making people who have them insecure or undermining the universal guarantee or whatever, we can't forget that a third of the money goes to disabled and survivors. You know, that kind of stuff.

But, I want to set aside half the surplus and if you just do that for the next 15 years, that solves more than half the problem, it takes you to 51 years. You could say: That solves more than half the problem, takes you to 51 years. We ought to go to 75. There are some difficult but clearly achievable choices that have to be made and we ought to make them in a bipartisan matter and I'm committed to it and we ought to do it now.

In other words, I wouldn't take this out and do this sort of finger-pointing. I wouldn't, no.

Q I don't think we should do it like this, either. But there is a way that you can kind of walk the line a little, which is if you say something --

THE PRESIDENT: Yes. We've got to give the Dems something on this, but we just don't have to say it like that.

Q If you say that you don't think anything should be diverted to an untested or risky thing, that risked -- Democrats will hear you against individual -- the Republicans, you'll still have left the door open to something that has a guarantee and that kind of stuff. So you could -- we could hit this in a way where you walk the line and I think probably do good language because -- untested and risky, as opposed to not --

Q One alternative that Gene and I came up with is to say, let me be clear, the best way for Social Security to remain for the long-term a rock solid guarantee of support is to invest its

resources more wisely, not to make drastic cuts in benefits; not to raise payroll tax rates; and not to drain resources from Social Security and -- saving it. I do not believe we should devote a single dollar of the payroll tax paid by every American to any new or untested account that puts basic Social Security benefits at risk.

It still has the same -- it still maybe sticks out too much.

THE PRESIDENT: Yes. We agree, anyway, we're doing it.

Q The question I have is whether or not we should say that the benefit is secured before you go into -- just as a statement. Because you're going straight to the --

THE PRESIDENT: You may be right. You ought to just say -- I'm saying, we've got to unpack it a little. This is a big deal, this is maybe the biggest thing that will come out of this speech. So it's worth spending some time on it, even if we have to truncate some other things.

Q But I think -- you can also walk this line so that it's not heard as a full blown plan. And so you set out a framework for how you're spending the surplus on -- Social Security and --

THE PRESIDENT: But it might even be worth restating the five principles very quickly. In other words, this is worth some time. Paint a picture here. And we're not solving all the problem, but thank God because of our prosperity this will solve more than half of it and you don't even have to worry about it.

Q I think also everyone will figure out -- Social Security -- I think the Republicans are kind of just taking the knife in their chest -- he's killing us. That's how they feel. They feel --

THE PRESIDENT: Don't be too sure, they keep winning the older vote. They say, Bill Clinton will give me my Social Security checks so I can vote against those goddamned Democrats for being nice to gay people.

Q I've heard -- of the Republican staffers and the House say, they've very scared of --

Q Why don't we keep going.

THE PRESIDENT: Okay. Now, I have the same response on Medicare. Keep in mind, the average person does not know what kind of state Medicare is in. And I think what you've got to say is, look, we've worked hard on Medicare, it's a more immediate problem. It's got about 10 years of life, but we need 20 to stabilize it.

You know, explain, use basic terms, if that's what we're

trying to do. There's a commission, we're working on this. But if we dedicate 20 percent of the surplus to Medicare for the next 15 years then we know that Medicare will be fine for 15 years, but we can do better than that and we're waiting for Senator Breaux and Representative Thomas to report to us in March. After they do, we need to do just what we've got to do on Social Security -- we need to get a bipartisan group together. We need to be willing to take some strong steps across party lines. And then we can extend the life of Medicare to 20 years and we can improve the quality of the program.

Q Two things, then. One is, part of the sensitivity here is a lot of your core Democratic supporters are much more skeptical of the Medicare commission and probably don't want to -- front and center as much.

Secondly, a lot of the Democrats want to use some of the funds for prescription drugs, et cetera. So I mean I think that kind of -- I agree with you on saying, 10 years, you know, we need to put resources, stabilize for 20. That gets your message out. And then kind of close with, you know, the Commission, if we look at the good ideas we can make it stronger --

THE PRESIDENT: Well, take seriously the work of this panel -- that's what you said -- they'll report in March. And then again we have to do what we've got to do on Social Security. We've got to get together across party lines, make the decision to extend the life and to improve the quality of the program.

Now, on the savings thing, you don't say 10 percent. Apparently, you decided to put 15 percent in, is that right?

Q We don't know exactly. We've got a lot of work to do to figure out what the exact percentage is.

THE PRESIDENT: Anyway, my point is, you've got three different things, paint three pictures; don't assume anybody knows anything. And this is the one that will have the greatest appeal to people under 50. And this is the only one that will qualify as a tax cuts in Republican's mind.

Q You can do so much in this paragraph, one, for the elite -- et cetera, if you made clear that your -- for everything we do on Medicare and Social Security, if you're living longer and you're spending more of your time, you have to save more. For you to put that message out, it's honest, it's straight -- that's good --. If you do the big wealth creation stuff here, you'll just kill it.

THE PRESIDENT: That's what I'm talking about. But paint a picture. Be explicit. These are the big -- the big time consuming things we have to do here is this stuff and the education stuff. And let's go ahead and do it. Paint this picture. You know, it doesn't have to be a lot longer, but you need very direct, explanatory things that some guy out there with a high school education can understand.

Q Let me mention one other thing we could do in this section. We could actually make this a four-part plan: Social Security, Medicare, universal pensions and the long-term care tax cut. Makes it --

Q The employment issue we have to decide -- which is right now -- like at 10 percent -- reduction, rainy day fund or something like that. -- if that works out numbers-wise, that's common sense to a lot of people.

THE PRESIDENT: But if you do then you've only got 5 percent for military, further tax cuts and any further investment.

Q -- fudge factor. --

Q Let's see how the numbers work. You could easily be at 10 percent individual account, 10 percent for your discretionary, 10 percent for rainy day fund, 20 for Medicare, 50 for Social Security. It might work out that way.

Or we can just bag it and make the personal accounts --

THE PRESIDENT: I'm just trying to make a generic point here, which this is a great picture. And I'm not sure that you wouldn't be better off with the long-term care thing here. What do you think, Mark?

Q -- (inaudible) --

THE PRESIDENT: That's what you think we should do? Paint a pretty picture, man. This is a hell of a picture.

Q As a rhetorical matter, you could combine it all as -- you have the line earlier on, but you could have another sentence here to set it all up as the new compact among generations of Americans. And here the --

Q -- create some --

THE PRESIDENT: If you're worried about bumping the long-term care thing here -- which is clearly where it belongs for political reasons -- then what you could do is put the other children's stuff after that, the family stuff, and put all the education in with all the children stuff. It's just an option.

Q And then it's meeting our dues to the old and meeting our dues to the young. That's a possibility. The other nice symmetry is we have, in effect, a four-part plan for aging within the education stuff as an effective four-part plan for schools --

Q The other thing you could do, Mr. President, is when you hit your -- talk about long-term care as one of the reasons people need to save more. And then the transition is, but we need to

help people now and that's why we're doing this.

THE PRESIDENT: Yes, I like this. The long-term care thing and the savings thing, they both have appeal to younger people. It really builds the family deal. And then you could then go to -- now we go to education. We could do the old and the young and we could do child care and then do education. I just want you to think about that.

All right, let's talk about education a little bit. The first few paragraphs are fine: Americans can afford to go to college -- that's good. Now, did nearly 6 million Americans get the Hope Scholarship alone this year?

Q -- eligibility, I believe, was for 6 million.

THE PRESIDENT: That's fabulous -- I mean, if it's true. Is that true?

Q Well, let me go back -- let me check numbers. I think --

THE PRESIDENT: I think getting these numbers, I think it's important. But keep in mind you also have other -- in that laundry list, work study, jobs, education, IRAs, tax credits and the Hope Scholarship -- because you've got the tax credits for other high school --

Q I'll tell you, I think there's probably disagreement among -- but I think some folks don't like to associate with the IRS -- but I think we ought to be saying, when you get your tax -- there's going to be some things that were never there before, boom, boom, boom. Because otherwise, you know --

THE PRESIDENT: You've got to explain that to people.

Q I just don't know that you want to say, when you get your tax form this year, think of me.

Q I think our fear being associated with tax forms is in just blowing us getting huge credit for these --

THE PRESIDENT: Absolutely. We never got credit for the EITC because we could never figure out how to talk to people about their tax forms and everything.

Q -- (inaudible) --

THE PRESIDENT: Try it, Gene. You all come up with -- Gene, come up with the proposed language and we'll decide if it works. We'll listen.

Okay. Anyway, when it comes to renewing our schools we've made steady progress, nearly every state is imposed, blah,

blah, blah. I think that this -- since it happened a long time ago in public consciousness terms, like three or four years ago, I think saying students who were once literally killing each other over jackets and sneakers are now wearing school uniforms is true -- that it happened a half a dozen times, and they were all high profile cases. I'm just afraid it's, like, over the top. I think we've got to avoid being over the top.

You could say: who were once fighting and, on occasion, even killing each other. I just think -- I really want to avoid looking like I'm hyper, you know, or hyperbolic. I want to be passionate and strong. But I think everything I say is going to be parsed and psycho-babbled to damn death, just like it was last year. And we hit the damn thing out of the park last year because it was a business-like, let's-get-down-to-business and run right through this son of a bitch, you know? And I think in some ways it was the best --

Next paragraph, SAT scores have climbed every year.

Q We can condense some of this stuff.

THE PRESIDENT: I think this is an important point to make, by the way. I think it is. We don't want to be all happy talk. And I think it's worth saying -- I would be more explicit on that -- while our 4th-graders. I would say, But here is a perplexing problem. Our 4th-graders rank near the top among all developed countries in math and science achievement. Our 8th-graders are around average. And our 12th-graders rank near the bottom. They're not actually dead-last, but they rank near the bottom. Clearly, American students have the capacity to learn whatever they need to know. They start out strong, but the system fails them along the way.

Q You were really good on this at the after-school event. We should go back and --

THE PRESIDENT: But here again, this is a picture. You know, people also listen to the State of the Union not just to find out -- they primarily find out what the hell I'm going to do and whether they like it. But it is an educational enterprise, to some extent, and that is something that's worth their knowing. That's something you want them to know. If you want them to support some of this kick-ass stuff we're trying to do, they have to have some reason. And this is a pretty gripping reason. At least I think it is.

Okay. Then we get into this: Last year we reached across party lines, blah, blah -- 100,000 new teachers. I think that's good. Except I would reverse -- again, I think we get too -- don't get caught up in the macho here. I'd say -- the first thing teachers do is teach. So I'd reverse the words. I'd say: Bring

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more learning, more attention and more discipline to every young child. Okay?

Now, the second paragraph here is -- I would unpack this a little. I would like to say, if it works -- first of all, over \$1 billion would become available to connect every classroom --

Q We made \$1 billion available. That's the e-rate.

THE PRESIDENT: That's the e-rate. In other words, in discounts. But we're also spending money, right, to help people get computers, teach people and all that.

Q In your administration the annual amount of money spent each year has gone from \$23 million when we started to, like \$680 --

THE PRESIDENT: To help people buy computers and all that? All right. So here's what I would do. I would say: In 1994, the Vice President and I made a commitment that we would try to see that all of our classrooms and libraries were connected to the Internet by the year 2000. We recognized that that would require also the training of teachers and an effort to make sure that the schools could actually afford to log onto the Internet.

In 1994, we were spending \$23 million a year helping schools get wired to the Information Age -- when we had our first Net Day -- whatever. This year, we're spending \$600 million -- whatever it is. Also, at our urging a new e-rate, education rate, a discount rate, has been approved for schools and libraries so that they can afford to log on to the Internet. And we have continued to work at training teachers, so that now we have 60 percent of all the schools in America are wired -- or whatever it is. What was it in '94 and what is it now? This is worth a picture. This only works if you paint a picture.

Q And you've got a big -- you basically have --

THE PRESIDENT: It's huge.

Q -- 100 percent of the schools -- you just haven't done all the classrooms.

THE PRESIDENT: Huge, but you want facts here, okay. Then the digital library is good. Modernize the schools is good, but it seems like kind of weak. There's not much there, considering this was one of the -- remember what we ran on, right? What did we run on? The patients' bill of rights, 5000 schools, international financial deal and saving Social Security.

Q Can we do one little whack there and we'll just say that we missed -- and why anyone here would be against --

THE PRESIDENT: No. But I would do more than this. I would say: In the last Congress, the last Congress passed up a great

opportunity to help build or modernize 5,000 schools.

But again I think we ought to go back and look at the language even I used in the last State of the Union, whatever. You need to paint a little picture here. This is an important point. This is a picture point. Paint this picture.

Q Can't raise our children --

THE PRESIDENT: And explain how we're doing it with tax cuts or whatever. Just paint the picture.

Q -- (inaudible) --

THE PRESIDENT: Yes. I don't like 21st century skills and 19th century schools. The truth is most of these schools are not 19th century schools, most of them are 50, 60, 70 years old. A lot of them are incapable of being wired. I don't know how many of those places you've been -- a lot of them even have the rooms walled off. It's just horrible. There's a way to say this.

But we also have to -- it's not just 19th century schools, it's the house trailers, it's the explosion of population. We are facing -- and this actually may be relevant -- we are facing -- again, we don't paint this picture, but one segue from the old to the young is that just as we are facing a senior boom, we've got a second baby boom. We've got the largest group of young people in our schools in history, at a time when education is more important than ever before. They are the most diverse group of young people ever, in terms of their language and cultural backgrounds. And the evidence is that we are not doing what we need to do -- 4th, 8th, 12th grade. And here is what we propose to do.

My only question, by the way -- I want to come back to this, I'd like you to visit this -- is on the ordering of this. Because if we could get the ESEA thing worked out, like the first things first worked out, about how we're going to say this, it might be better to lead with that because that is the framework, and then go to the specific.

Q We did it this way because these were sort of base pleasing, quick, applause lines.

THE PRESIDENT: It's fine. I don't think it's a big deal.

Q You could set it up as we're becoming a new nation -- more older people and then --

THE PRESIDENT: The one problem I have now -- now we get into the revolution of rising expectations and all this stuff and I like that. But the one problem I have in all this is that I don't know how it relates to what I've said in the previous two States of

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the Union, and it looks like we just abandoned our move for national standards and exams.

Q Right. We need to get that back in at the front. It's part of the old agenda that we're still pushing for.

THE PRESIDENT: But also we're speaking in shorthand here. And we don't have an example. And the only good example we've got, I guess, is Chicago: But I believe we should only invest in what works, and I propose that every school and every community receiving federal help for their schools take the following steps: end social promotion. Okay. That's fine.

But then we say: But we're giving new money to stop that. I would paint a picture here. I'd say, you know, when it comes to these after school programs, in three years we've gone from \$1 million to \$40 million to \$200 million to whatever the hell we're spending -- \$600 million. And this will work. Blah, blah, blah. We can keep a million students learning.

Then I would say: Second -- the one thing I worry about this, by the way, is whether we have got -- we're saying, in order to get this money, this is what you have to do. What happens if you don't do it? Or what happens if you do it but you still don't get any results?

Q To the latter question, I think --

THE PRESIDENT: The Chicago experience -- how many kids go to summer school, how it's now the 6th biggest summer school in America, how most of them get --

Q -- it doesn't mean that --

Q Plus, if you wanted to you could say, the other day I met a woman, I mean --

THE PRESIDENT: Yes, yes, talk about this woman.

Q One thing we talked about, and this is something we need your judgment on as we go through the speech, is that we thought it might be possible that if you want to, the first person in the First Lady's -- is who you could tell the story of and identify is someone you met in Chicago who was turned around and saved by the social promotion policy.

Q -- or something.

THE PRESIDENT: You can do that. But what you want is you want somebody who went to the summer school, passed and went on.

Q Right. Well, we've got the daughter of the woman who was just here.

THE PRESIDENT: You could do that. We could have her and her daughter there. I mean, I don't know how you want to do it, but I think you ought to think about it.

Q It's a very good plan --

THE PRESIDENT: If it was me, I would penalize them if they didn't. But then I would say -- and also if it was me, I'd make all future increases contingent on improved performance. That's what I would do. I think we ought to have a results oriented system. I was talking to some guy at Barbara Boxer's husband's birthday party the other night, who started this Internet company, through which people can take, in effect, correspondence courses from UCLA, they have this big, extensive education.

And he's got 4,000 people enrolled now. And they actually are charging them about what you'd charge if you showed up, you know, per hour, at UCLA. But it's still a lot cheaper because you don't have to drive to and from, you don't have to do anything. And he says the great thing about this is it's unlike all other public education that's input oriented; ours is output oriented -- you pay the money, you take the course, you take an exam, you either know it or you don't. And he said you can't devise an Internet-based education system that is input oriented. It all has to be output oriented.

It was really an interesting take on it. Anyway.

Now, the second -- what is this \$200? Is this what we tried to pass last time?

Q No, this is our -- accountability fund, increasing -- that states have to use to turn around --

THE PRESIDENT: But the way this is worded is, we're going to give this money to these people, and we certainly hope they work this way and if they succeed fine, and if they don't, fine; it's the same old bullshit.

Q We should make this stronger. -- low performance school, you know, states have an obligation to shut that down --

THE PRESIDENT: Hell, mention North Carolina. They've got the biggest improvement in scores in the country and they have a provision for shutting down schools that fail.

Q And this is an example of the principle that you just spelled out -- be contingent on improved --

THE PRESIDENT: Yes. But explicit, you know, otherwise they'll say, he's throwing money at these problems and saying I sure hope they'll do something they've never done before. And I do not want them to be able to say that.

Okay, third, teachers must be qualified to teach and teach well. You can't single out Massachusetts because, you know --

Q Can we say in one state, though?

Q Actually, -- Massachusetts -- I mean, the teachers -- the state as a whole --

THE PRESIDENT: They may have had a different measure.

Q Right, exactly.

THE PRESIDENT: I just think this is --

Q We might be able to define the problem a little more broadly --

THE PRESIDENT: I also think -- look, when you guys met with me you said we had to spend all this money on teacher development, you said we were going to do this big thing to help teachers. And all this is kicking their ass for taking the test. There's not a word in here about any money we've got for teacher development. Did we put any money in there?

Q We may have a little bit. But we have a fair amount of our class size initiative goes to that purpose. But I think this is too negative.

THE PRESIDENT: It's completely negative. I'd say, you know, one of the reasons we need more teachers, properly trained and properly tested, is that we have too many teachers out there teaching courses for which they themselves have not been properly prepared. So therefore, blah, blah, blah. I mean, this is the same old shit we always say -- throw a teacher out of the classroom. It's fine, but we're not doing anything to change things and we have a chance to really hold them accountable by school and school district. Now, I don't think Congress will do it, but that doesn't mean we shouldn't propose it.

Q Maybe we can -- in Bruce's memo there was some data points about 20 percent of the teachers in the classroom are uncertified or --

Q Yes, we should define the problem -- trying to solve it. You're absolutely right.

THE PRESIDENT: When we first met on this education thing I thought you all wanted to allocate a substantial amount of money to teacher development.

Q We thought you didn't.

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THE PRESIDENT: Well, I didn't, but I don't want to -- I didn't, but if we're not going to do it I don't want to sit around here and act like, you know

(End tape one, side one.)

(Tape One, Side Two)

In progress --

THE PRESIDENT: -- but maybe it polls good or something, but, you know, I just don't -- this strikes me as wrong.

Now, the next paragraph, I was shocked when you told me that they ripped us off of all that money in the last budget, that they appropriated the money and they'd only give, like, 10 percent of the money for teachers?

Q That's right.

THE PRESIDENT: Well, we ought to try to get it reallocated. Or if we don't have any money, why are we even talking about this? How can we, with a straight face, say we're going to get more of these teachers into our poorest neighborhoods, when we had a program last year that was our most certified applause line -- everywhere I went in America, everybody applauded -- they loved it. We abandoned it in the budget negotiations. And now we're not proposing it again.

Q Well, I think we should propose it --

THE PRESIDENT: Well, what did they use all that money for last year?

Q Teachers' colleges and stuff you hate. But if we just up the percentage that goes for scholarships, then --

THE PRESIDENT: To go to underserved areas. Well, yeah. Do enough to double it or something. Do something, because otherwise we're just whistling Dixie. I couldn't bear to say those sentences unless we can cite something we're doing.

Q Okay, we'll do it.

THE PRESIDENT: Okay, but we need to know what we've got in there. This is not -- we'll look stupid being hortatory in some area where we have the responsibility to actually do something and we haven't done it.

Q 100,000 teachers --

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THE PRESIDENT: That's what we had in?

Q We had --

THE PRESIDENT: To go from 1400 to 2400?

Q No, separate deal, the indian reservation initiative for 1000 teachers.

THE PRESIDENT: Do they need 1000 teachers on indian reservations?

Q No, they need a lot more than that.

THE PRESIDENT: Really?

Q -- work on this, but just from hearing it, I think even 1400 sounds so small compared to the scale of the problem --

THE PRESIDENT: Well, last year, I proposed 35,000. You know, over a five-year period, which would have given us about 7,000 a year, and they gave us about 25 percent of what we wanted. That's what you're saying? 20 percent of what we wanted? That's disgusting. Anyway. You know, it's working in Americorps, it'll work in this. We ought to do this.

Now the choice, again -- this is nice, but this program on charter schools? There's no picture here. It's like a throwaway sentence. You know: "when I became President, we had one charter school. Tonight we have about 900. Our goal is to have 3,000." We spent, last year, blank. This year, we're going to spend blank-plus. These schools are doing blah.

It should be part of a broader program to give more choice of public schools, so there will be both protection of the funds for investment in education, but genuine competition. And again, I will say, I think you've got to have -- if you want, on the social promotion thing, I think you've got to talk about Chicago, because people have got to know that this works. And the numbers are great, and the test score here, you can talk about general elementary school, whichever one you want to. That's fine -- we could bring that school in, we could bring a student in who went to summer school but then got to go on, whatever. You can even bring that woman's child back, I don't care.

Now, on the information age: "learning must continue throughout a lifetime" blah blah blah -- we're going to spend some money on that, aren't we? National campaign to improve adult literacy? We put a lot of money into that, didn't we? New on-line learning?

Q We need to work on this to make it --

THE PRESIDENT: There's no picture here. No specifics.

no picture. You need to say, though, there are large numbers of our people here, working people, who don't read well enough to learn new skills. We have an adult literacy program for that. There are large numbers of people that, for whatever reason, never finished high school. We've got a program for them. There are large numbers of people who need to go back at a later time to go to college. In other words, unpack this. Because if you don't, it won't mean anything to people.

And whenever somebody loses their job, they ought to be able to immediately -- or when someone wants to upgrade their job, you know. You've got to paint a picture here. How much money are we spending on this?

Q Combined figure -- is over a half billion.

THE PRESIDENT: How much money we spending on that teacher deal, that inner city teacher deal, where they ripped us off of the money?

Q About \$75 million -- is the overall plot, of which

THE PRESIDENT: But did we put \$75 million of new money, the last time, in there? It wasn't that much, was it?

Q -- 380 over five, I think --

THE PRESIDENT: Really? Out of which, all we got was 1400 teachers a year? Is it 1400 a flat number, or is it an extra 1400 every year?

Q No, it's flat.

THE PRESIDENT: So instead of 35,000, we got 1400. 1400 times five. How did that get by and nobody ever discussed that with me? How did that get by and nobody even discussed that with me? I would have had a coronary if I had known that.

But see, now you've got investing in people, and we're doing the Earned Income Tax Credit, and the minimum wage, and the empowerment thing. The empowerment thing -- now, didn't we get a lot more empowerment stuff in the last session? Did they give us some more empowerment zones? In '98?

Q In the balanced budget agreement we got -- and now what we're trying to do is get some money on the spending side -- the Vice President is just about to announce the winners of the new zones

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THE PRESIDENT: -- prosperity reaches rural America. You can do domestic markets, both urban and rural, up at the top, but this is pay under farm families..."even in these good times, too many farmers are struggling." All this is true: "we must work together to protect the farm safety net." God, we threw \$6 billion at it last time. What is it that we propose to do? What is in our thing that we are going to do?

Q People are going to want you to --

THE PRESIDENT: -- above includes both urban and rural underdeveloped areas. That's the point I'm trying to make. Then you can say, when you say that, you can say, we also have to recognize that there's a lot of problems on the farm today and we're going to have to -- as I have repeatedly said, we have to work together to improve the farm safety net. See? And then you can just say it, like that, and you don't have to get into --

Q -- lifelong learning and empowerment zones should be in the 21st century communities, as part of that, so you cover rural and urban communities. The minimum wage can be in the strong family section, because I don't think this hangs together as much of a section.

THE PRESIDENT: I agree but let's keep going through the specifics. And it shouldn't be a throwaway, it ought to be a real deal. We ought to do a little picture there, too.

"We must make sure that the new technologies that are transforming the marketplace truly serve our people." What does that mean? What is our initiative?

Q The next paragraph is financial consumer stuff, anti-trust enforcement --

THE PRESIDENT: So that's designed to set up the Consumer Bill of Rights. Okay. "We will propose \$3 billion in basic computer research." That's over five years, isn't it? Okay. This is a Y2K thing? This is the obligatory Y2K?

Well, see, look here. You painted a picture! Now, when you can read this, and an average person can figure that out -- no, but take a look. There's a little something here.

The international economy -- we've got to do some. I just didn't have time to write that.

Q -- pull out three or four things and make them sound big --

THE PRESIDENT: But, you know, there's a meeting later this -- a G-7 meeting, we're supposed to adopt some architectural

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changes. This is very, very important. This is one of the four things we ran on. And this is very important. We don't talk a lot about what we did in the last year. We don't talk a lot about what we're going to do. I think that this is something where you don't need acts of Congress very much, because they did the IMF thing. But this is important to people. It always polled off the charts. Even though it's fairly esoteric, people want to know that I'm on top of it. It's one of the reasons people want me to still be President, because they think I know what is going on here. So we have to suit up and pretend we do.

Q -- this will be the third big unit, after aging and education. And then you go right into family, and that's pretty straightforward --

THE PRESIDENT: Okay. Now, the trade thing, we just need to rework it. Basically, you just have to be very blunt on the trade thing, that my policy is that a big part of our growth has come out of trade, a third of our growth. We don't want to have shrinking trade. Our goal is to have free and fair trade that lifts all people, that has a human face, that helps real people. And I'm going to present trade legislation -- or trade negotiation, you know, for Free Trade Area of the Americas, trade with Africa, trade with Central American nations and Caribbean nations devastated by recent natural disasters. But we're going to do it.

We also want the change in the trade rules to take due account of the interests of the working people in our country and in other countries, and the interests of the environment. We also have to have fair trade, and that's why we're hanging in there on steel or something. It's very interesting, Charlene had a different reaction than you did, Gene. I said, "what's your reaction to what we did on steel?" She said, "oh, about a C, C+." We'll have to do a lot more before it's over, or it'll take all our markets away."

I don't know. We'll see. But I think that this is not -- I made that WTO speech, and then I made all these speeches on the international economy, on the trade issue and all this -- I like the manufacturers' thing, because it says more. But there have got to be places where I've dealt with this better.

Q We just need to link up the rhetoric of the WTO speech to the specifics --

THE PRESIDENT: Well, what you want to say is, we need a financial architecture for the 21st century, and that's solving the boom-bust thing? While letting the money flow around? And we need a trading system for the 21st century, which is keeping more trade going but having rules that are enforceable, on the one hand, and making sure the rising tide lifts all boats and doesn't destroy the environment. So we've got to put a human face on the 21st century economy.

And I think we ought to just say that, and say, I'm

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going to be working on this this year, we're going to have a G-7, we ought to talk about things that are up the road that are happening, that are very critical. We ought to be mentioning those things in this speech. In June there will be this G-7 meeting in -- you know, that kind of stuff, that's important.

Okay, now, in the families, I hate to start with tobacco.

Q The reason we did it is the Department of Justice thing --

THE PRESIDENT: I like the Justice thing.

Q it's one of the biggest things in this --

THE PRESIDENT: Yeah, it's big. Only took us three years.

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THE PRESIDENT: -- like I forgot them. Like with the budget -- even if they pass the tax, which they won't do, we'd have to give some of this money back to the farmers. But we can't back off that, we're way out there.

Q Basically, if this thing happens, we should consider it being -- and if not, it shouldn't be.

THE PRESIDENT: The child care thing is very, very good. Now, is this what we always recommend on family leave? Or are we recommending something different?

Q -- what you announced last year. It's basically the same.

Q Last year was the first time you actually called for a stand --

THE PRESIDENT: It is?

Q Yes, last year --

Q I think we should go either one way or the other on it. We did it last time. We really had no support. It's controversial -- so we kind of put it out, there was no support for it, so it just sat around. I think we should either get some mileage out of it or shouldn't do it.

THE PRESIDENT: There's nobody for it in the Congress. It's weird. Even Dodd won't work for it. Is he more for this one than the other thing?

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Q Dodd and the First Lady are very for this. We have to build on that. ---- he was going very hard on this and he made it seem like he had all these people behind him, and then we kind of did it and then he didn't have anybody.

Q We'll make more out of this --

THE PRESIDENT: -- we predicted back in 1993 and 1994, the percentage of Americans without health insurance is rising because the number of employers who can afford to purchase it is falling. And it is projected -- I don't know if you want to go this far, but this is true -- and it's projected that there will be substantial increase in the cost of premiums this year, even in HMOs, at more than twice the rate of inflation in the economy.

You may not want to say all this, but I'm just sort of sketching it out.

Now, somehow people who don't have health insurance who are working need to be able to get health care somewhere. And we don't want the only health care they get to be emergency room care because that's the most expensive care and it often comes too late to do the most good.

And I'm making all this up. I'm just giving you Shalala's idea.

So what we would like to do is to begin building a network of community health centers based on the public health centers that are operated now by state and local governments, based on the medical schools that get heavy federal investments and other units that get big federal money, which could be made available to people without insurance on an ability to pay basis, so that they would pay based on a sliding scale based on their income. This will be a longer-term project, but it is absolutely imperative as more and more people lose their health care, that they'd have to know there is someplace to which they can turn.

And you mentioned the kids. We don't even mention the kids' health initiative. Now, we are in a position of adding 5 million children to the rolls of the health-insured, but in addition to that, we want to do this. Something like that.

You need to get something from Shalala, but you need a little picture here because this is a damn good picture. And if it's a good picture and we have a little money, next year we may want to make it a big part of the State of the Union -- for the last year. We may want it to be a big part of the debate in the year 2000. And it's not too soon to start painting this picture.

Q -- make it clear that were not that -- for coverage initiatives, so that it's not an either-or.

THE PRESIDENT: No, no, no. I wish you guys would let

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me call Phil Gramm's bluff on that 55-65 year old thing in the federal health employee plan.

Q On the patients' bill of rights, this is another one where we have to find a new way to say it. We thought of using the anecdote that the Vice President tells -- it may not be appropriate for the State of the Union -- guy was brought into the emergency room and he was dead, they revived him, but the HMO wouldn't pay because being dead didn't count as an emergency. It's actually a true story. It may not be right for this --

THE PRESIDENT: I don't know, I would like to do some things that will get people's attention.

Q That would stick it to the Republicans. Remember the federal worker in '96 -- and didn't realize what they were getting into?

THE PRESIDENT: And they killed it last time. Can we get that guy here?

Q We don't want to cause any heart problems by putting him in the box. (Laughter.)

THE PRESIDENT: It would be awful if he died in the box, wouldn't it? (Laughter.) It would be a metaphor for my luck this year.

Q So that's another option --

THE PRESIDENT: I think that's self-evident.

Okay, crime. I don't know if you want to say -- we've just got to save some words here. Why don't you want to say, crime is declining rapidly and it's fallen to its lowest rates since 1962. We're going to have to start practicing here. It's not necessary to paint a picture or get an applause or put in a fact -- if it's not the beginning or the end, we probably ought to get rid of it.

That next sentence you could say -- how much money are we putting into this thing?

Q Some of it is double-counting, so there's about \$250 million that is technology initiatives that we describe as COPS --

THE PRESIDENT: Why aren't we hiring 2,000 prosecutors?

Q -- extension of the community prosecution initiative that you rolled out last year -- that's about \$100 million of it, and then there's about \$100 million that is for prevention programs.

THE PRESIDENT: Well, that's hardly COPS, too, is it?

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Q -- still \$600 million or \$700 million that goes for police.

THE PRESIDENT: So some of it can be used to maintain

Q Some of it can be used for one-year waivers to let them keep the police they've already hired --

THE PRESIDENT: Okay. Is the Brady Bill, is the thing totally expired? I thought it was just supplanted by the instant-check where people had instant-check.

Q The waiting period has expired.

THE PRESIDENT: Is that right -- whether states have instant-check or not?

Q We have the national -- some states are outside the Brady system, they just never were in it. They had their own checks and some have their own waiting periods. But there's no national waiting period now.

THE PRESIDENT: I thought we were going to have -- we had this deal about a juvenile not being able to buy guns. We don't mention that, do we? Is there any support for reenacting the Brady Bill -- waiting period?

Q I don't think there is a majority support for any of our gun ideas.

THE PRESIDENT: Which do the law enforcement community want worse.

Q The cops aren't terribly into any of these.

THE PRESIDENT: They were really into the Brady Bill in the beginning, but they're not because of the instant-check, right?

Q Yes. And they're kind of fine --

THE PRESIDENT: With the way things are. Is this worth going through all this? What's handgun control most exercised about?

Q I would say waiting period.

Q -- the new proposal -- that's the way Schumer is going -- that also doesn't have a chance of getting majority support

THE PRESIDENT: Not a chance. Virginia has that law, don't they? It's interesting.

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Q It's designed to go after gun trafficking.

THE PRESIDENT: -- have an NRA amendment allow three a week.

Q One possibility is -- we've gone through the First Lady's box and whether we want heroes and all that -- one of the best stories is of a COPS program cop, police officer, who saved many lives and was wounded and was the police officer of the year. He was funded by the COPS program. The reason I actually thought that it didn't make sense to use him, because as you pointed out, the police element of this proposal isn't so strong. But if you wanted to use him to tell the story of the success and the strategy --

THE PRESIDENT: You need to give me a list of your ideas. The crime thing is very weak and it just doesn't make any sense.

Q I think the revolving door between drugs and prisons is actually --

THE PRESIDENT: It is. But you could just talk about that and go on. You could put that in strong communities and go on.

What's the states and communities -- the live-ability initiative -- is it a billion dollars, or not?

Q It's \$900 million.

THE PRESIDENT: AmeriCorps was passed in '94, right?

Q Passed in '93.

THE PRESIDENT: And this says just three years -- it's been going on for five years, hasn't it? This is pretty good, but I think -- have we asked the AmeriCorps people for a page? We should get them -- they can surely make us --

Q -- two folks with AmeriCorps -- disable in AmeriCorps --

THE PRESIDENT: He became disabled in AmeriCorps?

Q No. He was in AmeriCorps as a disabled person --

THE PRESIDENT: One of the things -- I said I wanted to start meeting with AmeriCorps people wherever I went and doing photo ops with them, but I do it to increase the visibility of it. So the first place I go is Detroit and they do the photo op at the UAW center in an office room where nobody will ever know they were ever there with me. I mean, it's nice to shake hands with 10 people, but that's not the purpose of it. The purpose of it is to raise the

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visibility of AmeriCorps. So will you -- this with the advance people?

Q We'll work on this section.

Q -- like the same amount of people have been in AmeriCorps as the Peace Corps.

THE PRESIDENT: It's powerful. You can say something about the Peace Corps in the foreign policy section if you want to.

There's a huge market for this AmeriCorps thing out there, huge. And I don't know why it just pisses Republicans off because I did it. The next thing you know they'll be trying to impeach AmeriCorps.

Q We should put Dole in the box.

THE PRESIDENT: Put who in the box, Elizabeth Dole?

Q By the way, when you're doing the litany of what they do, you can say they work with the Red Cross.

THE PRESIDENT: You Republicans don't like them because they give blood, they don't spill it. (Laughter.) Anyway, I think it's good. You just need to -- I think you can make it more -- you can broaden what they do more.

Also, there's nothing in here in any section about what happened with America Reads. You've got over 1,000 colleges doing that. When you mentioned that adult literacy thing, or someplace you ought to mention that. Otherwise, it will drop off the screen. The bastards tried to kill that last time, too.

Q Page 29, this is just a quick drive-by. The one question here really is do you want to try and do some democracy strengthening things that aren't campaign reform, free TV. We don't have the policies ready yet, but --

THE PRESIDENT: Did we give away the digital spectrum again, that little commission of ours --

Q We can still call on the FCC to act -- we can effectively treat the commission as if it didn't dispose of anything, which it didn't. It was just advisory -- isn't that right, Bruce?

Q Yes.

THE PRESIDENT: What do you want to do with it, what do you think? Do you think they were right?

Q No, no --

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THE PRESIDENT: Why didn't they do it?

Q Industry pressure.

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THE PRESIDENT: Dennis Shepard is an oil rig inspector, stay at home mom?

Q They're very supportive of you, too. It's a very meaningful thing to them that they got that letter from you.

Q But if we mention Bird, the Texas case, and then mention -- which would be a wonderful thing in terms of clinic violence also -- and then do the story of -- the Shepards are Republicans -- we can't say this, but they're Republicans.

THE PRESIDENT: Well, there are white people in Wyoming, aren't there -- they are by definition Republicans.

Q We don't know if they would be interesting in coming --

THE PRESIDENT: Bruce is going to be pickled and put in the Smithsonian when he dies, he's a white Idaho Democrat.

Q -- this is the new frontier for you, this is your chance to do something that is memorable and would be looked 20, 30 years from now -- people will remember --

THE PRESIDENT: It's a big-ass deal, too.

Q It is, too. That is exactly what people thought

THE PRESIDENT: She asked to do it, too. I don't like that either. There was a campaign to get her in the box. I think that was a mistake.

Q -- Those are new challenges for the next century, so it's really looking forward --

THE PRESIDENT: Well, we've got to really think about this, but my gut is that there is something there. I wish I could have that family from Texas -- Tom DeLay is probably a major suspect in the case.

Q I would guess it's over-kill to have --

THE PRESIDENT: Yes, yes, me, too. I do, too.

Q -- putting this in context -- helps it, doesn't hurt it.

THE PRESIDENT: I like the idea, by the way, of giving an update on the millennium. We can give an update on what happened since last year when I mentioned it and where we're going. We saved Old Glory --

Q It's now less than a year before the millennium, it won't seem at all forced to really talk about the century --

THE PRESIDENT: But I think we also ought to talk about the Millennium Project and how we brought people in from all over America, we're about to have another millennium night.

Q They have a new program on millennium communities that you can mention.

Q We'll take your edits --

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THE PRESIDENT: It's time to raise the minimum wage from blank to blank. Nobody who works and has kids in the home should be poor, or whatever the line is. It's time -- you might even think about whether -- I'm just thinking about this -- you might go back and I've got your list, things we covered -- you might go back and think about whether you want the picture on aging, the picture on kids, the picture on the families, which is child care and health care -- the picture on the international economy, the picture on foreign policy, the picture on one America, which could be governmental reform and one America, government reform, AmeriCorps, race -- right? -- and looking to the future of the millennium and putting some of the medical research in the future and the past, like we did last year -- the future and the past, and a one paragraph report, one paragraph ahead, and then out.

And then somewhere in there just have a laundry list of one sentence on eight different things we want to do. Or I guess it's better if we do it like I just said -- one sentence. In all these things, like this community development thing, you need some picture.

Q I want you to take a look at something we did last night which took the draft you saw at the very beginning and cut out a lot of the material before you begin the litany of accomplishments --

THE PRESIDENT: I like that. I like cutting it out. This is much better. The more we can do -- we need some rhythm here, man. They'll be clapping from the first moment. Anything to move this sucker.

Q The litany ends with the line that -- suggested, which is "in the last days of what has been called the American Century, only months before the new century, an era of new American

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progress has begun. Because that's really the story --

THE PRESIDENT: Then you can use, if you do it like this, then you can do "we are renewing government." You can use it in the tense that you've got it.

Q -- I think it would be a terrible thing if -- well, he was real clear in reminding everybody that the economy sucked when we started and now we're the strongest economy in the world. Let them repeat that, let them --

THE PRESIDENT: We didn't say it sucked when we started.

Q Actually, that's what is cut out of the beginning here --

THE PRESIDENT: This is powerful -- let's get our ass in gear and get on. It makes them look so small and petty and partisan and pathetic.

Q You want people at home to, sort of halfway through the litany, be going, what are we crazy, look at the country. It's what worked so well last year.

THE PRESIDENT: Phil Gramm will say, yes, and we're in such good shape we can afford to do this now. (Laughter.) The rest of you can afford to indulge us our partisan, petty, vicious --

Q Do you want us to get you a new draft --

THE PRESIDENT: Yes, I do. Are we going to commit to a further reduction in the federal work force?

Q The Vice President's Office says it can be done and it's a decision of whether you want to announce it or do it.

THE PRESIDENT: I think right now the federal workers have been through a lot. Saying it's the smallest since John Glenn, and this year it's actually going to go up a little bit because we have to because we're doing the census and we had to hire so many people for the census.

Q I would think you would want to do a long-term analysis before --

THE PRESIDENT: We just don't need it. We've got a lot of other good stuff to announce.

Q We've been working with the NSC on their section --

THE PRESIDENT: The crime stuff is week. We don't have the NSC section yet?

Q We'll have it in tonight's draft.

THE PRESIDENT: But I think we're making real progress. Don't you? This sucker will be whipped into shape by the time we get there.

Q By the time of this weekend.

THE PRESIDENT: This Thomas Jefferson thing is good.

Q In the one America section --

THE PRESIDENT: It's kind of wandering.

Q It's a question of who we are as a people. It's a way of building to a -- we can talk about who actually lived in the country in 1900, who lived in the country in 1950, who lives in here in 1999. You've done this before.

THE PRESIDENT: That's the one thing -- I thought Henry Cisneros's suggestion was too long -- we would have spent our whole speech talking about the 20th century. But I think the idea was good. Henry thought that this whole thing ought to be premised toward what the meaning of the turn of the century is and how we had to imagine what the next 100 years were, and look at all the things that happened in the last 100 years. It was long and detailed and drawn out. It was just too much, but the idea of it might be quite good there at the end.

Q I really think the end of the speech can be a mini-speech about --

THE PRESIDENT: I don't even think you have to repeat so much that you've got on the race thing there. I think that what instead -- and the Jesse deal, the corporation, the thing we're going to announce, we need a bigger picture of that. That is a big part of this speech.

But I think saying here are some of the things -- we look back across the 20th century; how fortunate we are to be the heirs of people who did boom, boom, boom -- especially if you cut out all that crap at the first. What do we want our children to say of us, and our grandchildren, and our great grandchildren? And 100 years from tonight, when the President stands here, what would we like him to be able to say of us? That -- boom, boom, boom.

Well, if that's what you want, we will never have a better chance to get started than tonight. See? We have to decide, if we want Americans 100 years from now to be the country of our dreams, then we have to begin today to live by our dreams, to act by our dreams, to be guided by the better angels of our nature, to -- whatever.

That's what you want to do, because it's not

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self-seeking in that way. And then you can come back to the sacred fire. If you want George Washington's sacred fire to be burning brightly 100 years from now, the real question is what are we going to do.

I think there is a way to do this and you can do it one paragraph. You won't have to drag it out to kingdom come, it will be quite powerful. Get it all out there and if it's too long, we know how to condense. But we need more applause lines. We need the stuff we can do in a hit, to do it in a hit. And then we need the specifics that will make it work. We've really got to work on conceptually -- this education thing is radical. Even the first version --

(end of tape one, side two)

(Tape two, Side One)

In progress --

THE PRESIDENT: -- doing it. But it's not getting us the results we need. Now, every now and then -- every five years or whatever -- we have to reauthorize this money, and we have to define the terms under which it will be spent.

We now know what works. We know that ending social promotion and -- you got that on? -- we now know that ending social promotion and giving kids the help they need -- after-school and summer school -- works. Chicago proved that.

We know that holding schools accountable for the results -- and you can say, either through public school choice and charter schools, or through actually shutting them down if they don't perform -- works. North Carolina proved it; Arlington, Virginia, proves it --

Therefore we have no excuse if we do not reauthorize this money over the next five years, to say, you can get this money, but you have to do what works, and you have to produce results. And therefore, here are the changes we propose to make. In other words, the way we said it doesn't clarify that this is a revolution in government.

This -- you talk about reinventing government, we get this ESEA thing, we're reinventing government. See what I mean? Pictures, pictures, where people understand. When we're doing something that's big, let's take credit for it. When we're doing something self-evident, let's say it in a sentence. And then, when we're doing something where we've got to put some line in, because

otherwise some constituency won't be pleased, but we're not really doing anything, let's say it in a phrase and get over with it.

And then, you need to get me a list of the kind of people you think that we ought to have in the box. And, you know, if you think about -- let's just think about all the different things we're doing. It depends on how we do the national security thing, you know, but I think there ought to be a big deal on NATO because we've got the NATO summit coming up in May, and that's what I worked on, that kind of stuff.

You're doing -- you've got the international economy thing, you may want to have Rubin up there.

Q He's on the floor, with the Cabinet.

THE PRESIDENT: Yeah, he's on the floor.

Q In the international, Mr. President, we thought it might make sense to have somebody from Desert Fox, one of the pilots --

THE PRESIDENT: That's a good idea. That's good. You want to do something in education, we talked about that. You want to do something in the aging area --

Q It's hard to embody an aging thing --

THE PRESIDENT: Well, what you might want is, you might want somebody who's caring for somebody who's long-term care, like the person we had at the event.

Q All I think is I don't think you should refer to an individual person during Social Security; I think it would trivialize --

THE PRESIDENT: I agree with that, I was thinking about the long-term care. No, I agree -- with Social Security, you don't want that.

Q I think it slows down the rhythm of the speech too early in the speech to look at the box right at that point.

THE PRESIDENT: Yeah, I agree. I do think you want an Americorps volunteer up there. But you like the Shepard thing? Mark always says that every time I mention gays, my numbers go down in the State of the Union. It's the only thing that goes down. But I think when you're talking about the murder of a person's son

Q I just don't think you want to isolate it --

THE PRESIDENT: You can do the hate-crimes thing back in

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the crime thing, or you can -- but you like it better in One America, don't you?

Q I think it's a really vivid way of capturing that and almost pulling people in in a way they don't expect to agree with our position.

THE PRESIDENT: Okay.

END

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman to the President; RE: Highlights of Domestic and Economic Policy Memos (4 pages)	12/03/1998	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14417

FOLDER TITLE:

SOTU [State of the Union] 1999 Planning Book [Binder] [1]

Debbie Bush
2006-0469-F
db2244

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

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December 3, 1998

MEMORANDUM FOR THE PRESIDENT

CC: JOHN PODESTA

THROUGH: MARIA ECHAVESTE

FROM: MICHAEL WALDMAN
STATE OF THE UNION PLANNING GROUP

SUBJECT: HIGHLIGHTS OF DOMESTIC AND ECONOMIC POLICY MEMOS

You have been sent several memos from the policy councils, suggesting an array of new possible policies -- some big, some small. The purpose of this memorandum is to identify what we believe are the most significant of these new policy proposals, so you can begin to see the shape of a possible State of the Union and budget.

This is not an exclusive list. In addition, it does not include many of the smaller proposals -- many of which were included in the memoranda to you from the policy councils -- which will undoubtedly be a part of the final speech. It reflects discussion among Bruce Reed, Elena Kagan, Gene Sperling, Sally Katzen, Maria Echaveste, Paul Begala, Jack Lew, Mark Penn, Lael Brainard and Doug Sosnik, among others.

Social Security. At this moment we don't have anything further to add to the ongoing discussions about what to say on Social Security -- except to reaffirm that, given the central place of Social Security in the speech last year, there will be enormous pressure to show some specificity in this address.

Long-Term Care Initiative. As you know, this is politically very powerful, and speaks to a real source of deep anxiety for typical families. The most important new proposal would be for a tax credit of up to \$1,000 for disabled elderly or their caregivers (at a cost of about \$6 billion over 5 years). In addition, the package could include a nursing home quality initiative; respite services, training and counseling for families who care for severely impaired elderly relatives; and new long-term care options for federal employees.

In addition to Social Security and long-term care, the policy councils are developing a full agenda of issues of particular concern to elderly Americans -- including measures to fight

fraud and other crime that preys on seniors, to provide housing and transportation for the elderly, and to strengthening pension protections and enhance pension portability.

Education -- teacher quality. The DPC believes that the most important and memorable new element to your education agenda should be a focus on teachers -- teacher training, teacher quality, teacher recruitment. This would build on the success this year of beginning to hire 100,000 new teachers (a proposal, it is worth noting, that gained more political traction than any previous education reform efforts).

The proposal being crafted will have several elements. Most noteworthy would be a new requirement, tied to federal aid, that new secondary teachers pass competency tests in a subject before they can teach it. In addition, we will mount a nationwide crackdown on teacher education schools, and move to reform teacher certification. These steps will be coupled with increased teacher recruitment scholarships, funds to help teachers go back to college when they teach outside their field. We can use the opportunity of the reauthorization of the ESEA to provide both "carrots" and "sticks" for a teacher quality initiative.

In addition, we will advance an expanded initiative on social promotion -- giving communities that end social promotion more money for after school and summer school, tutoring, and other means to help children live up to high standards. Finally, there would be an array of other education initiatives, including a focus on failing schools and a renewed call for school modernization.

Breaking the cycle of violent crime -- a Crime Bill II. The 1994 Crime Act will expire at the end of FY 2000. We recommend that you challenge Congress to pass a new crime bill that builds on the core elements of the successful 1994 Act -- more police, smarter punishment, and more prevention. We believe that a new Crime Act should include the following elements: First, it should hire more community police and community prosecutors, with an emphasis on technology and training. It should expand the use of probation supervision and drug testing and treatment for prisoners and parolees. It should press your longstanding firearms priorities (juvenile Brady, Brady II, federal CAP legislation and child safety locks), and crack down on gun crimes and gun traffickers. Finally, in addition to other crime bill prevention programs, we could invest in promoting values-based crime and violence prevention efforts.

International economics. Last year, you discussed the international financial crisis when it was in its relatively early stages. Given the continued financial turmoil, and its impact on our own economy, we believe that the speech should have a significant discussion of world economy and the need to strengthen the international financial architecture. The NEC will be working to flesh out what should be said in this area, as well as an ambitious trade agenda building on the goals you anticipated at the WTO speech in Geneva. This will be the first time a broad television audience has heard your new synthesis on trade.

Tobacco/prescription drugs for Medicare beneficiaries. Our best leverage over the tobacco industry is the prospect of a federal suit to recoup Medicare costs associated with

smoking. We could call on Congress to enact Senator Graham's legislation to authorize such a lawsuit (which would make the Justice Department more likely to bring it). At the same time, we could ask for funds for DOJ and HCFA to prepare a lawsuit against the tobacco industry. We could pledge that any proceeds from such a lawsuit would be used to provide a new prescription drug benefit to Medicare beneficiaries.

At the same time, you would once again push for the Patients' Bill of Rights, and could propose an array of expansions of coverage (including, possibly, a smaller version of the Medicare buy-in).

Workforce skills initiative -- closing the skills gap. With the long struggle for the GI Bill for Workers now successfully completed, you can more overtly address this remaining piece of your lifetime learning agenda. Under a proposal being developed by the NEC, every dislocated worker would get training within five years, every unemployed person would get some kind of reemployment services, and every worker would have access to one-stops. You could also advance an adult literacy initiative. You could also challenge American companies to train American workers first, before seeking to import foreign high-tech workers.

* * *

There are, of course, other significant policies being developed.

- * Child care and after-school care will need to be revisited.

- * Environment – EPA and CEQ are working on a quality-of-life based agenda that would help communities attain 'green spaces' such as parks and wilderness, and address uncontrolled development (the subject of 200 environmental ballot initiative victories this November), and initiatives to protect coastal and river areas. In addition, you can discuss next steps on climate change.

- * Consumer protection – From a financial consumers bill of rights now being developed by the NEC, to an array of other consumer protections, you can propose a consumer protection agenda (this would be the first such explicit agenda in one of your State of the Union Addresses).

- * Strengthening democracy for the Year 2000 – In addition to campaign finance reform, we are developing new proposals to increase voting and enhance democratic participation, such as making Election Day a holiday.

- * An appeal for One America, including an overt appeal against anti-immigrant sentiment (as you did powerfully at Portland State)

- * Medical research and medical ethics issues

- * Y2K

* The Millennium Project

Finally, we are working with the National Security Council on its proposals and outline.

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	Larry R. Smith to John Podesta; RE: Home address and telephone number (partial) (1 page)	11/09/1998	P6/b(6)
002. letter	Bill Clinton to Larry R. Smith; RE: Home address (partial) (1 page)	06/16/1998	P6/b(6)
003. memo	Joan Rohlfing to the Secretary; RE: Proposed Counterproliferation Initiative (2 pages)	11/01/1998	P5
004. memo	Bill Richardson to the President; RE: Winning Developing Country Cooperation on Climate Change (2 pages)	10/05/1998	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14417

FOLDER TITLE:

SOTU [State of the Union] 1999 Planning Book [Binder] [4]

Debbie Bush
2006-0469-F
db1510

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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DEPARTMENT OF ENERGY

Washington, DC 20585

November 1, 1998

OFFICE OF THE SECRETARY

Memorandum for the Secretary

From: Joan Rohlfing 

Subject: Proposed Counterproliferation Initiative

You have an opportunity to combine your new efforts in Nuclear Cities, Plutonium Disposition and Critical Infrastructure with ongoing efforts in Chem-Bio, MPC&A, and Nuclear Smuggling into a major initiative. We would market the initiative as follows: You can use this initiative to highlight the role of the Department in providing the essential technological tools and expertise for preventing and responding to WMD threats. You could also use this initiative as a basis for building Congressional support for the \$160-250 million budget increase the Department has requested for FY 2000 in the program areas mentioned above. You might call this initiative "Counterproliferation Tools for the 21st Century."

I propose that you launch the initiative in early December by placing Op-Eds, and possibly preparing a journal article for the Spring issue of *Foreign Affairs* that discusses the urgency of addressing transnational threats, and the role of DOE technology in countering the most dangerous of those threats (nuclear, chem and bio). I would also recommend that we line up one or several speeches early next year at the National Press Club, or the Council on Foreign Relations, etc.

A core theme for this initiative should be the role of the DOE in building the tools (i.e. technologies) that we need to solve the WMD proliferation and terrorism challenges of the future. Our ability to develop cutting edge, next generation technologies is what makes the DOE unique from other agencies such as State, DOD, FBI, etc. When it comes to working in nuclear, chemical and biological sciences the DOE laboratories are the nation's repository of expertise. We are at the forefront, and we have a competitive advantage over other agencies in addressing the particular challenges of the WMD threat. Also, sticking to our own area of agency expertise will help ameliorate any bureaucratic turf concerns that may arise with other Principals if/when you decide to launch this initiative.

In emphasizing the importance of Science and Technology in countering the growing WMD threat we would also point out that DOE addresses the full scope of the threat -- from *preventing* proliferation by preventing the spread of materials and expertise to *responding* to WMD emergencies through our Nuclear Emergency Response Team, or through the delivery of chem-bio detection technologies to local first responders. We may even want to break this initiative into two sub-elements: 1) The Proliferation Prevention Program, which would include the programs focused on preventing the spread of nuclear materials and expertise (NCI, MPC&A, etc); and 2) The Domestic Protection and Response Program, which would focus on our efforts to develop technologies for emergency responders to nuclear, chemical and biological threats,

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and on our new Critical Infrastructure work.

You could use your budget roll-out, in early February, of the Department's FY 2000 budget as an important opportunity to highlight the initiative. At that time, you would announce the increase of \$160 -250 million for the programs associated with the initiative. The final increase associated with the various programs in the initiative will depend on the outcome of our dialogue with OMB. But even with only a \$160M increase, the budget would reflect the high priority that you attach to nonproliferation and national security.

I have already discussed this proposal with Ernie Moniz and David Goldwyn. While Ernie is on board with highlighting the Department's role in WMD prevention and response through such an initiative, he has reservations about representing this as a "budget" initiative since the association with the FY 2000 budget could cause these programs to become more of a legislative target. Ernie also recommends that we quickly work to coordinate the Chem-Bio part of this initiative with the interagency (Dick Clark at NSC) in order to prevent and avoid interagency conflict over DOE's role in this area. David Goldwyn and I have also discussed both the substance and the marketing of this initiative and he is strongly supportive. David would begin marketing the initiative inside the government right away, to build support for our budget efforts before the December budget sessions with OMB.

If you agree, we will move forward by fleshing this out further, and beginning the interagency coordination/notification process. I would recommend as a next step that you sign a memo to other NSC principals (Albright, Berger, Cohen) describing the initiative, and eliciting their support.

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Michael Waldman to the President; RE: State of the Union - Context & Purposes (2 pages)	11/23/1998	P5
002. memo	Michael Waldman to the President; RE: Highlights of Domestic and Economic Policy Memos (4 pages)	12/03/1998	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14418

FOLDER TITLE:

SOTU [State of the Union] 1999 Speech Drafts 11/19/98 - 1/9/99 [Binder] [1]

Debbie Bush
2006-0469-F
db2246

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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WASHINGTON

Big Chill for 21st C. Girl

(1) Admex → SS / JIC → LTC. Clancy
 (2) Chicom → SS, ~~PAC~~, ~~MUSC~~, ~~Tovine~~
 December 3, 1998

December 3, 1998

① 500000

⑤ ECU → Europe unit → para 1, Table
→ WCU → Trade
Franchise

⑥ ~~Library~~ ^{Mass} Library → a word in it

→ used : Readable Photo
was
never
~~mentioned~~
University → Other : Million
work University

CC: JOHN PODESTA

THROUGH: MARIA ECHAVESTE

FROM: MICHAEL WALDMAN *MW* *Michael Waldman*
STATE OF THE UNION PLANNING GROUP

SUBJECT: HIGHLIGHTS OF DOMESTIC AND ECONOMIC POLICY MEMOS

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* **Medical research and medical ethics issues**

* **Y2K**

✓* The Millennium Project

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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memo	Robert Rubin to the President; RE: Update on Your International Financial Initiatives (2 pages)	01/12/1997	P5
001b. report	RE: Report From G7 Finance Ministers to G7 Heads (5 pages)	12/21/1998	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14418

FOLDER TITLE:

SOTU [State of the Union] 1999 Speech Drafts 1/14/99 - 1/15/99 [Binder] [3]

Debbie Bush
2006-0469-F
db2248

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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REPORT FROM G7 FINANCE MINISTERS TO G7 HEADS
21 December 1998

FOLLOWING-UP THE G7 DECLARATION
ON THE GLOBAL FINANCIAL ARCHITECTURE

1. At Birmingham on 15 May the G7 Heads of State or Government endorsed a report from Finance Ministers on ways to strengthen the global financial architecture. They hoped "firm proposals on a range of issues could be put forward for decision later in the year", and asked "Finance Ministers to report on progress with out delay".

2. A great deal of progress has been made since Birmingham, in particular in response to a turbulent period faced by the world economy. We the G7 Finance Ministers met with our Central Bank Governors in Washington in October and, following extensive further consultation, released a Declaration on 30 October, in parallel with a statement from G7 Heads, setting out a number of reforms to the international financial system.

3. These reforms contain four main elements. First, strengthened arrangements for dealing with contagion in international capital markets, the central element of which would be the establishment of an enhanced IMF facility. Second, measures to increase the transparency and openness of the international financial system, the cornerstone of which is stronger and more comprehensive internationally agreed principles, standards and codes of best practice, as well as extension of international surveillance of their implementation. Third, policies and processes to ensure the stability and improve the surveillance of the international financial system, and to develop better ways to respond to crises, in particular through the involvement of the private sector. Fourth, measures aimed at reforming the International Financial Institutions, such as the IMF, while deepening cooperation among industrialized and developing countries.

4. We are now reporting a timetable with concrete actions for taking forward the commitments set out in our Declaration. The commitments fall into three categories. First, policy actions which we the G7 have committed ourselves to taking. Second, reforms which we have tasked the various international institutions to take forward, and on which we have now written to the Heads of each of the institutions setting out a specific timetable. Third, areas for further work which we have committed to take forward. A detailed

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5. We have asked our Deputies to push forward all endeavors towards reform of the international financial system and to cooperate closely with the Sherpas in the preparation of the Köln Summit. We will ourselves prepare a comprehensive report, for consideration by the Summit, on the progress achieved by then.

COPY

Committee to complete a timely review of these standards;

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 - v. Dissemination of regular and timely information on the aggregate foreign exchange liquidity position of our central governments and central banks by end-June 1999, and of the whole of the public sectors in our own economies according to a timetable we will agree;
 - vi. Compliance with the existing IMF SDDS by 1 January 1999, and with the strengthened SDDS by end 1999;
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 - viii. Bringing together the key international institutions and national authorities involved in financial sector stability - we look forward to Hans Tietmeyer's recommendations by the February 1999 G7 Finance Ministers/Governors meeting, and will strive for a consensus and to begin implementation of any agreed actions by the Köln Summit;
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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memo	Robert Rubin to the President; RE: Update on Your International Financial Initiatives (2 pages)	01/12/1999	P5
001b. report	RE: Report from G7 Finance Ministers to G7 Heads (5 pages)	01/12/1998	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14422

FOLDER TITLE:

[State of the Union 1999] Economy: International [1]

Debbie Bush

2006-0469-F

db2251

RESTRICTION CODES

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

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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REPORT FROM G7 FINANCE MINISTERS TO G7 HEADS
21 December 1998

FOLLOWING-UP THE G7 DECLARATION
ON THE GLOBAL FINANCIAL ARCHITECTURE

1. At Birmingham on 15 May the G7 Heads of State or Government endorsed a report from Finance Ministers on ways to strengthen the global financial architecture. They hoped "firm proposals on a range of issues could be put forward for decision later in the year", and asked "Finance Ministers to report on progress with out delay".
2. A great deal of progress has been made since Birmingham, in particular in response to a turbulent period faced by the world economy. We the G7 Finance Ministers met with our Central Bank Governors in Washington in October and, following extensive further consultation, released a Declaration on 30 October, in parallel with a statement from G7 Heads, setting out a number of reforms to the international financial system.
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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION

001. email	SDWaldman to Michael Waldman; RE: State of the Union (4 pages)	01/10/1999	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14423

FOLDER TITLE:

[State of the Union 1999] MW [Michael Waldman]/SW [Steve Waldman] Memoranda:
Outside Language [2]

Debbie Bush
2006-0469-F
db2253

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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COPY



SDWaldman @ aol.com
01/10/99 01:57:52 PM

Record Type: Record

To: Michael Waldman/WHO/EOP

cc:

Subject: Re: hello!

This going to be a very good speech. It s quite compelling in the sense that it reminds us of just how great things are, how far we ve come, and because it focuses on genuinely important things, not merely peripheral symbolic things (as other presidents often did). My main criticism is that there are a number of important points that pass by too quickly and cryptically. They need more explication. Of course, that will only lengthen the speech further but I think it s better to cut blocks and have what remains really sing. I ll look over the speech again for cuts.

Some particulars.

The opening graph: the stuff about hastert seems fine. I think the line the times in which we live are anything but dreary will be assumed to be a reference to his own situation rather than the times in which we live; it might even draw some laughter. So not sure it works. I frankly don t think the Jefferson quote is THAT great. Appealing for harmony and affection right now seems a bit besides the point. What he s really appealing for (in this speech) is to do the people s business. What about something arguing that we have to be able to walk and chew gum at the same time we cant let our conflict stop us from helping the folks. (Obviously, no one thinks this is possible but at least it s Clinton saying they should and the repubs saying it s impossible).

You probably want to be softer and more elliptical than this but I wonder if you could have this thought in there somehow: Don t think by ignoring the people s business you re punishing ME, you re punishing the American people.

The section about the progress made is well done and exciting. A few niggles: you probably can t say we demanded responsibility from all. It s also a slight non-sequitor from previous sentence which is about the people having faith and optimism. Maybe just cut that last sentence.

The even the optimists cant do justice to america line is confusing //

probably want to have more of a drum roll on wages rising at twice the rate of inflation and lowest unemployment in quarter century and highest homeownership.

I love the john glenn deficit line.

COPY

I like the family metaphor on social security but it's too cryptic as written. Who's retirement are you referring to in the family granny?

Perhaps this was on the page you tore out but you could score big points by laying the foundation for all the money we're spending on seniors but gushing about their courage and wisdom etc. etc. Something a la that Tom Brokaw book about how much better that generation was than us. i.e. We may not be as courageous as they were, but at least we can make the commitment to repay them for what they've done. Gratitude. Gratitude. Gratitude.

Dunno if you're still thinking about the senior service thing, but if so it would be great to be able to pair it with the bailout to make the point that not only is moral to help seniors, but it's not money down the tube: seniors are going to continue to give back to society. (In fact, they're often in a much better position to help society through tutoring mentoring teaching etc than the AmeriCorps-aged kids are).

The section on the tax credit is too cryptic. More explanation of why it's good to keep 'em at home instead of in the nursing home?

In the making college affordable section, I notice that the whole loan reform has disappeared! Maybe can put it that tk million have taken advantage of the better terms or more flexible terms on their college loans

the line about religious faith in our public schools is a bit cryptic

I'd personally make a bigger deal about the 100,000 teachers. To me that's the biggest winner of all the education proposals, just cause you've already proposed it doesn't mean you can't milk it some more.

The ed plan is pretty exciting.

The paragraph beginning "second, states and schools must identify their worst performing schools. Can sound a bit tougher. As written it sounds like you're just spending more money fresh resources, better trained teachers

schools in the workplaces might be worth another phrase to explain what you're talking about

the training voucher will be too cryptic

don't assume people know the rationale for the EITC. It is truly outrageous that people can work hard and still be in poverty. That's what that's trying to solve.

Personally I'd ditch the empowerment zones and rural america but I assume there are political reasons for those to be in there.

The law helping people in the financial marketplace sounds intriguing but again cryptic. Perhaps you should say something about how much of this economic boom is financed not by big financiers but average folk investing in mutual funds. The middle class hasn't just benefited from this recovery; it's helped cause it. But we have to make sure that the Jewish bankers and malefactors of wealth don't take advantage of John Q. mutual fund investor, so

COPY

we re doing xyz.

On the millenium bug I m glad this is in here. This is an amazingly big deal. (I ve been reading a lot of religious magazines lately and it is amazing how many people think this is going to apocylptic.) People are really going to assume the gov t is botching this. So if that s not true, I would make a much bigger deal of the progress the govt has made and Clinton s serious commitment to making sure that this is all solved by 2000.

Around the paragraph saying you re going to have another \$100 million to spur american manufacturing exports abroad, I began thinking to myself, this is about the 5th or 6th new spending program he s announced, but in the beginning he said he wasn t going to increase spending

the thing about the tax credit for stay at home moms is too cryptic

the paragraph about people being discriminated against for having kids was a bit jarring. Is this a problem? If so, it s a great political issue but you need to explain what the problem is.

A sentence to cut! The one about polio I think most people think it already had been eradicated, or almost eradicated. Doesnt therefore seem like much of an achievement.

Is that deerborn michigan story really true? Suffice it to say the media will check that out carefully and if it doesn t hold up it will be a sign of clinton s lying.

The crime section. I may be overly sensitive to it because I ve done a lot of reading on it, but I think it s totally appropriate to crow about how crime is gone down but you don t want to take too much credit for stuff he didn t do here. I dont really think the involvement of the national gov t was close to being the decisive factor in crime reduction. I dont think it would weaken it too much to cast the feds as important members of the team that brought this down. Also, I m convinced that the key to crime rate going down was the dissipation of the crack epidemic; to the extent the feds helped with crime it was in helping to battle crack.

Hiring 2,000 prosecutors seems more compelling than the giving them better technology . Maybe a little more elaboration. Something like: we ve helped communities by putting 100,000 new cops on the street. But we end up losing the benefits if the police bring in the criminal and the system can t prosecute the crime. "Criminals have to know not only that they ll get caught but they ll be tried convicted and put in jail. That s why I m proposing 2,000 new prosecutors yadda yadda"

also, on the 100,000 cops. I didn t realize you were going to reach 100,000 this year. May want to make a bigger deal of that, something about how critics said this approach of partenship betw the feds and lcoalisties couldn t work but it did: I m pleased to announce .

the guns in the chamber metaphor somehow doesn t work. unless you can dramatize it more by saying it would be piled up shoulder-high throughout the chamber, or up to the ceiling or something like that.

COPY

you dont want to crack down on gun shows, you want to crack down on the loopholes. (Cracking down on gun shows will sound a little bit too big brotherish even for non-gun-nuts.

Bald eagle as someone who really doesn't care about the environment, I nonetheless think the bald eagle news is awfully cool. May want to tease that out a bit. Talk about how few there had been, how much they'd been threatened, then what happened to turn it around and then the big news about taking it off the endangered list. It's rare you can do an enviro issue that's also a patriotic one; milk it.

I sort of like ending on fundamental duty

good job! seems to me this is actually in better shape at this point than in the past.

steve

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. paper	RE: Meeting on Social Security and State of the Union (5 pages)	n.d.	P5
002. paper	RE: A List of Questions to Resolve on Social Security and the Rest of the Package (3 pages)	n.d.	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14423

FOLDER TITLE:

[State of the Union 1999] Social Security: Policy Memos/Language

Debbie Bush
2006-0469-F
db2254

RESTRICTION CODES

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

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COPY

STRENGTHEN SOCIAL SECURITY

- **Transfer 50 percent of the UB surplus for the next 15 years to the Social Security trust fund.**

- Total transfer would be roughly 2 trillion dollars over 15 years.

- **Prevent Diversion of Current Revenue Streams.**

- Announce that the entire 12.4 percent payroll tax should continue to be used to fund the traditional Social Security benefit -- a benefit that you can count on no matter what happens to the economy or to financial markets. Oppose carveouts such as those in the Breaux-Gregg-Kolbe-Stenholm plan.

- **Invest the surplus to achieve higher returns for Social Security**

- Even without any equity investments, this option extends the trust fund exhaustion date to 2044.
- If a satisfactory mechanism can be found to invest the trust fund's assets with private managers, this option could extend the trust fund's life even further.

-- Investing 35 percent of the transferred surpluses in stocks moves the trust fund exhaustion date back to 2050. (and the trust fund would own a maximum of between 4.4 and 6.3 percent of the stock market).

- Social Security should invest its funds with the best private managers just as private, state, and local pension plans do. Need to work in a bipartisan way to protect the funds from political interference.

- **Will lead a bipartisan process to make tough choices to extend Social Security further**

- Surplus transfers and higher returns are not enough. We also need to make tough choices to bring Social Security's obligations and revenues more closely in line in the long run, so as to achieve 75 year actuarial balance.

- **Reduce Poverty Among Widowed and Divorced Elderly Women** Will release proposals to enhance Social Security benefits for these high poverty populations.

- **Eliminate the earnings test.**

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EXTEND MEDICARE TO 2020

- **Dedicate 18 percent of the surplus to Medicare.** This would allow for a more viable long term Medicare solution or, even without reform, could extend the life of the trust fund to 2020.

ESTABLISH UNIVERSAL SAVINGS ACCOUNTS

- Announce that *in addition* to fixing Social Security, we should also strengthen the second and third legs of the retirement security system by ensuring that every working household can have a new savings account to meet the costs of retirement and long-term care.

MILITARY READINESS AND DOMESTIC PRIORITIES

- Reserve 12 percent of surplus for military readiness and pressing national domestic priorities.
- Detailed blueprint for military readiness over the next 6 years.
- Set aside block for education and research.

DEBT REDUCTION

- Pay off \$150 billion in debt with the surpluses from fiscal year 1998 and fiscal year 1999.
- Over the next fifteen years (FY2000-FY2014) ^{your} ~~our~~ plan allocates 10 percent of the surplus for additional debt reduction.

COPY

KEY ISSUES IN SOCIAL SECURITY PROPOSAL

Investment Strategy for Surpluses Transferred to Social Security

Recommendation: We recommend that one-third of the surpluses transferred to Social Security be invested in equities. After the fifteen years of surplus transfers are completed, we will need to limit the share of the trust fund invested in equities to 20 percent (alternative we could explicitly limit the share of the total stock market owned in the trust fund). This would permit the exhaustion date to be extended to 2050, and would limit the maximum share of the stock market owned by the trust fund to between 4 and 6 percent. In talking points, we would not emphasize the share of the trust fund invested in stocks, because the public appears to be more comfortable investing the surplus than it is investing the Social Security trust fund.

Strategy for Answering Questions About the Share of the Stock Market Owned by the Trust Fund

Recommendation: We would not go out of our way to raise this issue. If asked we would say that on average (over what time period?), the trust fund would own about 3 percent of the stock market. If further pressed, we could report that the maximum share of the market held by the trust fund would be around 5 percent.

Socialism Issue

Recommendation:

- Rather than propose a specific approach to investing the trust fund in equities, we would simply say that the investments should be done in a way that produces the most funds possible for Social Security benefits as opposed to an approach with heavy management fees.
- Investment must be done by an independent Fed-like board hiring private managers, and using competitive bidding to ensure these funds are invested with the nation's top private managers. Ask for bipartisan process to ensure independence and non politicization.
- Further examples of potential safeguards include:
 - No manager would manage assets worth more than 1 percent of the stock market.
 - All investments should be in passive index funds commingled with investments of private individuals.

Attitude Toward Add-on Individual Account

COPY

Ruling Out Carveouts Without Creating Momentum for Taking Social Security Off Budget.

Recommendation: We would say that we do not think that we should divert a part of the Social Security payroll tax as a way of replacing a part of the guaranteed Social Security benefit with a more risky and untested individual account.

Double Counting

How we make sure the amounts we transfer to the surpluses do not stay around to get transferred again.

Widow Poverty

Announce that we want to increase the benefit for widows and divorced women to reduce poverty among these groups. We will provide a specific proposal with more details at a later date.

Earnings Test

Eliminate program that is complex and confusing.

Debt Reduction component

Pensions

Start up date -- delayed Ias
Do they last 15 years or beyond

Medicare

Other issues

What happens if surpluses don't materialize?

Fiscal critiques: haven't extended 2013 date.

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Traditional Reform Options

75-year OASDI balance	-2.19
<u>Change from surplus transfer and equity investment</u>	<u>+1.28</u>
Remaining Balance	-0.91
Increase number of years used in calculating benefits from 35 to 38 (2001-2003)	0.25
Increase number of years used in calculating benefits from 35 to 38 (2020-2023)	
Raising the maximum level of earnings covered by the OASDI payroll tax	
Maintain share of all earnings taxed at 86 percent	0.15
Raise share of earnings taxed to 87.5	
Raise share of earnings taxed to 90.0	
Cover State and Local Government New Hires Beginning in 2020	0.16
Cover State and Local Government New Hires Beginning in 2010	0.18
Eliminate 10-year hiatus in transition to normal retirement age of 67	
Index normal retirement age to life expectancy beginning in 20xx	
Raise retirement age from 67 to 68 between 2022 and 2028	+0.30
PIA adjustment	
Reduce COLA by 0.20	+0.30
Tax benefits like private pensions	+0.15/0.36

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**A LIST OF QUESTIONS TO RESOLVE ON SOCIAL SECURITY
AND THE REST OF THE PACKAGE**

Discuss in tonight's conference call

- I. A few more fiscal details**
- II. What do we say about post-SOTU process?**
- III. Anti-poverty proposal**

Discuss at tomorrow's principal's meeting

- IV. Universal Pension**
- V. Medicare**

I. A few more fiscal details

\$70 -

- **What are we doing with the \$87 billion 1999 surplus?**
- **Do we say that all of our proposals are time-limited to 15 years . This is particularly relevant for the universal pension.**
- **How do we handle the critique that the 2013 number hasn't been pushed back?**
- **How would the transfers actually be specified in law?**

Recommendation: Transfers for Social Security would be locked-in based on currently projected budget surpluses. While we would not need to explain this, the actual transfers would be specified in law as a percentage of payroll. Note that if surpluses do not materialize, there would be pressure on the non-SS budget, because the SS amounts are locked in.

- **What is the purpose debt reduction/ rainy day fund? Does it keep accumulating, so that we can use past amounts when we need them or does it simply pay off debt? Is there a minimum size for this to be a good idea?**

II. Post-SOTU process

- **Do we announce a time table for releasing more details or a complete plan?**

Recommendation: say that we will be releasing more details on universal pensions (and maybe on anti-poverty proposals) in a few weeks.

- **What do we say we will do to move the process ahead in the period after the SOTU?**

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III. Anti-poverty proposal

Description of policy: enhanced widow benefit

- Currently, a widow receives Social Security benefits that are between 50 percent and 67 percent of the benefit she and her husband received when they were both alive.
- Under our proposal, widows (and widowers) will have the option of receiving 75 percent of the benefit the married couple received. The new benefit is capped at the average retiree benefit, so as to target the additional resources at low-income widows.
- We are working on additional proposals to target elderly poverty, and will announce them at a later date.

Do we release the details of this proposal at the SOTU?

Recommendation: At the moment, it looks likely that we can claim that this proposal will reduce poverty among widows from 18 percent to 16 percent, and that its impact could be even bigger in the future when there will be more two-earner couples (whom the proposal disproportionately helps).

Do we release the costs of the proposal?

-- the impact on the 75 year actuarial balance ranges from 0.12 to 0.24 depending on how quickly the proposal is phased-in. Do we commit to any particular phase-in schedule?

Recommendation: we could either say that it is between .1 and .2 of payroll or we could say that say that the annual cost would be \$x billion (where x is single digit number).

Do we include the cost of this proposal in our solvency numbers?

Recommendation: probably yes, but it will move back our solvency date.

Do we want to say that we will be releasing other anti-poverty options later?

Recommendation: Say that we are continuing to work on additional options and remain committed to reducing elderly poverty, particularly among widows.

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IV. Universal Pension
(discuss this tomorrow at the principal's meeting)

How Much Detail. How much detail do we give out? We have been promised preliminary budget numbers in time for tomorrow's 11am principals meeting.

Justification for policy and defense.

- Do we release materials showing the low pension coverage of low-income people?

V. Medicare

Solvency Date

- Can claim longest solvency date since 1975.
- Do we refer to 2020?

Relation with rest of Medicare reform

- How do we talk about the Commission and the need to use these funds to seed real reforms?
- Are there some other Medicare reforms that we package with this?

Do we commit dollar amounts here no matter what happens to the surplus just as in Social Security?

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Joan Rohlfing to the Secretary; RE: Proposed Counterproliferation Initiative (2 pages)	11/01/1998	P5
002. memo	Bill Richardson to the President; RE: Winning Developing Country Cooperation on Climate Change (2 pages)	10/05/1998	P5
003. fax	Benjamin Barber to Michael Waldman; RE: State of the Union (3 pages)	12/22/1998	P5
004. memo	Michael Waldman to Nancy Hernreich RE: Home addresses (partial) (2 pages)	n.d.	P6/b(6)
005. list	List: RE: Telephone numbers (partial) (1 page)	n.d.	P6/b(6)
006. list	State of the Union Contact List; RE: Telephone numbers (partial) (2 pages)	n.d.	P6/b(6)
007. memo	Michael Waldman, et al. to the President; RE: State of the Union (2 pages)	n.d.	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14423

FOLDER TITLE:

SOTU [State of the Union] 1999 Planning Book [5]

Debbie Bush
2006-0469-F
db1522

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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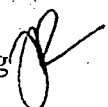
DEPARTMENT OF ENERGY

Washington, DC 20585

November 1, 1998

OFFICE OF THE SECRETARY

Memorandum for the Secretary

From: Joan Rohlfing 

Subject: Proposed Counterproliferation Initiative

You have an opportunity to combine your new efforts in Nuclear Cities, Plutonium Disposition and Critical Infrastructure with ongoing efforts in Chem-Bio, MPC&A, and Nuclear Smuggling into a major initiative. We would market the initiative as follows: You can use this initiative to highlight the role of the Department in providing the essential technological tools and expertise for preventing and responding to WMD threats. You could also use this initiative as a basis for building Congressional support for the \$160-250 million budget increase the Department has requested for FY 2000 in the program areas mentioned above. You might call this initiative "Counterproliferation Tools for the 21st Century."

I propose that you launch the initiative in early December by placing Op-Eds, and possibly preparing a journal article for the Spring issue of *Foreign Affairs* that discusses the urgency of addressing transnational threats, and the role of DOE technology in countering the most dangerous of those threats (nuclear, chem and bio). I would also recommend that we line up one or several speeches early next year at the National Press Club, or the Council on Foreign Relations, etc.

A core theme for this initiative should be the role of the DOE in building the tools (i.e. technologies) that we need to solve the WMD proliferation and terrorism challenges of the future. Our ability to develop cutting edge, next generation technologies is what makes the DOE unique from other agencies such as State, DOD, FBI, etc. When it comes to working in nuclear, chemical and biological sciences the DOE laboratories are the nation's repository of expertise. We are at the forefront, and we have a competitive advantage over other agencies in addressing the particular challenges of the WMD threat. Also, sticking to our own area of agency expertise will help ameliorate any bureaucratic turf concerns that may arise with other Principals if/when you decide to launch this initiative.

In emphasizing the importance of Science and Technology in countering the growing WMD threat we would also point out that DOE addresses the full scope of the threat -- from *preventing* proliferation by preventing the spread of materials and expertise to *responding* to WMD emergencies through our Nuclear Emergency Response Team, or through the delivery of chem-bio detection technologies to local first responders. We may even want to break this initiative into two sub-elements: 1) The Proliferation Prevention Program, which would include the programs focused on preventing the spread of nuclear materials and expertise (NCI, MPC&A, etc); and 2) The Domestic Protection and Response Program, which would focus on our efforts to develop technologies for emergency responders to nuclear, chemical and biological threats,

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and on our new Critical Infrastructure work.

You could use your budget roll-out, in early February, of the Department's FY 2000 budget as an important opportunity to highlight the initiative. At that time, you would announce the increase of \$160 -250 million for the programs associated with the initiative. The final increase associated with the various programs in the initiative will depend on the outcome of our dialogue with OMB. But even with only a \$160M increase, the budget would reflect the high priority that you attach to nonproliferation and national security.

I have already discussed this proposal with Ernie Moniz and David Goldwyn. While Ernie is on board with highlighting the Department's role in WMD prevention and response through such an initiative, he has reservations about representing this as a "budget" initiative since the association with the FY 2000 budget could cause these programs to become more of a legislative target. Ernie also recommends that we quickly work to coordinate the Chem-Bio part of this initiative with the interagency (Dick Clark at NSC) in order to prevent and avoid interagency conflict over DOE's role in this area. David Goldwyn and I have also discussed both the substance and the marketing of this initiative and he is strongly supportive. David would begin marketing the initiative inside the government right away, to build support for our budget efforts before the December budget sessions with OMB.

If you agree, we will move forward by fleshing this out further, and beginning the interagency coordination/notification process. I would recommend as a next step that you sign a memo to other NSC principals (Albright, Berger, Cohen) describing the initiative, and eliciting their support.

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BRB-1

To: Michael Waldman, Office of Speechwriting
From: Benjamin Barber
December 22, 1998

BY FAX

Dear Michael,

The issue I wanted to raise with you may be one you will be discussing with the President at your meeting this afternoon, so I thought I'd raise it briefly here and we can talk more later.

Will the State of the Union try to grapple with the sordid history of the impeachment and what it has done to American politics and the American political process? Or will it be future-oriented and programatic, as if nothing had happened?

I'm torn: on the one hand, the President has exhausted words, and their currency (for him) is not high, so will Americans really want to hear MORE WORDS from him about the very issues where words are what got him into trouble in the first place? Probably not. This points to simply plunging into the future and talking about "what I was elected to do" -- the strategy adumbrated Saturday in the Rose Garden press conference with the Dems.

On the other hand, given that his way with words is now under suspicion, ANYTHING he says in a State of the Union -- which is all about the power of promising, of words, of rhetoric pointing to action -- is likely to be written about and absorbed by Americans with a certain skepticism. If this is the case, why not take the bull by the horns and wrestle with the issue frontally?

If the President opts not to look back and simply goes forward after some gentle words about pulling together and getting beyond polarization and recrimination, my previous memo on education and an "international civic fund" are on the right track.

But if he opts to try again to wrestle with the issue directly, then I do have a suggestion: which is to speak forcefully to the real issue -- his credibility and trustworthiness. Were he to do this, I could imagine language along these lines:

"I want tonight to speak about our future, what the White House and the Congress can do together to address the challenges still outstanding despite our many achievements and successes over the last six years. But before I do, I want to speak directly to the long national diversion that has occupied our government over the last year, for which I bear so heavy a responsibility. For, as with any tragedy -- and

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BRB-2

I know this has been a tragedy not just for me and my family, but for what for our country which has had to bear the real costs -- we need to fully understand what happened to move beyond it.

"I regret the erosion of the boundaries that separate public and private life, and I know many Americans share my regret. We cannot permit good men to be driven from public life because they suffer human frailties that while deeply hurtful to others, are unrelated to the conduct of public business. Privacy is not only a sacred right of all Americans, but an integral feature of the liberty in whose name our government was founded.

"At the same time, I understand that absent my conduct, there would have been no scandal, no media obsession, no Special Prosecutor's report, no House hearings, no impeachment, no Senate trial. Whatever benefit others derived from fanning the flames, I struck the match and ignited the fire. About that, my fiercest critics are right.

"I regret too that in trying to address the technicalities of the law and at the same time speak to the honest concerns of loyal colleagues and the American people, I felt constrained to use a language that while it met the strict needs of a legal defense, did not meet the needs of the American people for a forthright reckoning. It is in the nature of the law that it proceeds by way of narrowly construed but legally binding technical interpretations that seem forced and disingenuous by the standards of ordinary conversation. Perhaps that is why, with Shakespeare, we so often want to "kill the lawyers!" and why so many Americans felt understandably aggrieved by the technical manner in which I framed my answers to highly technical legal questions.

"Some urged me to abandon the language of the law for the comfort and clarity of ordinary language, and perhaps I should have, but I felt and I still feel now I could do that only at the cost of my right to a legal defense against what were after all legal charges with significant legal consequences. Nonetheless, the dilemma was real, and I cannot blame my adversaries or my friends for their anger at me for using the cold and elusive language of the law to respond to their honest questions.

"I regret too that this tortured process, and my primary role in it, has brought suspicion to the power and place of words themselves in our democracy. For words are the essence of democracy, which we may call a

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BRB-3

preference for the politics of talk over the politics of force. Words go to the heart of promise-keeping and thus undergird all our social and economic contracts. They are how we seek common ground and adjudicate our differences when there is no common ground. Words are the most precious commodity we have in a civilized society -- which is surely why the Good Book tells us that in the beginning WAS the word! When they fall under suspicion or are debased, we not only lose faith in democracy but lose the tool by which democracy repairs itself.

"I know because of my facility with words, because my reliance on them seems to many to have contributed to the difficulties and diversions of the last year, that I have contributed to a distrust that is a distrust of democratic government as well. I know I made it harder for Democrats and Republicans alike to have confidence in my words... or any others.

"I promise tonight to consecrate myself to restoring confidence in my words and in the words of your government. I believe, when words lose their power, we must rely on deeds to give words back their meaning. And I will try to rely on deeds in these last two years of my Presidency.

"I am deeply aware of the extraordinary vote of confidence that has been given -- not to me but to fairness in government and tolerance of personal foibles -- by an American people that has consistently opposed impeachment or resignation from office and has offered measured approval of the work of my Administration. I know I have to earn through deeds the good faith this remarkable and steadfast confidence represents. The American people have been better than their governors in this last unhappy year, and it is now our turn -- above all my responsibility -- to live up to their standards of tolerance, respect for law and hope for the future.

"I will not tonight promise the moon, because I know many will ask wonder whether I can deliver even a small piece of the sky immediately above us. They will look for deeds and not promises. I will only indicate what I would like to do in working with Congress to return government to the tasks at home and abroad it must devote itself to, if your vote of confidence in the capacity of your governors to execute your will is to be honored....

(the substantive speech would follow)

What do you think? What's the President think?

Benjamin Barber


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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. email	Thomas Freedman to Michael Waldman; RE: The Box (1 page)	01/07/1999	P5, P6/b(6)
001b. list	RE: State of the Union First Lady's Box (10 pages)	01/07/1998	P6/b(6)
001c. list	RE: Military Nominees for FLOTUS Box at SOTU (2 pages)	n.d.	P6/b(6)
002. memo	Josh Gottheimer, Seth Grossman to Michael Waldman; RE: FLOTUS Box - Children of the Last Millennium (2 pages)	01/05/1999	P6/b(6)
003a. email	Thomas Freedman to Michael Waldman; RE: The Box (1 page)	01/07/1999	P5, P6/b(6)
003b. list	RE: State of the Union First Lady's Box (10 pages)	01/07/1998	P6/b(6)
003c. list	RE: Military Nominees for FLOTUS Box at SOTU (2 pages)	n.d.	P6/b(6)
004. memo	Maria Echaveste, et al. for Distribution; RE: State of the Union: First Lady's Box (8 pages)	01/08/1998	P5, P6/b(6)
005a. memo	Maria Echaveste to the President; RE: State of the Union: First Lady's Box (3 pages)	01/13/1998	P5, P6/b(6)
005b. list	RE: Recommendations for the First Lady's Box (1 page)	n.d.	P5, P6/b(6)

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14424

FOLDER TITLE:

[State of the Union 1999] FLOTUS Box: Policy Memos/Language [3]

Debbie Bush
2006-0469-F
db2257

RESTRICTION CODES

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

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION

001. memo	Joan Rohlfing to the Secretary; RE: Proposed Counterproliferation Initiative (2 pages)	11/01/1998	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14424

FOLDER TITLE:

[State of the Union 1999] Technology: Facts/Real People

Debbie Bush
2006-0469-F
db2259

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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DEPARTMENT OF ENERGY

Washington, DC 20585

November 1, 1998

OFFICE OF THE SECRETARY

Memorandum for the Secretary

From:

Joan Rohlfing

Subject:

Proposed Counterproliferation Initiative

You have an opportunity to combine your new efforts in Nuclear Cities, Plutonium Disposition and Critical Infrastructure with ongoing efforts in Chem-Bio, MPC&A, and Nuclear Smuggling into a major initiative. We would market the initiative as follows: You can use this initiative to highlight the role of the Department in providing the essential technological tools and expertise for preventing and responding to WMD threats. You could also use this initiative as a basis for building Congressional support for the \$160-250 million budget increase the Department has requested for FY 2000 in the program areas mentioned above. You might call this initiative "Counterproliferation Tools for the 21st Century."

I propose that you launch the initiative in early December by placing Op-Eds, and possibly preparing a journal article for the Spring issue of *Foreign Affairs* that discusses the urgency of addressing transnational threats, and the role of DOE technology in countering the most dangerous of those threats (nuclear, chem and bio). I would also recommend that we line up one or several speeches early next year at the National Press Club, or the Council on Foreign Relations, etc.

A core theme for this initiative should be the role of the DOE in building the tools (i.e. technologies) that we need to solve the WMD proliferation and terrorism challenges of the future. Our ability to develop cutting edge, next generation technologies is what makes the DOE unique from other agencies such as State, DOD, FBI, etc. When it comes to working in nuclear, chemical and biological sciences the DOE laboratories are the nation's repository of expertise. We are at the forefront, and we have a competitive advantage over other agencies in addressing the particular challenges of the WMD threat. Also, sticking to our own area of agency expertise will help ameliorate any bureaucratic turf concerns that may arise with other Principals if/when you decide to launch this initiative.

In emphasizing the importance of Science and Technology in countering the growing WMD threat we would also point out that DOE addresses the full scope of the threat -- from *preventing* proliferation by preventing the spread of materials and expertise to *responding* to WMD emergencies through our Nuclear Emergency Response Team, or through the delivery of chem-bio detection technologies to local first responders. We may even want to break this initiative into two sub-elements: 1) The Proliferation Prevention Program, which would include the programs focused on preventing the spread of nuclear materials and expertise (NCI, MPC&A, etc); and 2) The Domestic Protection and Response Program, which would focus on our efforts to develop technologies for emergency responders to nuclear, chemical and biological threats,

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and on our new Critical Infrastructure work.

You could use your budget roll-out, in early February, of the Department's FY 2000 budget as an important opportunity to highlight the initiative. At that time, you would announce the increase of \$160 -250 million for the programs associated with the initiative. The final increase associated with the various programs in the initiative will depend on the outcome of our dialogue with OMB. But even with only a \$160M increase, the budget would reflect the high priority that you attach to nonproliferation and national security.

I have already discussed this proposal with Ernie Moniz and David Goldwyn. While Ernie is on board with highlighting the Department's role in WMD prevention and response through such an initiative, he has reservations about representing this as a "budget" initiative since the association with the FY 2000 budget could cause these programs to become more of a legislative target. Ernie also recommends that we quickly work to coordinate the Chem-Bio part of this initiative with the interagency (Dick Clark at NSC) in order to prevent and avoid interagency conflict over DOE's role in this area. David Goldwyn and I have also discussed both the substance and the marketing of this initiative and he is strongly supportive. David would begin marketing the initiative inside the government right away, to build support for our budget efforts before the December budget sessions with OMB.

If you agree, we will move forward by fleshing this out further, and beginning the interagency coordination/notification process. I would recommend as a next step that you sign a memo to other NSC principals (Albright, Berger, Cohen) describing the initiative, and eliciting their support.

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Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. paper	RE: Key Points for Teen Pregnancy Speech (2 pages)	n.d.	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14438

FOLDER TITLE:

Teen Pregnancy - 6/12/96

Debbie Bush
2006-0469-F
db2260

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
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RR. Document will be reviewed upon request.

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

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COPY

Key Points for Teen Pregnancy Speech

THE BIG PICTURE: The following points relate to how to talk about the National Campaign, Dr. Foster, the \$30 million from HHS and the role of men. The bigger picture message of course is about finding an answer to a problem that Americans see at the core of the deterioration of their society and values. So the remarks should hit on the values side of the issue, but without coming down hard on the young people. I would suggest discussing:

- this is a problem everybody has to work together to solve - communities have to come together - everyone has to be a part of the solutions - schools, parents, kids, businesses, religious institutions, community organizations, etc.
- we have to give our young people HOPE as well as stern messages of abstinence and responsibility. The best solution we have found is to give the young people the sense that they have a future - so there can be a tie to the college opportunity stuff.
- public systems have to give the same message - that's why the welfare reforms we propose are so important - we don't want to encourage and reward young people who have babies. We want them to stay in school, stay at home and stay on the path to a job to support themselves.

1. National Campaign

- President should thank Tom Kean and the leadership of the Campaign for getting it off the ground.

- Please do not use the word launch: the group is very sensitive that this is not the "launch" of their campaign. When they are fully staffed and fully funded, that is when they want to actually launch the campaign.

I think it is fair to say something like "I am very pleased by what Tom Kean has reported to us today. Last year, I called for a National Campaign . . .[description] . . . and now one year later, the organization has been formed, is raising money, hiring staff and getting to work. I wholeheartedly endorse their goal of reducing teen pregnancy by a third in the next ten years."

Important to use words like "independent" "non-partisan" "non-governmental" in describing the Campaign. There has been a lot of confusion as to whether this is a Presidential commission of some kind -- and it is not.

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2. Dr. Foster

- Foster will be at the speech - in front row. Not on stage. Important for President to acknowledge him. Thank him for his work, his advice and his exhortations in communities around the country to begin local efforts to address teen pregnancy. REALLY important not to mention Foster anywhere near the Campaign. There was enormous confusion last time as to whether Foster was running the Campaign. He's not. It's independent and Foster works for the administration.

3. Promoting Promising Community Efforts

Three things going on here: (1) Spotlighting the Children's Aid Society program in New York, (2) Highlighting the \$30 million in the President's FY97 budget request to fund community teen pregnancy prevention efforts (see 1 pager in attachment), (3) Issuing an HHS brochure on Promoting Promising Strategies -- identifying five examples for communities to look at and the PRINCIPLES they have in common:

- Adult Involvement
- stressing Abstinence and Personal Responsibility
- stressing Hope for the Future
- Community Involvement
- Sustained Commitment over time

One thing we know: this is one of the most difficult problems to solve. There's no silver bullet and we haven't yet discovered THE program model that works. We're learning a lot, though, from programs like the Children's Aid Society that are showing some promise. We need to study and evaluate what's out there some more, try some more experiments, and then share the lessons with other communities. That's what this new effort is all about: spark more efforts to learn and share with them what we do know about the five promising strategies in the HHS brochure. Please try not to use the phrase "model program." Many of the people who will be attending and commenting on the President's remarks do not believe that we yet have a "model" that works. That's why we use the phrase "promising strategies."

4. Male Responsibility

The remarks should definitely stress the role of men. Obviously, it takes two to get pregnant - so programs have to target young men as well as young women and some comments to that effect by the President are important. In addition, researchers are now finding that 50 percent of the fathers in teen pregnancies are over 20. I DON'T KNOW WHERE DON AND BRUCE AND DICK MORRIS ARE GOING TO END UP ON ANY SORT OF POLICY PRONOUNCEMENT ON THE ISSUE OF STATUTORY RAPE OR CHILD ABUSE. This may be a part of the speech or not. Either way, the President should definitely make it a point to come down hard on holding both people responsible.

COPY

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION

001. email	June Shih to Michael Waldman; RE: Notes from IMF Meeting (4 pages)	10/01/1998	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14439

FOLDER TITLE:

IMF [International Monetary Fund] - 1998 [1]

Debbie Bush
2006-0469-F
db2263

RESTRICTION CODES

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

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June Shih

10/01/98 05:31:38 PM

Record Type: Record

To: Michael Waldman/WHO/EOP

cc:

Subject: notes from imf meeting

October 1, 1998

MEMORANDUM FOR MICHAEL WALDMAN

FROM: JUNE SHIH

SUBJECT: NOTES ON IMF SPEECH MEETING

Stephanie Flanders presented proposed outline of speech:

- 1.) IMF/World Bank has played crucial role in history; world is a lot better because of their work.
- 2.) Now we are in a time of change
- 3.) Overview of cause of crises
- 4.) Challenges posed by crises.
- 5.) Answer not to "close"
- 6.) Old Values threatened/Now we need to modernize: Openness; responsibility; community

Lael Brainard: Mention importance of IMF to farmers, workers

Stuart Eizenstadt: How can we advance the CFR speech? Will a mere repetition of his main points be disappointing?

Some ways to advance CFR: 1.) **Talk about trade agenda.** Say that in January, trade agenda, esp. FAST TRACK, will be priority. 2.) **Hedge Funds.** There will be hill meetings on this. This is an area under significant consideration. POTUS can instruct Rubin to review role of this.

Al Laurel (State) -- need more communication and cooperation between countries.

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Eizenstadt: Get transparency into speech by encouraging IMF to track all nation's foreign debt. So know that a crisis is looming.

Encourage cooperation between IMF/World Bank. Every IMF program should consider Bank's role re: social safety net.

Show how we have followed up on the six CFR challenges.

Bob Boorstin: Shld we say that IMF/Bank, while in need of serious reform, should be the institutions to lead us out of crisis. Reject creation of new institutions.

Lael/Gene Sperling: Potus not comfortable saying that.

Tim G. definitely say affirming stuff about institutions

Boorstin: Private Sector's role not big enough in speech outline.

Al: emphasize "working together"

Eizensadt: Debt equity swap? Debt reduction?

Boorstin: Should have defense of open markets right at the top. "Guns Blazing"

Eiz: Can that be in trade part? Also, remember, Europeans themselves have huge trade quotas. Outrageous to have trade quotas. Remember that it is also a European responsibility.

Waldman: Can we say something like that.

Tim: risk of fecklessness when say that.

Gene: Need more "lift." Need a central challenge:

Emerging markets/emerging middle class. Cannot allow the usual market clearing philosophy to take place when realize this crisis could send countries/markets back in time. (Took years to build middle class; no threatens to be wiped away)

Democracy and open markets go together.

Cronyism, corruption hurt confidence. Stronger democracy, reforms will take place.

Half the speech should set up the problem; U.S. as ring master. (Halifax meetings)

The other half should talk about central challenge.

Free economy earns confidence. 'I believe the free economy does great things....'
But with crisis, world threatens to be a less prosperous place in 21st Century.

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Eizenstadt Countries that have good economic performance are punished along with those who don't.

Excesses of speculation.

Frankel, CEA: Economic growth has done good things, But these things still need consideration: corruption, cronyism; clear succession of power; rights of minorities; popular support for govt; human rights; freedom of speech

Stu Eizenstadt: long term capital bankruptcy issue? Hedge Fund?

Tim: No "hedge fund." Short term capital control.

Tony: Crisis in confidence in free markets. (Re: CFR)

Al (state, was just in Asia): These guys feel they've been through a hurricane.

Gene: Present 6-7 challenges they have to deal with. How do we build a more openness/transparency/ How do we prevent contagion.

Boorstin: too preachy? **Gene:** not if we cast it as shared challenge.

Tim: Treasury already has long list of challenges; will forward them

Stephanie: "Bretton Woods"

Gene: Once again structure: 1.) Set Scene; U.S. as ringmaster; 2.) As we go forward address challenges. How do we build support for change? How do we build trust in markets?

In U.S. when we lost jobs, we lost openness. Embracing own challenge of staying open.

Eiz: IMF and Bank need to cooperate.

Boorstin: Also cannot allow poorest countries fall behind; do a riff on Africa

Gene: Notion of a whole nation slowly building middle class wealth over decades; then to be wiped out in a generations. Powerful image.

Eiz: The rise of Middle Class was responsible for the rise of Democracy. If Middle Class goes down then Democracy is threatened. Not just human cost; also system cost.

Lael: Africa piece is important because now as we focus on boosting Middle Class, poorest nations feel left out. (Africans felt left out of CFR speech) Cannot forget the poorest/

COPY

Boorstin: Don't forget to compliment Wolfensohn on education initiatives; POTUS will want to talk about girls' education.

Eiz: Paul Gigot said that one of the things that prevented president from being great was that he had no great national crisis to lead. Now has an oppotunity to rise to the occasion.

COPY

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001. paper	RE: Responses to Potential Proposals (5 pages)	n.d.	P5
002. note	Bob Reise to Michael Waldman; RE: Telephone numbers (partial) (1 page)	n.d.	P6/b(6)
003. memo	David Halperin to National Security Advisor; RE: POTUS IMF Speech (6 pages)	10/05/1998	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14439

FOLDER TITLE:

IMF [International Monetary Fund] - 1998 [3]

Debbie Bush
2006-0469-F
db1611

RESTRICTION CODES

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RESPONSES TO POTENTIAL PROPOSALS

CAPITAL CONTROLS

Issue:

Capital controls have been a subject of increased debate recently, following an article by Paul Krugman suggesting their use in East Asia, the recent decision by Mahathir Mohammed of Malaysia to impose broad controls on outflows, and the use of temporary capital controls by Russia to prohibit payment by Russian banks to their international counterparties. This is a very sensitive subject, as the markets fear both that Brazil may resort to controls and that Russia's may impose broad and permanent controls to sever any remaining links to international financial markets.

Controls on capital outflows are highly disruptive and are most often used as an alternative to needed reform and adjustment. Moreover, capital controls cause contagion: since Malaysia imposed controls, Indonesia has been plagued by rumors of controls.

There may be some merit in exploring stronger prudential regulation of the foreign-currency exposure of the banking system and perhaps, though this seems less evident, in broader, Chilean-style controls on inflows, to limit a country's vulnerability to sudden swings in capital flows are less damaging than controls on outflows. The utility of prudential measures in this area will be on the agenda of the working group formed by the special meeting of ministers and governors.

Talking Points (if raised)

- We must continue to strengthen efforts to build an open, global economy, with free trade flows and open capital markets. It is important to develop policies that allow countries to reap the benefits of free flowing capital in a way that is safe and sustainable.
- But also important to avoid measures that offer short-term relief but create permanent damage in developed and emerging market countries. While broad controls on outflows may be tempting, they almost surely will not be effective over time, will deter capital from flowing into a country and will often be used as a substitute for real reform.
- Key is for measures that will effectively encourage providers of portfolio capital and banks to analyze and weigh risk and rewards in a more disciplined fashion in both good times and bad. This will require better regulation and supervision in both emerging markets and industrial countries, including more effective focus on risk management systems and strong prudential standards that pay attention to riskiness of different types of investment.
- Also important to avoid perverse incentives that discourage long-term flows while encouraging short-term flows.

GLOBAL FINANCIAL REGULATOR

Issue:

In the wake of recent crises there have been calls for creation of a new global financial regulator to improve the international architecture. We are not prepared to agree to cede our authority to regulate the U.S. financial system, nor will other governments.

In our view, setting up a new international organization would be highly time consuming and would distract from more immediate tasks. Investing in enhanced international surveillance -- based on the IMF review process while marshaling additional expertise -- offers the prospect of more immediate returns. .

Talking Points (if raised)

- It is critically important to strengthen regulation of national financial systems, banks and markets. This requires the development, promulgation and implementation of sound financial practices -- a process that is well underway, and that was given further impetus by the work of the G-22 over the past months.
- Changes in national legal and regulatory environments are time-consuming and require a lot of political will as they must often be legislated. Have seen in my own country how difficult it is to get agreement on the changes needed to make regulatory structures as modern as the markets.
- These are problems that must be solved by each country at the national level. A uniform global solution is not the answer: creation of a global financial regulator will not solve the crises besetting markets today.
- That said, countries can learn from the experiences of others, and there is much that the international community can and should do to help ensure that financial regulation is improved in countries around the globe.
- In particular, enhanced financial sector surveillance, centered around existing IMF review processes, could play a key role. To that end the IMF's own resources for monitoring countries' financial sectors should be strengthened, and structured to take better advantage of existing resources and expertise, including that of the World Bank and banking and securities regulators from other countries.

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UK PROPOSAL FOR STANDING COMMITTEE ON GLOBAL FINANCIAL REGULATION

Background

UK Chancellor Gordon Brown has called for creation of a Standing Committee for Global Financial Regulation. The Committee would be aimed at filling gaps that currently exist in the international regulatory infrastructure in relation to promoting financial sector stability, overseeing the international financial system and coordinating the response to crises. Chancellor Brown conceives of the committee as a coordinating mechanism -- not a political decision-making body, super-regulator or lender of last resort.

[The Committee would consist of the heads of the IMF, World Bank, Basle Committee, G-10 Governors, IOSCO and BIS as well as the senior regulator from each of the four largest international financial centers and be served by a small secretariat based in Washington and Basle. It would be chaired by the MD of the IMF, given the Fund's authority to conduct surveillance (Article IV), meet monthly at Member or Deputy level, and publish a communique after each meeting, highlighting progress in work program and issues of concern.]

The UK's proposal is not dissimilar to our proposal for a Financial Sector Liaison Committee, though this was to have been a broader group including finance ministries, central banks and securities regulators from the major (G-7) countries, key emerging markets, relevant international organizations and the IFIs.

Suggested Talking Points (if asked)

- the crises of the past year have shown up significant gaps in the international regulatory infrastructure for promoting financial stability, overseeing national financial systems and coordinating the response to crises -- and clearly the UK proposal has merit in seeking to fill those gaps.
- however, given the increasingly important role of emerging markets in the global financial system, we believe that a more inclusive forum, with a more directly policy-oriented mandate, would be appropriate. A wider membership would have the added advantage of fostering inclusion and ensuring a sense of ownership of initiatives on the part of the emerging economies. Of course, a Standing Committee of this kind might serve as the Steering Group for such a body if these differences in membership and emphasis could be addressed.

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HEDGE FUNDS

Issue:

The near-failure of LTCM and the Federal Reserve's efforts to encourage LTCM's private creditors and counterparties to step forward in order to prevent the disorderly liquidation of LTCM have led to renewed calls for the regulation of hedge funds.

A number of the participants in the meeting, including Hong Kong and Australia, believe that they have been the "victim" of coordinated attacks by international hedge funds. They, and others, are likely to demand greater openness by hedge funds and more disclosure of large positions, in order to prevent hedge funds from "manipulating" small markets..

Talking Points (if raised)

- [Agree with Alan Greenspan that we need to do more to increase our understanding of the impact of hedge funds on financial markets – (need to check the language from his testimony)]
- Secretary Rubin, as Chairman of the President's Working Group on Financial Markets, has called for a study of hedge funds and their relationship with their creditors.
- Think that short-term speculative capital flows have played a relatively small part in what happened in currency crisis, though their impact at some points may have been significant in amplifying market moves. But this is an issue that warrants further consideration.
- Also need to look at feasibility of requiring more transparency and greater disclosure from market participants.

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BRETTON WOODS II

Issue:

There have been a number of suggestions to call for a "Bretton Woods II" to reform the global financial architecture. While there is a clear need to reform the international financial architecture, it would not make sense that we encourage unrealistic comparisons to "Bretton Woods" particularly that we are unable to meet, particularly without more clarity on what we want to accomplish. Rather than advocating Bretton Woods II, you should point instead to work that has already been put into motion.

Talking Points (if raised)

- While there is a clear need to reform the international financial architecture, it would not make sense that we encourage unrealistic comparisons to "Bretton Woods" that we are unable to meet, particularly without more clarity on what we want to accomplish.
- Have been working to define and implement the international financial architecture needed for the 21st century for some time, starting with the work in the G-7 at Naples and continuing through the process initiated in April to include a broader range of countries. Some of the results of this work are evident in the reports of the working groups.
- What we are doing now is accelerating, elevating and expanding our efforts – in a broad-based manner – to try to develop policies so that countries can reap benefits of free-flowing capital in way that is safe and sustainable, to adapt our institutions to more effectively confront the new types of financial crisis so as to minimize their frequency, severity and human cost, and to create new mechanisms for supporting countries under attack from financial contagion.

COPY

Sutphen, Mona K.

From: Halperin, David E.
Sent: Monday, October 05, 1998 1:07 PM
To: @NSA - Natl Security Advisor
Cc: @PLANNING - Strat Plan & Comm
Subject: POTUS IMF speech [UNCLASSIFIED]

TO: WALDMAN
FROM: BERGER

URGENT

For SRB/JBS,

Attached is Michael Waldman's draft for POTUS IMF speech for tomorrow. I saw a draft for the first time an hour ago and have spent the past hour making edits with Michael. These edits are reflected in the attached draft. Blinken has not seen any draft yet.

Michael would like to provide the President with a draft by 2:45 and hopes to have your comments by then, but the speech will be revisited with the President this afternoon.

Please provide comments to me -- phone 69377; fax 69390; fax 4192 -- or, if you prefer, to Michael.



Draft 10.doc

65709

62777

→ Gene / Michael

Good speech. No content.
Can't we recycle/rotate
illustratively some of specifics
from Putin's well-received
speech. One of two smaller but
specific proposals would go
a long way to avoiding
judgment suggested above.

Andy

COPY

cannot ask millions of people to sacrifice their well being to economic theory, no matter how sound.

This new crisis challenges us all to act, and act together. It challenges us to take urgent steps to contain this crisis, to help those who have been hurt by it, to restore growth and confidence to the world economy. And just as urgently, it challenges us to build a new international financial system for the 21st Century.

This new system must be built on two strong foundations. It must honor the principle that an open and free international economy is a powerful positive force -- the surest way to lift the world's people into prosperity -- but that is equipped to prevent and limit the debilitating cycles of boom and bust that have in the past have destroy hope and wealth and entire economies. And at the same time, we must build a system that promotes the social protections and democratic institutions that will ensure that ordinary citizens around the world can benefit from economic growth. *impossible*

This much is clear: an international market that fails to work for ordinary citizens will neither earn nor deserve their confidence and support. Free markets and democracy must bring positive change to the lives of our people, or they will resist or reject them -- and throw sands in the gears of necessary change *but in this case they did*

We who have benefited from the free flow of goods and capital -- who believe that free markets and political freedom rise and fall together -- have a special and urgent responsibility to find the answers these questions. Our growing interdependence, the ever-stronger links of commerce and communications that bind us together, are a profound source of hope. I deeply believe this. And for six years as President, I have worked to persuade the American people that our destiny is linked inextricably to the destiny of those around the world.

Today, at this new moment of challenge, I am determined that America will do our part. We recognize our responsibility to act, and as the world's largest economy, to lead. We do so because we recognize that the prosperity of our people depends upon the prosperity of our partners around the world. For the American people now recognize more than ever before that we cannot be an oasis of stability in a world of turmoil. And we pledge to continue working with all of you until the world economy is stabilized and a new and better system in place. *is this close enough to Cranspan that we should cite him? otherwise seems like plagiarism*

We must put first things first.

For the past year, we have taken a number of steps, together with our partners, to contain the contagion, restore confidence, and restart stalled economies. Two weeks ago, at the Council on Foreign Relations in New York, I outlined what we have done and what we must do. I am gratified that the leading economies speak with one voice in saying: the balance of risks has shifted, and the principal goal of policymakers must be to promote growth.

Every nation must do its part to keep the engine of economic growth functioning.

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The United States must do its part -- and that means we must meet our obligations to the IMF. It is plain that many of the necessary steps to right the world economy cannot be taken unless the United States meets its obligations to this body. I have told the Congress: there can be a healthy debate about how to reform the operations of the fire department ... but there can be no excuse for refusing to give the fire department the resources it needs while the fire is burning. ✓

Europe must continue to press forward with growth oriented economic policies.

And Japan -- the world's second largest economy, and by far the largest economy in Asia -- Japan must do its part as well. The health of the world economy depends upon Japan taking strong steps to restart its economic growth, by stimulating its economy, addressing problems in the banking system, and by deregulating and opening its economy. There can be no substitutes for action. *who diluting message there must be some acknowledgment of Japan's importance to us.*

There are other steps we must take now to stop the contagion from spreading, to Latin America and other regions. This past weekend, Secretary Rubin and Chairman Greenspan have worked with their G-7 counterparts to find new ways to make a 'precautionary' line of credit available immediately to nations committed to strong economic policies, so action can be quick and decisive if needed.

And we must act now to restart the engine of growth in Asia, where crushing debt has brought many private firms to a halt, by helping to restructure firms and replace debt with equity across entire economies. Through OPIC and the Export-Import Bank, we are providing short-term credit and investment insurance to keep capital flowing into emerging economies. And I am gratified that the World Bank has agreed to double its investment in the social safety net in Asia, to help those who have been harmed by the economic crisis. *pretty noticeable omission of Japan "Hayabusa" flow*

In all these ways, we have acted to minimize the consequences of the current financial contagion. But the flash of crisis throws new light on the need to do more -- to renew the institutions of international finance so they reflect the modern economic reality. The institutions built at Bretton Woods have served the world remarkably well. But they were designed for a different time. *May not solve big problem but still makes future seem small*

second first (see p2) [comparison of 1945 and 1998 technology & investment flows]

First, we must recognize that the free and open exchange of ideas and capital and goods across the globe continues to be the surest route to prosperity for the most people. But we must find a way to temper the volatile swings of the marketplace, across the international economy just as we have learned to do in our own domestic economies. *see*

In each of our domestic economies, stock markets can rise and fall, and some years are better than others. But what is troubling today is how quickly discouraging news in one country can sound alarms in markets around the world. We must find a way to tame the cycles of boom and bust that are today shaking the world economy.

COPY

The most important step, of course, is for governments to hold fast to policies that are sound and attuned to the realities of the international marketplace. At a time of rapid capital mobility, no nation can seek to purchase its own prosperity on the cheap, with fiscal policies that are tempting in the short run, will not work and will lead to disaster in the long-run.

That is why I support the fundamental approach of the IMF. The international community cannot save any nation that is not willing to reform its own economy. To do so would be to pour good money after bad. But when nations are willing to act responsibly and take strong steps, the international community has a responsibility to help them do so.

To temper boom and bust, we must also ensure that growth is built on the solid foundation of sound business practice.

The transition to a true free market doesn't just mean private business or private property or privatization of state-owned firms. Too often, what has appeared to be a thriving market system merely masks an epidemic of corruption or cronyism. Sooner or later, the relentless logic of the international market will collide with these pervasive practices. And investors and entrepreneurs, foreign and domestic, will not keep their money in economies where prosperity is a mere facade. So bank balance sheets should mean the same thing in one country as in another. Contracts should be awarded on merit, not on cronyism. Everyone must pay their fair share of taxes. Rescue efforts must be based on merit, not sentiment. Corruption cannot be tolerated.

But strong policies and sound business practices within each nation are not enough. For the volatility that once could be seen in various economies at various times now is able to sweep the entire international economy.

Markets have always been prone to such volatility -- soaring and unrealistic expectations one minute, followed by a sudden crash when reality intervenes. Such miscalculations of risk are an inevitable fact of market psychology. Certainly the United States and other leading economies saw this pattern in the earlier part of this century and before. But in a world where capital can disappear from a nation's economy with the tap of a trader's keyboard a half a world away, such speculative flows can level an otherwise solid economy. We now must forestall not only a run on a bank or a firm so much as a run on a country. If global markets are to bring the benefits that we believe they can, we must find ways to temper this pattern on an international scale.

This task is one of the most complex we face, and we are open to all ideas. But we must recognize that easy solutions not only will not work; they will backfire, leading to less confidence and diminished liquidity at a time when the world needs more of both.

In all these ways, we can bring the international marketplace into alignment with the soundest practices that have worked in each of our nations. But this, too, is not enough.

Strong government policies, sound business practices, a new international system to temper boom and bust -- all these steps are needed to ensure growth into the future. But the challenge we face is wider than an economic challenge, broader than any one nation.

*sounds like we
is da judge!*

COPY

*rather glaring than other than anti-corruption, we offer
a series here*

For the best-designed international economic system will fail if it does not have the confidence of the people it seeks to serve.

Strong free markets cannot be created with the wave of a wand or a proclamation of theory. Unless the citizens of each nation feel they have a stake in their own economy, they will resist the changes necessary for their own recovery. Unless they feel empowered, with the tools to master economic change, they will feel the strong temptation to turn inward, to close off their economies to the world. It would be a grave error to repeat the mistakes of the past, when the Smoot-Hawley tariff in this country helped spark a trade war. The world economy today needs more trade, not less. But unless we give working people a strong stake in the outcome, they will naturally and understandably erect obstacles to change.

It is clear that a strong safety net in each of our nations must be a vital part of the international economy we build. At the very least, nations must have an effective unemployment insurance system. People who are suddenly without work must have access to food and shelter and income. We must find ways to keep schools open and strong during times of economic downturn. We must make certain economic development does not come at the cost of new environmental degradation.

So I am pleased that the World Bank will be redoubling its efforts to help build a strong safety net, especially in Asia. I urge the World Bank and IMF to do more to better integrate labor standards into your operational programs, and establish units within your organizations with this responsibility. And given the central impact international financial institutions play on the global environment, I urge you to do more to incorporate environment issues into their operations, and to significantly increase direct lending for environment and natural resource projects. Every time we seek to protect the environment, critics warn that it will hurt the economy; but over the last quarter century we have seen that protecting the environment strengthens, not weakens, the economy.

A new international economy that promotes strong social structures must also promote strong democracy.

It is now clearer than ever that strong democracy, fair and honest regulation, and sound social policy are not the enemy of the free-market -- they are essential conditions for long-term success. Those nations where the people have been denied a voice in their own affairs have proven unable to make the necessary and difficult changes to survive economic turmoil. But those nations with freely elected governments, where the broad mass of the people believe the government is acting in their interests, have been willing and able to act to ward off the worst of the crisis.

And as international institutions become more and more important to the success of the global economy, we must make certain that the institutions we build are open and accountable as well. In Geneva last May, I asked the World Trade Organization to take new steps to bring the sunlight of public scrutiny on its operations. As we redesign the financial architecture for the

key point
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(and...)
some
disputes

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21st Century, we must do the same for the other multilateral institutions. They, too, must earn the trust of the citizens whose lives are deeply and directly affected by the actions we take here.

Securing a stable, open and free flow of capital among nations. Reducing volatility. Making certain that strong social protections are in place. These are ambitious goals. But as the links among nations grow ever tighter, we must act to address problems that will otherwise set back all our aspirations. In our own domestic economies, we have learned to limit the swings of the business cycle. In the United States, for example, a strong Federal Reserve has ensured a stable money supply. The Securities and Exchange Commission has promoted openness and made the market work. Rigorous bank regulation and deposit insurance have helped to keep downturns in the business cycle from spinning out of control. Many other nations and regions have their own institutions. The realities and possibilities in the international marketplace are by necessity very different. But if we are going to have a truly global marketplace, with global flows of capital, then we have no choice but to find ways to build an international financial architecture to support it – a system that is open, stable and prosperous.

To meet these challenges, I have asked the finance ministers and central bankers of the world's leading economies, and the world's most important emerging economies, to recommend the next steps and report to the heads of state by the end of this year. There is no task more urgent for the future of our people.

[conclusion tk] [at stake is not only economy but future of democracy - reprise from CFR]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Don Baer, et al. to the President; RE: Commencement Addresses (4 pages)	04/29/1997	P5
002. memo	Richard Tarplin to the Secretary; RE: White House Event on Genetic Testing (10 pages)	04/24/1997	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14440

FOLDER TITLE:

[Science and Technology] [2]

Debbie Bush
2006-0469-F
db2264

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

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DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

April 24, 1997

TO: The Secretary

Through: ES _____
COS _____

FROM: Richard J. Tarplin
Assistant Secretary for Legislation (Designate)

William Raub, Ph.D.
Science Adviser to the Secretary

Francis Collins, M.D.
Director, National Human Genome Research Institute

SUBJECT: White House Event on Genetic Testing

TIME: 9:30 to 10:00 a.m.
Friday, April 25, 1997

PLACE: Secretary's Conference Room

PARTICIPANTS:

Kevin Thurm, IOS
Bill Corr, IOS
Mary Beth Donahue, IOS
Claudia Cooley, IOS
Jacquelyn White, IOS
Rich Tarplin, ASL
Karen Pollitz, ASL
Laurie Boeder, ASPA
LaVarne Burton, ASMB
Sarah Kovner, IOS

Bill Raub, ASPE
Gary Claxton, ASPE
HCFA Representative
Jo Ivey Boufford, OPHS
Susan Wood, OWH/OPHS
Lana Skirboll, NIH¹
Kathy Hudson, NHGRI/NIH
Richard Sorian, QC
Marsha Martin, IOS

PURPOSE: The purpose of this meeting is to present recommendations to you on a possible White House event in May on genetic testing and health insurance discrimination.

¹Francis Collins is not able to attend. OGC also unable to attend.

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Background

The White House has expressed interest in planning a series of public events on the topic of genetic information and consumer protections. The first event would be on the topic of health insurance discrimination. A Presidential commencement address scheduled for May 18 could be a suitable forum for a speech on this topic. Subsequent events would highlight issues relating to employment discrimination (possibly in June) and to privacy protections for genetic information and other health information. Departmental work is underway for your recommendations to Congress this August on privacy protections as required by the Health Insurance Portability and Accountability Act of 1996.

Ongoing work of departmental staff related to genetic information and insurance is sufficiently far along to contribute effectively to planning for a White House event in mid-May. Your staff advisers on health insurance issues and on genetic information agree that such an event would be well timed and effective in calling public attention to the need for stronger consumer protections.

Access to Health Insurance in the Age of Genetics

Genetic discrimination is becoming the "civil rights" issue of the decade. As the Human Genome Project makes it faster and easier to find genetic alterations associated with human disease, unprecedented opportunities are arising to understand and treat or prevent those diseases at the most basic level. However, as knowledge grows about the genetic basis of disease, so too does the potential for discrimination and stigmatization based on genetic information. Each of us has between 5 and 30 misspellings in our DNA. The underlying principle of genetic civil rights is: we don't pick our genes; information about our genes should not be used against us.

Within the past few years, scientific research has dramatically increased the ability to identify mutations within genes. These mutations are identified not only in individuals who have already been diagnosed with a disease but also, in an increasing number of cases, in healthy persons who may have a predisposition to a specific disease because of their genetic makeup. This new ability to identify individuals at increased risk for disease will change the practice of medicine and potentially improve human health, since in many instances increased medical surveillance or other interventions may significantly reduce risk. Yet, the increased availability of genetic information raises concerns about who will have access to this potentially powerful information and how it will be used.

Genetic information has been used to discriminate against people in the past. In the early 1970's, some insurance companies denied coverage and some employers denied jobs to African-Americans who were identified as carriers for sickle-cell anemia, even though they were healthy and would never develop the disease. As knowledge about the genetic basis of common

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disorders grows, so too does the potential for discrimination in health insurance for an ever increasing number of Americans. Earlier this month, a NIH Consensus Development Panel recommended that cystic fibrosis genetic testing be offered to all couples planning a pregnancy or seeking prenatal testing. This is the first time that the offering of genetic testing has been recommended for such a large population group. The panel recognized that while CF testing can provide couples with valuable information to make important reproductive decisions, this information might also be used to discriminate against them or their children. Thus, the panel concluded that "every attempt should be made to protect individual rights and to prevent discrimination and stigmatization." While discrimination in insurance is of the most urgent concern, misuse of genetic information in employment, adoption, education, blood donation, the armed services, and other settings also warrants attention.

Concrete data on the extent to which insurers use genetic information is not readily available. This is in part because insurers are unwilling to make this information available and because consumers who have been the subject of genetic discrimination do not want to make their stories public out of fear that they may suffer further discrimination. In a survey of people in families with genetic disorders, 22 percent indicated that they, or a member of their family, had been refused health insurance on the basis of their genetic information (Lapham et al., Science, Oct 1996). The overwhelming majority of those surveyed felt that health insurers should not have access to genetic information. A 1995 Harris poll of the general public found a similar level of concern. Over 85 percent of those surveyed indicated that they were very concerned or somewhat concerned that insurers or employers might have access to and use genetic information (Harris Poll 1995 #34).

In addition, fear about who will have access to genetic information and how that information will be used is affecting people's willingness to participate in genetics research. Translation of basic science into effective therapies for health care consumers depends critically on trusting partnerships between researchers and study volunteers. If fear of genetic discrimination erodes this trust and discourages people from participating in clinical research, our investment in understanding the genetic basis of disease will fall well short of its potential to improve the health of Americans.

ELSI-NAPBC Recommendations on Genetic Information in Health Insurance

In 1995, the National Action Plan on Breast Cancer (NAPBC) joined with the NIH-DOE Working Group on Ethical, Legal and Social Implications of Human Genome Research (ELSI Working Group) to address the issue of genetic discrimination and health insurance. This effort built on the ELSI Working Group's long interest in the privacy and fair use of genetic information and the NAPBC's mandate to address the priority issues related to breast cancer. The following recommendations were published in Science in October, 1995, and were made available to state and federal policy makers.

- *Insurance providers should be prohibited from using genetic information, or an individual's request for genetic services, to deny or limit any coverage or establish eligibility, continuation, enrollment or contribution requirements.*
- *Insurance providers should be prohibited from establishing differential rates or premium payments based on genetic information, or an individual's request for genetic services.*
- *Insurance providers should be prohibited from requesting or requiring collection or disclosure of genetic information.*
- *Insurance providers and other holders of genetic information should be prohibited from releasing genetic information without prior written authorization of the individual. Written authorization should be required for each disclosure and include to whom the disclosure would be made.*

In developing these recommendations, the NAPBC and ELSI Working Group developed the following definitions:

"Genetic information" is information about genes, gene products or inherited characteristics, that may derive from the individual or a family member.

"Insurance provider" means an insurance company, employer, or any other entity providing a plan of health insurance or health benefits including group and individual health plans whether fully insured or self-funded.

State Initiatives

At the State level, more than a dozen states have already enacted statutes to restrict the use of genetic information in health insurance. Since January of this year, 28 states have introduced legislation to prohibit genetic discrimination in insurance. The large volume of legislative activity at the state level is a positive indication of the level of concern about this important issue. However, there are two reasons that state laws alone will not be sufficient to solve the problem of genetic discrimination in health insurance. First, the federal Employee Retirement Income Security Act (ERISA) exempts self-funded plans from state insurance laws. Thus, even if states enacted legislation modeled on the ELSI-NAPBC recommendations, the large fraction of the population in self-funded plans would not be protected. Second, the variability among the state bills will lead to a lack of uniformity across the nation as to whether and how genetic information may be used by health insurers.

Congressional Initiatives

Congressional interest in securing health insurance protections for genetic information is strong and bipartisan. Last year the Health Insurance Portability and Accountability Act (HIPAA) included genetic information among the factors that may not be used to deny or limit insurance coverage for members of a group plan. In addition, the law explicitly excluded genetic information from being considered a preexisting condition in the absence of a diagnosis of the condition related to such information. However, HIPAA does not, in all cases, offer protection for those seeking insurance in the individual or self-employment market. HIPAA also does not protect against rating based on genetic information.

In this Congress several bills have been introduced to address some of the remaining concerns about genetic discrimination in health insurance. Sponsors of legislation include Rep. Louise Slaughter (D-NY), Rep. Gerald Solomon (R-NY), Senator Olympia Snowe (R-ME) and Senator Pete Domenici (R-NM). In addition Senator Connie Mack (R-FL) and Representative Cliff Stearns (R-FL) are drafting legislation expected to adhere closely to the ELSI-NAPBC recommendations on health insurance.

Recommendation for Administration Initiative

We recommend that during his May 18 address, the President announce he will soon transmit to Congress legislation to protect individuals from health insurance discrimination based on genetic information. The administration's bill would follow the NAPBC-ELSI recommendations. As such, it would be similar in many respects to legislation already introduced, but it would reflect our own thinking on several issues:

Limit to Health Insurance - As is the case for much of the legislation pending in Congress, the administration's bill must be carefully drafted to focus only on comprehensive health insurance and not be applicable to any other kind of insurance (e.g., long-term care, life, etc.). The rationale for the limited prohibition on use of genetic information in insurance is adverse selection. People who know that they have a predisposition to serious medical problems could use that information to obtain favorable coverage over the long-term (such as life insurance), whereas the insurer, without the same information, could not properly assess the risk they would be assuming and therefore unable to price their insurance policies fairly. Theoretically, knowledge of adverse genetic information could create an adverse selection problem in the health insurance market as well, but in practice, we believe that such information would have little effect on consumer decision-making. People have strong, short-term incentives to obtain health benefit coverage, regardless of any adverse genetic information they may have; therefore, the insurers lack of knowledge based on genetic information should not put them at a

significant disadvantage.

Privacy - We propose to wait until August to recommend privacy protections for all health information, including genetic information. However, legislation prohibiting health insurance discrimination should have some placeholder language restricting health insurers' use of, or access to, genetic information. The Slaughter bill, for example, requires that health insurers may not disclose genetic information about a plan participant without the prior written authorization of that participant. We are concerned that this provision may not provide sufficient protection to consumers. As we develop an administration bill, we propose to analyze the circumstances under which insurers would reasonably need access to such information and restrict their access to those circumstances and for those uses.

Enforcement - We will need to recommend an enforcement structure for an Administration bill. The Slaughter bill provides for private civil action against insurance issuers who do not comply with anti-discrimination requirements. The Domenici bill calls for state insurance commissioner enforcement of requirements for insured plans and Department of Labor enforcement for ERISA plans. The Solomon bill relies on a HIPAA enforcement structure, with federal fall back enforcement of rules for insured plans where State enforcement fails.

Possible Opposition to Administration Initiative

While a strong Congressional base of support for our initiative already exists, we will need to be mindful of possible opposition on a number of fronts. The health insurance industry may be wary of legislation to prohibit discrimination based on genetic information if they view it as a precedent for future legislation to prohibit medical underwriting based on other indicators of health status. If so, their line of opposition would be that our bill would increase health insurance premiums and lead to coverage loss among individuals and employers. The health insurance industry has argued previously that HIPAA reforms would drive up premiums and might argue our bill will compound this problem.

In addition, the broader insurance industry may be alarmed that a health insurance initiative will lead to restrictions on the use of genetic information in life insurance or long term care insurance policies. We will need to reassure them that we have only health insurance in mind. The rationale for prohibiting the use of genetic information in health insurance can be clearly defined and defended. However, it will be very important to make sure that the insurance industry is consulted and assured that there is no intent to extend the prohibition beyond comprehensive health insurance. To gain their support (or at least minimize their opposition), we will have to convince the industry that the Administration recognizes that a broader prohibition on the use of genetic information in insurance might be inappropriate.

While we do not expect opposition from them, it also will be important to consult with a number of other departments to explain the rationale for the prohibition. For example, the

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Department of Labor would be interested in how the ban might affect self-funded health plans covered by ERISA. The ban could also have spillover effects in other policy areas, such as job-screening and law enforcement.

Finally, on the issue of enforcement, we will likely invite debate about the appropriate role of federal and state government and the courts in securing individuals protections. Enforcement through private civil actions will raise concerns about excessive litigation. Enforcement through a combination of state and federal insurance regulation will raise concerns about uneven application of protections across states or between insured and self-insured plan participants.

TAB A

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Attachment: Related Efforts on Genetic Testing

Task Force on Genetic Testing

In addition to the staff work that would be engaged to prepare for a Presidential speech, Departmental experts are working on other efforts related to genetic testing. As genetic testing moves from the research laboratory into clinical practice, the Task Force on Genetic Testing was established by the NIH-DOE Working Group on Ethical, Legal, and Social Implications of Human Genome Research to make recommendations to ensure the development of safe and effective genetic tests, their delivery in laboratories of assured quality, and their appropriate use by health care providers and consumers. The final report of the Task Force will be presented on May 19, the day after the President's scheduled address, at a public session of the National Advisory Council on Human Genome Research.

It is expected that the Task Force will include among its recommendations the establishment of a federally chartered Advisory Committee on Genetics and Public Policy to provide ongoing advice to the Secretary on clinical and public policy issues arising from genetic testing.

DHHS Interagency Working Group on Genetic Testing

Within HHS, an interagency working group, chaired by Dr. William Raub, Science Advisor to the Secretary, is developing policy recommendations to address, among other things: an appropriate regulatory framework for genetic testing; the issue of privacy/confidentiality and discrimination in health with respect to genetic information; and Departmental oversight of activities related genetic testing. In addition, the working group will also be developing proposed approaches and strategies for responding to the upcoming report of the Task Force on Genetic Testing. In view of a possible White House event in May, the working group's efforts on health insurance discrimination would be subsumed into preparation for the White House event.

NIH-DOE Joint Committee to Evaluate the ELSI Program

The Secretary has received the recommendations of the Joint Committee to Evaluate the ELSI Program which has recommended the creation of an advisory committee to the Secretary. This recommendation overlaps significantly with the proposed recommendation of the Task Force on Genetic Testing calling for a Secretary's advisory committee on genetics and public policy.

Health Professional Education in Genetics

Finally, staff at NHGRI remain seriously concerned over the lack of adequate training in genetics among practicing health care professionals. As the demand for genetic testing increases and individuals want to know more about their risk of disease, the responsibility for

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using and interpreting genetic tests and information will increasingly fall to primary care physicians, nurses, physician assistants, and advanced practice nurses.

The National Human Genome Research Institute, together with the American Medical Association and the American Nurses Association, have recently created the National Coalition for Health Professional Education in Genetics (NatCHPEG) to provide an organized, systematic approach to the provision of genetics education for all health care professionals. NatCHPEG now has nearly 100 member organizations representing all health care professional organizations as well as consumer groups, government agencies, industry, managed care organizations and genetics professional organizations. The NatCHPEG held its first full membership meeting in March and agreed on several key priorities, including the development of a web-based genetic information center to link all health professionals to the most reliable, up-to-date information about genetics.

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION

001. memo	Michael Waldman to James Edmonds; RE: Thoughts on your outline (3 pages)	05/12/1997	P5

COLLECTION:

Clinton Presidential Records
Speechwriting
Michael Waldman
OA/Box Number: 14440

FOLDER TITLE:

Memos

Debbie Bush
2006-0469-F
db2265

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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RR. Document will be reviewed upon request.

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From: Michael Waldman on 05/12/97 03:49:47 PM

Record Type: Record

To: James T. Edmonds/WHO/EOP

cc:

Subject: THOUGHTS ON YOUR OUTLINE

OVERall, you're headed in the right direction ... needs more exubrence, and more of a sense of 'now.' He's defining a central challenge for the 21st Century. That has to be woven throughout. Shorter and crisper will show he knows what he's talking about (or at least that we know what we're talking about!).

* Start with a real bugle blast about preparing for the 21st Century: "Today and in speeches at several other graudations this spring, I want to talk to you about the greatest challenge we face and the greatest opportunity we have ever had: the challenge of preparing the American peopel for the stunning new century ahead. Above all else, that new century, in its texture, in its x, in its x, will be molded by science. We enter that century propelled forward by stunnign develpments virtually every eweek -- we are sailing with winds of knowledge at our backs. (*Ugh... but you get the idea.*) And the greatest challenge for our epoepl -- for all of you who enter the world of work this week, and for all Aemricans -- will be to harness this energy for the good of all humanity."

* As I mentioned, the HBCU stuff is too long, in my judgement. I think that some of it can be done by interweaving points throughout the text (e.g., mentioning Dr. Satcher in the "we must make science serve all" rather than here). Also, I don't know if you need to mention the meeting with HBCUs, etc. I think that some ringing declarations on HBCUs -- the kind that they will want to print up in a brochure or use in funding requests to Congress! -- will do just as well as the discursive approach here.

* Then, in the "science is good" section --

- need more of a sense of America, more than any other nation, as driven by science and the thirst for knowledge. Jefferson: "freedom is the firstborn daughter of science."

- in the "stronger economy," I would do it very briskly -- "x best in a decade, y best in two decades, z best in a generation."

- for this section, in general, we need some real gee whiz futurism at the beginning -- a series of statements that will take people's breath away about what science will be able to do for us. We need help from someone ... someone who knows more than we do! ... to fill in this blank.

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THIS is where we should put in Kasparov & Big Blue ... "In this past year, we have seen possible evidence of microscopic life on Mars ... cloning of sheep ... and the defeat of the world's greatest chess player by a computer named Big Blue." [don't know if we want to reference the Mars thing~!]

OVERALL, I think the structure of this section is good -- apart from thinking you need a more breathless future-lies-ahead riff ... and I think that we need to be very explicit about the role that science and technology play today, versus what role they played in the past and what role in the future.

Also, there needs to be a very clear paragraph when we say that the greatest breakthroughs of the past half century have been in physics (i.e., nuclear weapons, nuclear energy, nuclear medicine, computers etc.), while the breakthroughs of the next century will be those of biology. The greatest challenge we faced over past 50 years was to harness the power of physics without blowing up the world; now the great challenge of the next 50 years will be to harness the power of biology, of our increasing knowledge about the cell and the brain and life itself, so it benefits us without posing new threats to life on this planet.

"HUMAN JUDGEMENT & VALUES section."

I like the first paragraph -- esp. "Science often moves faster than our ability to understand its implications."

After the first graph, need a riff -- like the one I mentioned the other day -- of "The same computer that does x can do y. Breakthroughs in medical science can prolong life, yet pose achingly difficult choices about when to terminate medical care." VERY concrete & specific.

Then do the "never again" graphs, as you have them.

Then, must say: "We can never retreat from our commitment to let science take its own course. We have not, and we must not, ever shrink from exploring the frontiers of basic knowledge, no matter what the consequences. But we can never retreat from our determination to see to it that human values -- the good of society and our basic sense of right and wrong -- always determine how we use the fruits of that knowledge." That, or something like it, will be your transition into the ethics principles. I think the ethics principles should end this section.

Then, as we move into the policy announcements, we need to pick up the pace. I would recommend something like: "So, let us pledge to redouble our efforts to learn more and do more in the realm of science. And let us pledge to redouble our vigilance, to make sure that the values of science are put in service of our values."

I don't think you need to do the cloning thing, if there is no news to report. I don't want to give this stupid commission much ink!

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I would not do the Tuskegee thing here... if we have already announced them, they should be discussed in the discussion of the Tuskegee incident (that could be wrong... maybe they are better off here.)

You need to lead with AIDS. This will need more of a runup ... and if this is the announcmenet, there needs to be both more AIDS stuff in the "good news about science" opener and in the "science should serve the many not the few, since AIDS so frequently hits racial and sexual minorities, we need to pay attention to it, etc."

Need to do the budget and science investments in the budget, without going as far as Gibbons wants.

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