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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	Address (Partial); Phone No.'s (Partial) (1 page)	12/25/1993	P6/b(6)
002. memo	David Dreyer to President Clinton re: State of the Union (3 pages)	12/30/1993	P5 6344
003. memo	Sherle R. Schwenninger to President Clinton re: State of the Union Address (7 pages)	12/29/1993	P5 6345
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THE WHITE HOUSE
WASHINGTON

MEMORANDUM TO THE PRESIDENT

From: David Dreyer
Re: State of the Union

December 30, 1993

Summary

The first round of the State of the Union preparation process is complete and has met its principal objective: Soliciting and receiving the best available thinking about how to construct an effective and unifying, durable and uplifting narrative for the speech. We have accumulated much to sort through, so we have provided you with some recommendations on what's best among the contributions to read, and highlight some ideas contained in what was sent you that I believe are valuable for the work ahead.

Best Readings

The speech will probably contain a master narrative (story line) on top, a set of policy prescriptions on the bottom, and connective tissue that relates the theme and the policies in explicable ways to the public in between. In essence, the outside advisors have contributed strategic advice for the speech and ideas about narrative; the Cabinet has contributed mostly policy ideas; and some of the best ideas drawing the two together are contributed by White House staff. In summary, I suggest that you read:

- o Every memo from the outside advisors;
- o The Galston and Reed drafts;
- o Secretary Riley and Reich's memo; and,
- o The New Yorker transcript and the Oval Office transcript (final tabs).

Obviously, there are many other valuable contributions that you can review if time permits.

What to look for

"Words are sacred. They deserve respect. If you get the right ones in the right order, you can nudge the world a little."

1. By far, the best strategic suggestions on what the speech should accomplish and how it should be fashioned come from John Holum and Sherle Shwenninger (World Policy Journal and friend of Stephanopoulos). But there is much agreement among the advisors --

- * On the utility of a narrative to spell out your broad vision at this moment in your Presidency and to beat back against the tendency to mention every last policy produced by the Cabinet;

- * You should be confident and hopeful, even as you identify with the feelings of anxiety in the society over where workers fit in the changing world or how we can survive the crisis of crime;

- * The theme must be durable, and you must describe this point in history as pivotal (see Alan Brinkley and Mike Sandel especially);

- * Stress both tradition and vision -- our highest and most enduring values are complemented by America's constant self-reinvention. The marriage of progress (in the face of change) and tradition is why we remain number one in a changing world and remain the symbol everywhere of what the world wants to be;

- * Finally, the speech should track people's perception of you as a relentless leader who is constantly fighting for average people.

2. As to narrative, please review carefully Holum, Shwenniger, Stephen Carter, and Bill Galston. You will notice, that in many of the outside advisor's recommendations, there recurs the concepts of "renewal" and "revival." Holum is right to point out its religious connotation. Carter refers to a wounding of the national spirit and the need to restore faith. Carter's memo is remarkably clear and helpful on the historic idea of progress in America. William Strauss, author of Generations (recommended by the Vice President) casts it similarly with a very direct appeal to the future and saving children similar to your Inaugural theme of posterity.

Larry Smith, Counsellor to Aspin, called from the road to echo the Holum belief in "renewal or revival" with this schematic:

- o Economic renewal
 - o Renewal of community and family values
 - o Renewal of faith in public institutions
 - o Renewal of America's leadership role in the world
- global economic dimension
 - security dimension/The new contest of values

3. If you read Walter Russel Mead's piece on foreign policy (from the viewpoint of an outside advisor) in conjunction with the State Department's view of foreign policy in the speech, it will demonstrate how difficult it will be reconcile theme and wish list (not just with foreign policy, but everywhere). Mead's piece succeeds brilliantly on history and theme. Ordering the specifics is what makes this tough.

Where from Here?

1. Without nailing down the specific words, we will need from you when we meet again on January 4th some concrete reactions to the storylines offered by various contributors. What do you want the speech to say about America's place in history, the world, and your leadership should be our point of departure.

2. Settling on a narrative will give us implicit instructions on what policies to feature and to what extent they should be featured in assembling a crude draft prior to your departure.

3. While you are in Europe, we should use the week to perfect the way we articulate policy in keeping with the storyline.

4. When you return, we will have a week to polish the rhetoric and respond to what you did and what you learned while you were away.

To: President Clinton

From: Sherle R. Schwenninger

Re: State of the Union Address

Date: December 29, 1993

With your State of the Union address, you need to accomplish four things. First, you need to convince the angry middle--the Reagan democrats, the Ross Perot supporters, and the labor democrats--that you are still on their side, that in spite of what may seem as some backtracking on earlier promises that the policies you have pursued and the programs you have begun to put in place are the necessary first steps (ie, the foundation) for restoring the economic security of the middle class.

Second, at the same time, you must reassure the political insiders and pundits that you have learned the lessons of governing in the first year: that you have the steadiness of hand and purpose (the focus, to use an overused word) to persevere with your agenda without ideological or managerial zig-zags. This means choosing and highlighting a few critical priorities for next year: passage of your health care program; the adoption of an economic security package; and an international jobs and growth initiative.

Third, you need to recast your foreign policy in order not only to get your administration on firmer ground in this area (as it is, you are vulnerable to several potentially serious foreign policy failures in the coming year) but also to make your international priorities more consonant with your domestic philosophy and goals for America.

Finally, you need to provide serious political commentators--those who will shape public judgment about the success or failure of your administration--with a framework by which to judge your administration over the next three years, a framework that would explain the awesome challenges this country faces and the many difficulties we still we must overcome in order to restore the American union. In other words, you must develop, as you no doubt know, a master narrative that more clearly explains your worldview and vision for America. Such a master narrative would include your diagnosis of the state of the union at this historical moment, particularly your understanding of the global economic and technological forces that are reshaping our economy and nation; your philosophy of how government can help restore the American union in light of such forces; why the policies and programs you have put in place in the first year constitute the foundation of a new American social contract for a restored future; and what needs to be done next as a matter of national priority given the challenges that remain and the vision you have for the country.

In his end of the year memo, David Dreyer has laid out many of the themes and ideas that you will want to draw upon. Let me try to

add to it by providing a thumb-nail sketch of a master narrative that weaves together both domestic and international policy.

Master Narrative.

1. America is remade every several generations or so by changes in the structure of the American economy, by new technologies, by new international challenges, by new waves of immigrants, and by new trends in our popular culture. We now find ourselves at such an epochal moment of change. Yet, in spite of these intermittent recreations, there has remained throughout our history an essential core to the American experience--a faith in democracy that is built on a commitment to social progress, to the enlargement of the middle class, and to the unity of the American people. In the end, America over the decades has been held together by a culture of exceptionalism--a notion that we had a special destiny to defend freedom and promote progress in the world--and by a culture of hope--a belief that we all regardless of race, color, or gender could become middle class Americans.

2. The globalization of the American economy that began to take serious effect in the 1980s and the end of the Cold War have dealt powerful blows to this sense of national unity and to our confidence as a nation. They have had a disorienting effect on the American polity at a time when we are trying to absorb new waves of immigrants and to accommodate revolutionary changes in the work place.

3. The new global economy and the accompanying technological changes have posed a particularly difficult challenge for the nation. America became a more divided society in the 1980s because we lacked a social and economic philosophy that could both meet the competitive challenges of the global market place and at the same time deal with the fragmenting effects the world economy was having on our economic and social structure. In the absence of appropriate policy, the world market has created new divisions within American society between skilled and unskilled, educated and less educated, and rich and poor. For the best educated and wealthiest quarter of Americans, deeper integration in the world economy has meant rising incomes and closer association with their counterparts in other parts of the world.

4. But for the majority of Americans, especially the lesser skilled and educated, the global economy has meant not economic opportunity but economic insecurity and the fear if not the reality of downward mobility--lower wages, fewer benefits, and a seemingly zero-sum competition with millions of workers from around the world who are eager to work at a fraction of American wages. For these individuals, the American dream of upward mobility--the glue that has held our diverse nation together--has become just that a dream, and increasingly a faded one at that. Thus, as the world economy

has grown in importance for the U.S. economy, the ties that once bound the wealthiest Americans to the American middle and working classes--as consumers and employees--now no longer bind as closely. The ties between rich and poor bind hardly at all.

5. In previous periods of epochal change, progressive presidents beginning with Abraham Lincoln and continuing with Teddy Roosevelt, Franklin Roosevelt, and Harry Truman put government behind the middle class--behind middle class families, middle class jobs and work, and middle class schools. They also put government behind (ie, in partnership with) modernizing "past" industries (such as agriculture) and in creating new industries (such as aerospace). By contrast, Reagan and Bush put government behind the privileged few. Even as global competitive pressures were eroding middle class wages, they increased taxes on the working and middle classes while granting tax relief for the wealthy without demanding any corresponding obligations. Trickle-down economics combined with excessive military spending not only widened the divisions in America but led to unprecedented budget deficits, especially since the United States was forced to continue to play the role of locomotive for the world economy. It also created resistance to global change and led to a substantial constituency for American withdrawal from an active role in the world just at a time when an active role was necessary to shape our own destiny.

6. As disorienting of previous periods of epochal change were, we succeeded as a nation, because we embraced the economic and technological change and shaped it to fit the American ideal of economic and social progress. We succeeded not because we favored only those best able to benefit from the change but because we refused to leave significant numbers of Americans behind without hope of a better future and because those who benefited first and most from the changes saw that it was in their interest and recognized it as their civic duty to give something back to help others make it as well. With the each crisis in the American union, from the Civil War to the Great Depression, we built a stronger social contract that included more and more Americans. That has been our strength as a nation. That is how we have grown more prosperous and more secure.

7. Each previous crisis in the American union brought its own unique challenges. But each period required major innovations not only in our private lives, in our businesses, corporations, and farms, but in the way we organized government. Many of the government programs that worked in previous periods to advance the middle class promise, we must admit, now no longer work to the same degree and some may even be counterproductive. For example the old safety nets no longer work as they once did; deficit spending no longer produces the economic recovery it once did as stimulation and demand now leak out into the world economy; unemployment compensation no longer protects the laid-off worker, for his or her job may no longer be there as companies and even entire industries

down-size. For many workers, retraining into entirely new jobs or areas of work is now necessary. What therefore is required is a new foundation for economic security--a new concept of the American safety net, one that enables workers to develop new skills and protects those that cannot readily adjust. Otherwise, workers will have no other option but to resist change that is beneficial to our society as a whole. Thus the challenge that we faced when we came into office was nothing less of reinventing government--to make it work again for the middle class and above all for those threatened to be left behind by global economic and technological changes.

8. But the challenge of making the government work again for the middle class and the American union, now by virtual of the globalization of the American economy, means going beyond implementing programs at the federal, state, and local levels. It also means coordinating our efforts with those of other nations and governments and increasingly with transnational business enterprises that have no national loyalty. As uncomfortable as it may be to admit, in this age of global markets and international capital flows, we are no longer in full control of our economic destiny. To pretend otherwise is to risk the worst kind of policy failure. We are part, albeit the most significant part, of a larger global market. American growth and jobs depend increasingly upon the growth in other countries, and thus on policy decisions made in Frankfurt and Tokyo. (Our economic recovery would be much stronger and our budget deficit much smaller if Europe and Japan were not in recession.) This makes our international strategy an essential element of our domestic policy.

9. Yet while we must coordinate our policies more closely with our trading and investment partners, we are by no means helpless to influence their policies or to protect our interests. If used wisely, American power and influence can yet shape the world marketplace to be supportive of the American middle class. In fact, the construction of a world economic order that complements liberal trade with a social charter aimed at raising wages and living standards must be one of the principal goals of this administration's foreign policy. To facilitate Western cooperation on a social charter for the global economy, we will strike new strategic bargains with our partners in Europe and East Asia. They need not only our markets but our help in managing the disorder in the former Soviet Union and the great power ambitions of China. In turn, we need their support for coordinated world economic growth.

10. The current recession that afflicts much of the advanced market economies, of course, makes it more difficult to coordinate policies and to maintain relatively open international markets, upon which sustained American economic growth now depends. As unemployment mounts in Europe and other economies, even the most thoughtful leaders find themselves in a difficult dilemma: solutions to the common problems of trade, jobs, and growth can only be found through international cooperation and eventually

stronger international institutions to manage the world economy. But populist political pressures against such cooperation and against ceding authority to international agencies are growing. It is for this reason that our most critical international goal in the year ahead is to increase world economic growth through collective action with our principal trading and investment partners. If left unaddressed, the slow growth and unemployment woes of the advanced democracies can lead to beggar-thy-neighbor policies. Worse, it can drive voters into the arms of xenophobic radicals who play on hate and ethnic and racial prejudice.

11. In the first year of our administration, we have begun to build the foundations for a new American social contract aimed at preserving middle-class America. We have taken the necessary first steps to correct the problems and economic imbalances that resulted from the misguided policies of the 1980s. We have reached agreement on and have begun to implement a five-year plan to reduce the federal budget and for initiating a sustained period of investment-led as opposed to debt-led growth. We have restored progressivity and thus legitimacy to our tax system. We have thus begun to reverse the huge transfer of wealth from the middle class to the wealthy that occurred in the 1980s.

12. In international policy, we have overcome the serious rifts that had developed among the major world trading nations and have completed a GATT agreement that will open markets to American goods and services. We have with NAFTA rationalized economic integration with Mexico and Canada and put continental trade and investment on a more stable footing. And for the first time, we have introduced into a major trade agreement with other countries environmental and labor protections that will ensure that trade results in rising wages and living standards in all the countries concerned.

13. But these are only the beginning first steps that are required to come to grips with the revolutionary changes in the global and American economies. The global restructuring of the economies of the advanced market democracies--a restructuring that entails the movement of previously well-paid jobs to developing countries where wages are cheaper, the introduction of labor-saving technologies in the service as well as in the industrial sector, and the shift in the predominant form of industrial organization to knowledge-based production--has created a profound social crisis in the Western world. The root of the social crisis is higher levels of unemployment, greater job insecurity, generally downward pressure on wages and social benefits, and the creation of new class divisions within Western societies. In other words, global restructuring is undermining the Western social market model that has ensured social peace in the advanced market economies and international peace in the capitalist world for nearly 50 years.

14. The overarching task of this administration in both its domestic and international policy, then, is nothing less than to

preserve social market democracy, which has ensured nearly 50 years of peace and prosperity in the Western world, and to extend it to the democratizing countries of Eastern Europe, Latin America, and other regions by creating the international foundations for world economic growth and development. Indeed, the greatest threat to our security as a nation and to world peace is the employment and slow growth crisis in both Western and developing economies. Let us not forget that the young men and women who cannot find jobs in their home countries are now migrating in the millions to Europe and our shores, or are becoming a source of instability in their own region. From the Islamic world to Mexico to China, a huge army of angry young people waits restlessly for meaningful employment. The militia operating in the former Yugoslavia as well as the Islamic fanatics in Algeria are a reminder that if these young people do not find productive outlets for their energies, they are susceptible to recruitment into the most hideous ultra-nationalist and fascist crusades.

15. The problem of world unemployment and emigration is all the more serious with the end of the Cold War, for there are now two to three billion additional workers that must be integrated into the world marketplace that were previously under closed communist governments. If they do not find employment in the years ahead, a significant number of them are candidates either for emigration or for brown shirt armies. A new world development and employment program therefore demands our urgent attention. As part of our foreign policy aimed at creating the conditions for democracy and stability in the world, this administration will provide the international leadership required to make collective world action on this problem a major international priority.

16. There are, of course, many domestic and international problems that demand our attention--from the state of our schools, to crime on the street, to unemployed youth in our inner cities, to the dangers on nuclear and conventional weapons proliferation. In addition, a turbulent world will require us to address any number of possible foreign policy crises in the year ahead. We have put in place an administration of talented men and women, who with the cooperation of Congress and the American people, are working on each of these problems. At the same time, we must continue to lay the foundations for a new social compact both domestically and internationally. For without such a compact, it will not possible to address in a meaningful way the insecurities of working Americans or the many problems they now face. For this reason, among our many domestic and international initiatives, we have targeted three critical program priorities for 1994. First, passage of our health care program, which will extend coverage to all Americans and at the same time begin to bring escalating costs under control. Second, the adoption of a new economic security program, which will provide the training and educational opportunities workers will need in the new global marketplace and which will stimulate employment in the high-wage industries of the

future. And third, an international growth and jobs initiative, which will not only expand markets for American good but also create the conditions for the emergence and consolidation of democracy in regions as diverse as Eastern Europe and East Asia.

* * * * *

This, then, is a rough attempt at a master narrative. If you would like me to spell out any of the ideas contained herein or to address more fully how to recast your foreign policy to be more consonant with your administration's goals, I would be happy to do so.

To: President Clinton
From: Walter Russell Mead
Re: Foreign Policy and the State of the Union Address
Date: December 30, 1993

The foreign policy portion of the State of the Union message should accomplish two things. It should explain the overall guiding strategy of American foreign policy and put it in the context of the current world situation. Second, it should show how this overall strategic foreign policy supports the overall domestic reform and renewal agenda of the Administration.

The foreign policy section of the 1994 speech should be longer and more prominent than in the 1993 message because the Administration needs to strengthen its mandate for action as the global situation becomes more troubled.

The Content of American Foreign Policy

Your first task, I am afraid, is to lower the expectations of the American people for the rapid consolidation of international democracy and peace -- and to explain that it isn't the Administration's fault that the end of the Cold War didn't usher in the millennium.

When you took office, there was a broad consensus among foreign policy analysts that the collapse of the Soviet Union meant the end of any serious challenges to American military, political, economic and ideological power. Fukuyama's idea that the end of the Cold War meant the "end of history" and the rapid consolidation of international democracy summed up this very widespread belief. Translated into policy, this meant that the United States should have high expectations about its ability to propagate democracy and international order in specific situations.

Administration spokesmen shared this assessment and proceeded to commit the prestige of the United States to the achievement of goals that turned out not to be attainable without the use of more force or more resources than the nation was willing to commit. There was also a tendency to underestimate the strength of the dark forces in Russia and to overestimate the ability of the Russian government to create and maintain the conditions for Polish style economic reforms.

Today the "end of history" consensus has broken up and a more realistic sense of the possibilities and dangers is beginning to sink in. American policy already reflects much of this new thinking, but the shift has yet to be fully explained to the public.

I would suggest an approach like the following:

In 1918 and 1945 America emerged victorious from great international conflicts, and hopes were high that the triumph of our armies and our allies in war would lead to the victory of our principles in peace. In both years Americans and their allies optimistically prophesied that a just and decent world order would arise from the ruins of war; both times we learned painfully that building peace is at least as hard as waging war. We have been undergoing a similar process since the Berlin Wall came down in 1989.

In the aftermath of World War One, the nation and its allies made some bad choices. We failed to build an economic order that would have allowed defeated nations like Germany and developing nations like Japan the opportunity to prosper and to build durable democratic institutions. We also failed to build an adequate security system.

The result, of course[and perhaps to oversimplify for rhetorical purposes], was the rise of fascism and the Second World War. After this much greater conflict the United States and its allies vowed to learn from this experience. In the 1940's and 1950's Presidents Truman and Eisenhower built a solid foundation for peace. The Bretton Woods system, GATT and the Marshall Plan laid the foundation of a solid economy that had room for Germany and Japan. NATO and the Japanese-American Security Treaty provided a military alliance to keep the peace.

This foundation proved strong enough to hold together during the Cold War. Now the world faces a new task every bit as difficult and important as the tasks of 1918 and 1945: we must build a foundation for peace on the ruins of the Cold War. Russia and other formerly communist countries must have room to prosper and to move in their own way and at their own pace toward democracy. The allies in the Cold War must not neglect the strength of their collective security arrangements that have proved so successful in the past.

The United States cannot control the political and economic evolution of nations like Russia. Russians must choose their future for themselves and in their own way. But, with the help of Japan and our allies in Europe, we can create the conditions that give the Russian people a real chance to build prosperity and democracy. This is also true for our neighbors in this hemisphere and other developing nations around the world. We must not make the mistakes that led to the rise of fascism and a new era of international conflict earlier in this century. We can and must build a dynamic, free and healthy global economy that can give the world's peoples the opportunity to prosper and find freedom. We can and must maintain the power and the alliances that, whatever conflicts may flare up from time to time, basic world security will be maintained. We cannot prevent every outbreak of violence on the face of the earth, but we can and must maintain peaceful relations among the world's major powers, and we can and must maintain the security of the world's major markets, trading centers, trade routes and the hearts of its great civilizations.

The Relationship between the Foreign and the Domestic Agendas of the Administration.

Explained in this way, the connections among the foreign and the domestic policy priorities of the Administration are much easier to see. It is, frankly, not easy for the average American citizen to see why chasing warlords in Somalia or sending the marines to Haiti would serve his or her interests. But the strategic defense of peace and collective security in an era of nuclear weapons is something that most Americans understand to be one of the unavoidable responsibilities of their government. As long as specific commitments abroad can be explained in this broad strategic context, and as long as the commitments of forces and/or resources are obviously commensurate with the importance of the threat to these broad strategic concerns, most Americans will accept an activist foreign policy in a dangerous time.

Anchoring this concern in the quest for economic growth builds an even closer connection between foreign and domestic policy. Global economic growth combined with market access is clearly necessary for the economic health of the United States and for the economic security of its citizens. If global economic growth is properly appreciated as the strategic centerpiece of your quest for peace and democracy abroad, then your foreign and domestic policies will be seen to be complementary. Foreign policy is not a diversion.

from the domestic agenda; rather it is a method to reach the central Administration goal of renewed prosperity for the American middle class.

The State of the Union message needs to underline this concept and to elevate global economic growth as a central foreign policy focus of the United States. This also allows you to turn public attention toward your foreign policy successes of 1993.

When you took office, the United States had two immediate challenges. First, the long period of fiscal irresponsibility had eroded international respect for the American government. Other countries wanted to see the federal deficit brought under control and were unwilling to listen to American proposals for joint action to stimulate the global economy as long as we failed to put our own house in order.

Now we have accomplished this. The decline in the deficit plus the strong economic recovery in the United States give us new opportunities for international economic leadership.

Second, the NAFTA and GATT trade agreements needed to be wrapped up. This too has been done, and you can argue that American exporters in the 1990's will have greater access to more markets than ever before in our history.

We are now ready for the second phase of the Administration's economic foreign policy: moving from market access to market expansion. We want to work with Europe and Japan to get our two most important trading partners back on a high growth path. And we want to work with them to find new approaches toward jump starting the economies of Eastern and Central Europe.

Poverty in Russia does not just create political problems for the United States and our allies. It creates economic problems as well. A healthy, growing economy in the former Communist world would mean billions of dollars in new exports for us and hundreds of thousands of new jobs.

A point which you may or may not want to address in the speech: underconsumption in East Asia and especially Japan is a greater threat to the global economy than low savings in the United States. If Japan reduced its national savings and increased consumption to European levels, the Japanese market would grow by over \$200 billion. This is equal to the most widely accepted forecasts of the benefits to the world economy of the Uruguay Round.

Growth in Europe, Japan, the formerly communist countries and developing countries means peace in the world and growth in the United States. It would be interesting to sound out other governments to see how far you could prepare the way for the speech. Statements from other world leaders welcoming the Clinton initiative for growth and pledging, however vaguely, to cooperate would help cement a public perception of an active, promising foreign policy aimed at safeguarding the real interests of the American middle class. Germany might respond quite favorably to proposals for a fresh initiative in Eastern Europe; the Japanese government might also appreciate a shift away from confrontation over market share in favor of cooperation for market growth. Some advance work on this could give you the basis for specific proposals in the speech.

6348

M E M O R A N D U M

DATE: December 28, 1993
TO: President Clinton
FROM: John Holum
SUBJECT: State of the Union Address.

STRATEGIC ADVICE

Since the primaries I've not peppered you with political memos, figuring that you were well covered with advice and that someone else certainly would offer the same insights. But that doesn't mean I haven't been itching -- so I was grateful for David Dreyer's invitation to think about overall themes for the State of the Union Address. Following are the results:

Basic Structure.

The basic description in David's end of year memo is solid. I would argue for two broad points of emphasis.

First, as suggested below, it's important (as well as accurate) to characterize this era as a historic turning point, which in my view would mean reduced focus on Republican neglect as the source of our difficulties (which is losing political salience anyway), and more stress on the changed circumstances sweeping the planet.¹ The American people look to you to explain the nature of today's challenges and why they are not susceptible to traditional answers. Your best role is not as a politician but as a visionary. This would both elevate the tone and clarify the stakes in forthcoming debates.

Second, I think the address should ring with confidence in our ability to surmount our problems if we all accept responsibility, take the work seriously, and pull together -- not just political leaders and governmental officials, but all Americans. This is present; I'd just stress it more.

¹ Of course Republican culpability is compounded by the fact that their period of recalcitrant rule happened to coincide with a time of profound change, for which their style of governance was particularly ill-suited. But that argument doesn't belong in this address.

Criteria For A Theme.

First, it's essential to draw back from the details of policy and declare broad principles. Your health care speech was a superb model, because it defined the six essential elements of reform; even better is the simple description of health care coverage that can never be taken away. A president known as deeply knowledgeable on details needs especially to paint a bigger picture, so people will know how it all fits together and where he's leading us.

Second, it's also important to look beyond security. For the people of the world's leading democracy and sole superpower, feeling safe on the streets, secure in employment, and confident about filling basic needs should be a means, not an end. After a long period of indifference, we should solve problems, but also aspire to higher purposes than to protect people from bad things. We should also be looking to the next generation, and those beyond.

Third, the theme has to be durable -- something that will be repeated throughout your administration, rather than supplanted after a few months, leaving an impression of inconstancy.² That means it has to be broad enough to encompass pretty much all that's done, underway or planned. It should help give context to the record thus far, so you won't appear to be reinventing yourself after the first year.

Fourth, it should help define the current period as pivotal in our history. We are in a time of inescapable change. The Cold War is over, and defense jobs are dropping. The global economy is so thoroughly integrated that we couldn't shut ourselves off from it even if we wanted to. Environmental impacts have become central to both public and private decisions. Flexibility, recurrent training and mobility characterize the new workplace. In drugs and gratuitous violence we're reaping a whirlwind both from neglect of law enforcement needs and from the decline of families and religious and community values and the collapse of opportunity. The bills are coming due for Federal deficits and for a health care system that is both inefficient and insufficient. We can solve these problems; what we can't do any longer is postpone them. So it falls to us to master change.

Fifth, the theme or definition should embrace both tradition and vision -- drawing on the past while looking to the future. You've spoken to the fact that the American people feel insecure, and so are reluctant to accept necessary departures such as defense cuts and base closures, more open trade, etc. Fears of

² Presidencies are probably even more prone than campaigns to finding something that works and then changing it. In both cases, discipline is an essential complement to creativity.

a transitional economy, societal breakdowns and a tumultuous world will be lessened to the extent the American people see you drawing on familiar values to address new issues. Of course among the most important of those values are those you've long stressed as central to the nation's character -- opportunity, responsibility, community.

Possible Themes.

I don't have a fixed view of what a theme meeting these standards should be. My favorite is "An American Revival," to which might be appended "For a New Era," to bring in change and the future. Revival obviously connotes restoring traditional virtues. The religious implication, which comes from popular usage rather than technical meaning, is to my thinking a plus, because it both evokes an important element of your public character and confirms that we're talking about more than government. I like the term as well because it is exuberant and confident.

Other possibilities might be "An American Renewal," taken from David's memo, or "The Restoration of America," or "An American Renaissance." Any of these could also easily encompass successes on the deficit, trade, the Brady bill, national service, and the environment, along with reinventing government, welfare reform, health care, crime legislation, and redesign of our foreign policy and defense posture for a changed world. Doubtless more creative minds than mine can come up with more choices.

Other Thoughts.

A few additional thoughts:

After making clear that you have engaged the nation in historic work, you should underscore, in a personal conversation with the American people, that you "will not become discouraged, and will not be diverted." It is slipping into the American consciousness that your political successes invariably bring forth low-lives like the Arkansas troopers. It is a heroic element of your leadership that you soldier on cheerfully through all of that and keep advancing the ball -- just as you did in the campaign. Obviously you can't and shouldn't explicitly refer to the personal attacks; indeed, that would defeat what I'm suggesting.³ But you can implicitly confirm their triviality, while at the same time invoking a gift you have in common with Franklin Roosevelt, Jack

³ . . . Tempting though it is to observe that in reporting whatever someone is willing to say, no matter how outrageous and diverting, the press and media essentially hand over control of our political discourse to the most odious types -- a point best made in private, or by your friends.

Kennedy and Ronald Reagan -- a personal sense of optimism, which is both effective and infectious.

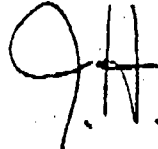
A related point is that people need to be reminded continuously that we're in this together, and that everyone's efforts are important and valued. Public service is a worthy calling, but government neither can nor should do it all, or even most of it. States, localities, other communities, churches, families, volunteer organizations all have a vital part to play, and we want to empower them to do so. This may be another way of reiterating my fixation on the "responsibility-opportunity" proposition.

Finally, after you congratulate the Congress on last year's successes, you should challenge them again, promising that 1994 will be even harder than 1993. I said at my swearing-in ceremony at ACDA that the country eventually will see you as the kind of leader who spends political capital, rather than hoarding it, and that's why change is happening, just as you promised. You celebrate results, rather than ratings. Most politicians sense that taking risks can be good politics (as you've demonstrated especially on NAFTA) because it reveals personal qualities of courage and commitment that override disagreements on specific issues. Most members of Congress, however, find it easier to play it safe, and more this year than last will want to keep their distance if your poll numbers are down. Your legislative program could fare better if you summon the Congress to operate the same way you do -- again, because the work is not just deciding the details of the health or welfare systems, but is defining the country for a new era.

* * *

I hope this is helpful. I'm proud to be a part of your Administration.

J.D.H.



Meyer ✓
6349

DETERMINED TO BE AN
ADMINISTRATIVE MARKING

INITIALS: JAM DATE: 1/9/12
2008-0699-F

~~Personal and confidential~~

TO: The President

93 DEC 30 P12 : 50

FROM: Secretary Robert B. Reich Bob

RE: State of the Union

Date: December 30, 1993

The State of the Union speech falls logically into three parts: (1) the foundation laid in your first year, for sustained economic growth; (2) what must be done to build on that foundation, to provide Americans with health care and with work; and (3) the moral dimension of the new American community--which is both the product of, and the precondition for, this ambitious agenda.

I. The economic foundation

The first section should focus on the key achievement of the first year: laying the foundation for sustained economic growth. You and the American people accomplished this through (a) significant deficit reduction, sufficiently credible to lower interest rates and allow consumers and businesses to reduce their towering debts of the 1980s; (b) historic progress in opening foreign markets--Japan, Mexico and the creation of NAFTA, a proposed GATT; (c) tax fairness--shifting the tax burden from the middle class to the wealthy, and cutting the taxes of most Americans; and (d) shifting government priorities from spending to investing in our future.

You might add that there is no need for additional deficit reduction. Cutting the deficit further could impede the recovery, and drain resources from national defense, and from critical public investments in our future.

Another sub-theme: This is a strong foundation not only for national growth, but for global growth as well. We could do no better to strengthen other nations' economies than to get our own fiscal house in order, to open world trading routes, and to invest in our own capacities to produce wealth. The world economy is not a zero-sum game, but potentially a hugely positive-sum game in which all nations stand to gain.

I suggest that you not take credit for the cyclical recovery now underway. Arguably, it was on its way in late 1992, and our policies were too recent to have had much effect on it. In any

event, the public already credits you for it, so there is no need to restate what seems obvious to most people. The more legitimate claim is that you have laid the foundation for sustainable growth over the longer-term. This was your first and highest priority, which had to be accomplished before the nation could turn to the next tasks.

Avoid the temptation to recount the many other accomplishments of the first year, significant as they were. The core mandate of the election was to rebuild the economic foundation of the nation, which was crumbling. Recitation of other achievements might draw away from this overarching one. At most, I'd suggest only a passing reference to the other accomplishments--Family and Medical Leave, Motor Voter, National Service, National Performance Review, gun control, peace in the Middle East, and so on--as illustrations of the more general theme that you have overcome gridlock, and that the nation is now capable of solving its most intransigent problems. This too is part of the foundation you have laid in the first year.

Finally, acknowledge the pain still experienced by millions of Americans who remain unemployed, or involuntarily employed part-time, or still too discouraged to look for work, or impoverished even though they have jobs. A new economic foundation has been laid, but edifice has yet to be built.

II. Building on the foundation: health and work

In this section of the speech, which looks forward, I suggest that you use the unifying themes of health and work. These are the two prerequisites to becoming a fully-contributing member of society. The possible loss of either is the cause of our deepest anxieties. And yet, most Americans feel vulnerable because health care is expensive and usually dependent on a job; and because jobs are less secure, and many are paying lower wages than fifteen years ago.

Your upcoming agenda responds directly to these two fundamental needs: (a) The Health Security Act will guarantee that our health insurance cannot be taken away; (b) the Administration is not only creating the economic foundation for millions of new and better jobs, but it is committed to helping Americans bridge the critical transitions to get the jobs--transitions from school to work, from welfare to work, and from work to work. (Reference the education and skills standards in Goals 2000, the school-to-work apprenticeship legislation, reform of welfare, and the creation of a re-employment system--all designed to get Americans to work.)

The trinitarian in me wants to suggest a third unifying theme, such as community, or family, or security against

violence. Any one of them could easily be linked to health and work. But I don't really think you need a third piece. Health and work complement each other nicely, and they are the basics on which all the other values and goals depend.

You will be urged, I'm sure, to devote a separate section of the State of the Union exclusively to foreign policy. This is standard fare, and there may be particularly good reasons for it this time around, given recent events. But I suggest that you instead seek to integrate foreign policy themes into this central section of the speech. As you have stated many times before, domestic and foreign policies are now inextricably tied together. The nation must understand the tight linkage (as should Congress and your own departments).

Herewith, are a few ways of combining the core health and work themes, while signaling the others. I have not arrayed them in any particular order.

1. Work gives order and meaning to life; it ennobles and provides meaning and dignity. Good health enables us to be caring parents, effective citizens, productive members of society. But in order to have good health and work, Americans require two things: (a) They and their families need health care; they must be able to see doctors and nurses, and get the care and counseling they need to prevent incapacitating illnesses. (b) They must be prepared for, and able to find, jobs that pay a living wage; they need good schools, youth apprenticeships, assistance in searching for jobs, good information about where they can find jobs and what training the jobs require, and effective job training. Our national responsibility is to fulfill these two prerequisites. The individual's responsibility is to act upon them.

2. Advances in technologies, and the emergence of global markets, present breathtaking opportunities for Americans to lead fuller and more productive lives. But these changes also make careers far riskier, jobs less predictable. Americans can no longer count on remaining in the same work, keeping their health benefits, and thus maintaining their families' basic well-being. In order that we can accept and benefit from these changes, we must feel sufficiently secure to seize the opportunities they present; otherwise, we will resist change, and seek security in preserving the past. The two prerequisites to security in these dynamic times--universal health care, and work for every able-bodied American--free us and our families to face the future with hope rather than with fear.

3. Lack of jobs is the single biggest problem of our central cities; it is undermining community, and destroying families. Universal health care, coupled with the Earned Income Tax Credit,

and adequate workforce training, will move our people quickly from the unemployment lines and the welfare lines to the lines where paychecks are being given out.

4. The macroeconomic foundation laid in the first year of this Administration has got us back on track toward millions of new jobs. But the old economy is not coming back. It is no longer possible for a high-school grad or dropout to get a good-paying factory job for life. Jobs are less secure. The wage gap between the well-educated and the poorly-educated is widening. These new realities face every major industrialized nation. They call for a new system: (a) To begin to narrow the gap, we must make work pay, through the EITC; upgrade primary and secondary education so that all young people have the basic tools they need for lifelong learning; and smooth the transition from school to work through youth apprenticeships and voluntary national skills standards. (b) To deal with job insecurity, we must turn our unemployment system into a re-employment system, and ensure health care regardless of job.

5. Our old safety nets are broken, and all the incentives are wrong. We must replace the safety nets with trampolines, which help Americans bounce back. We don't need more government or bigger government; we need better government. (a) Our expensive health care system doesn't help prevent disease, it encourages unnecessary tests, and fails to protect us when we need it most; we must create a new system which emphasizes prevention, economy, and universal care. (b) Our expensive unemployment system doesn't help prepare and guide people into new and better jobs; we need a new system which will. (c) Our expensive welfare system actually discourages people from getting jobs; we need a new system which will get them off welfare and into productive work.

6. The health and the skills of our people are our most precious assets. In an increasingly global economy, they are the only assets which are relatively immobile, on which our futures uniquely depend. The global economy presents extraordinary opportunities for us, as for every nation, and this Administration will continue to lead the way toward global economic integration. We will also spur investment in the technologies of the future. But in order to avail ourselves of these opportunities, Americans must be capable of reaching for them. The two strategies go hand in hand: As we open our borders and the borders of other nations to trade and investment, we must simultaneously invest in the health and the skills of our people. Moreover, in a world in which national security turns increasingly on a nation's capacity to produce wealth, the health and skills of our people are the bulwork of our freedom.

III. The new American community

The third and final section should discuss the fundamental challenge of reforging and redefining the national community. In order to accomplish the above-mentioned goals--and many others--Americans must join together as one nation. I believe you should frame this as a moral challenge, because it raises one of the most basic of all moral questions: What do we owe to one another, as members of the same society? Here is where you can proclaim from the bully-pulpit a vision of the public purpose which binds us together, and the new community that you are helping Americans achieve. Some thoughts:

1. You have laid a foundation for sustained economic growth. You are aiming to give Americans the crucial building blocks for full and productive lives--health care and work. But these goals cannot be achieved unless we join together. We must collaborate --across race, ethnicity, income group, political party and ideology, private and public sectors--to reaffirm our nationhood, at a time when the forces of fragmentation are particularly strong.

2. For almost half a century, this nation's moral authority, and much of its unity, derived from its contrast to Soviet communism--much as light is defined by darkness. The Soviet threat bound us together, and provided a pretext for doing many things which we should have done as a nation in any event: The National Defense Highway Act created a modern system of highways. The National Defense Education Act trained an entire generation of math and science teachers. The race to the moon boosted our aerospace, electronics, and materials industries. We created the world's most effective fighting force, and in so doing devised a successful means of disciplining and training legions of boys from farms and inner cities. But the Soviet threat is now gone, and with it has gone that binding force, and that pretext.

3. Worldwide communications and transportation are forging economic links across borders, and thus reducing the economic interdependence of Americans. The same communication and transportation links are reducing the dominance within the United States of a single American culture. The mass culture that bound Americans together in the years after the Second World War is fragmenting into niche markets served by new technologies which can tailor television programs, newspapers, and magazines to particular socio-economic groups, residing in particular neighborhoods. (A native of Brazil, living in Miami, can now read San Paulo's daily newspaper beamed by satellite to a computerized press a few miles away, watch Brazilian television via satellite, send and receive facsimile messages within seconds, telephone Brazil at the touch of a finger, and fly frequently there to visit family and friends.)

4. Modern technologies and global markets are enhancing the wealth of the most educated Americans even as they are supplanting the jobs of the least-educated. The income gap is widening. Moreover, Americans are segregating by income and ethnicity to a greater degree than at any time since the 1960s. Zip-code marketing is profitable because today, where you live signals a great deal about your lifestyle and what you can afford.

5. These trends notwithstanding, our strength and security as a people--our moral authority in the world--depends on our capacity to join together, and to build a future together. It has always been so in this diverse, universal nation. But today, the opportunities open to us as a united people are greater than ever before, as are the risks of fragmentation. The new American community--founded upon sustained economic growth, universal health care, and work for every able-bodied American, and on the overriding commitment from all of us to achieve these goals--will be a fitting introduction to the 21st century.

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Hazel R. O'Leary to President Clinton re: State of the Union Address (4 pages)	12/30/1993	P5 6350
002. memo	Carol M. Browner to President Clinton re: State of the Union Address (2 pages)	12/30/1993	P5 6351
003. memo	Bill Galston to President Clinton re: State of the Union (3 pages)	12/28/1993	P5 6352
004. memo	Gene Sperling to President Clinton re: State of the Union (10 pages)	12/30/1993	P5 6353

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The Secretary of Energy
Washington, DC 20585

December 30, 1993

93 DEC 30 P3:49

6350

MEMORANDUM FOR THE PRESIDENT
FROM: HAZEL R. O'LEARY *Hazel R. O'Leary*
SUBJECT: State of the Union Address: Nuclear Non-Proliferation Theme

I. SUMMARY

On September 27, 1993, our Administration unveiled its non-proliferation and export control policy. The policy addressed the issue of non-proliferation broadly, touching on fissile material control, export controls, missile proliferation, biological and chemical weapon proliferation, regional initiatives and conventional arms transfers. The key elements of the policy were the proposals to prohibit the production of highly enriched uranium and plutonium (fissile materials) for nuclear explosive purposes and submit excess U.S. fissile materials to international inspections. The policy also stated that the U.S. would not encourage the civil use of plutonium for nuclear power purposes.

II. DISCUSSION

As you have indicated, the most significant threat to U.S. national security in the post-Cold War world is the further spread of nuclear weapons. As a result, we have flagged the issue of nuclear non-proliferation as a top national security priority. The American people are scared by the specter of rogue nations developing nuclear weapons. The ongoing situation in North Korea has raised public awareness of the problem of nuclear proliferation and made clear the potentially enormous cost to the U.S. of allowing new nations to develop nuclear weapons. The public wants to be assured that the U.S. is doing everything in its power to stop the proliferation of nuclear weapons and that our administration is acting on this problem with conviction. Some in the advocacy and national security communities would like us to become more aggressive in this area.

We face a two-pronged challenge in the coming year on the issue of nuclear non-proliferation. What does this mean?

- One challenge is paving the way for the successful indefinite extension of the Non-Proliferation Treaty (NPT) in early 1995.



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- The other is stopping any additional nations from developing nuclear weapons and attempting to roll back proliferation where it has occurred. (Nuclear weapons programs have successfully been rolled back in South Africa, Brazil and Argentina.)

To some degree these issues overlap. For example, your decision this summer to continue the U.S. moratorium on nuclear testing served the dual purpose of making the extension of the NPT more likely to create a barrier to further nuclear proliferation. However, some believe that there are policy conflicts in achieving the goals of extending the non-proliferation treaty with the goal of reducing weapons-grade material and other nations' abilities to develop weapons. This conflict is most apparent in the production of plutonium. The Administration has recognized that in order to maximize political support for the indefinite extension of the NPT, it may be necessary to allow non-nuclear NPT signatories to engage in civil plutonium activities as long as the activities are internationally monitored. This position is staked out in a Presidential Decision Directive. Yet, this policy will allow nations to add to the plutonium glut that exists in the world today. And, since all plutonium can be used in nuclear weapons, its accumulation creates serious proliferation and security dangers, thus endangering the achievement of your second goal of stopping other nations from developing weapons.

Some in the arms control and national security communities believe that a two-pronged approach towards plutonium is not productive. They argue that plutonium for civil (good) and military (bad) purposes can be utilized to develop weapons. They also argue that there is a contradiction in allowing some nations to maintain civil plutonium programs, while discouraging developing nations from developing similar civil plutonium programs, especially if these programs are monitored by international inspectors. The problem is that once a nation has a plutonium separation capability, it can build a nuclear weapon. And if a nation decides to build such a weapon, it only takes a few months to withdraw from the NPT as North Korea has demonstrated.

RECOMMENDATION

The State of the Union Address is an opportune time to frame the Administration's nuclear non-proliferation goals and remind the country of some of the goals and proposals you have articulated. You can provide concrete examples of how they are being implemented and lay out new goals and initiatives. This whole area ties into our Administration's security theme. What better way to highlight the Administration's security theme than to set as a goal the continued reduction of nuclear weapons and the materials that comprise such weapons?

III. SUGGESTED FOCUS FOR INCLUSION IN THE SPEECH

- Thematically, the issue of nuclear proliferation should be outlined around grand U.S. goals such as ending the spread of nuclear weapons and rolling back proliferation where it has occurred. The threat to U.S. national security and international stability should be clearly defined, but past successes should also be identified. The theme should emphasize your vision for a future secure from the nuclear threat.
- The continued moratorium on nuclear testing and September non-proliferation policy should be cited as an examples of the Administration's commitment to end the spread of nuclear weapons and as a significant move forward from past U.S. efforts. However, it should also be recognized as just the first tier of activity in a multi-tiered effort. It could be emphasized that completely ending the production of fissile materials, for both civil and military purposes, is an ultimate U.S. goal.
- Non-proliferation can be the framework within which all other nuclear arms control initiatives fit. For example, pursuing an end to nuclear testing and moving forward on a comprehensive test ban to which you are committed, and gaining Ukraine's adherence to START and the NPT should be cast in terms of how they will help U.S. non-proliferation efforts. Progress on implementing the non-proliferation and other nuclear arms control policies should be mentioned. For example, the opening of the CTB talks, the choosing of a venue for the fissile materials convention, progress with Ukraine on START and NPT, and progress with North Korea (if any) could be mentioned.

IV. ACTIONS TO BE ANNOUNCED IN THE STATE OF THE UNION

- A new, high-level Administration task force dealing with nuclear proliferation issues should be announced. It could be headed by the Vice President or National Security Advisor and include the Secretaries of State, Defense, and Energy; the Director of the Arms Control and Disarmament Agency and other relevant agency heads. The purpose of this task force would be to demonstrate high-level commitment to the issue and be an entity for creating and clearing new policy initiatives. There should also be an invitation to all members of Congress to work with the proliferation council in order to develop the necessary consensus on proliferation policy.

- Issues to be considered by the proliferation council should include examining deeper nuclear arms reductions, revising U.S. security assurances, broadening the nuclear arms control process to include other nations, reviewing U.S. nuclear declaratory policy, and considering transparency and accountability measures for monitoring worldwide fissile material stockpiles. These issues could form new elements of the Administration's non-proliferation/arms control agenda.
- Direct the task force to develop a new arms control agenda within six months.

V. CONCLUSION

We recommend that you include this theme in the speech and adopt the recommendation to develop new non-proliferation initiatives. This proposal has been discussed with some individuals at the Department of Defense. However, the proposals clearly need to be vetted with the NSC, State Department and others.

6351



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

DEC 30 1993

MEMORANDUM FOR THE PRESIDENT

FROM: CAROL M. BROWNER *CMB*

SUBJECT: STATE OF THE UNION ADDRESS

THE ADMINISTRATOR

I appreciate the opportunity to provide my thoughts and suggestions on the State of the Union Address. I will restrict my comments to prospective issues that you may want to mention regarding the environment. As to the past year, you have a strong record of accomplishments and may want to draw on a recent Houston Chronicle column that I wrote about your fulfillment of your Earth Day commitments (attached).

Overall, a theme that I have developed for our environmental protection efforts is that we need a new generation of environmental thinking. We have achieved successes with the last 20 years of command-and-control statutes. But continued progress requires a renewed commitment to environmental goals combined with greater innovation and flexibility in the tools we use to achieve those goals.

My suggestions for your comments on next year's agenda are as follows:

* Cabinet Status. A brief mention of the need to elevate the Environmental Protection Agency to cabinet status will be helpful in fulfilling your commitment on this issue. The Cabinet Bill has passed the Senate and is ready for a floor vote in the House, perhaps in the first week in February. Cabinet elevation may be one of a small handful of environmental legislative initiatives that we will be able to point to for the fall 1994 elections. A brief mention in your State of the Union address could give you a quick environmental win with a minimum of effort.

* Water Issues. Polling indicates that clean water issues have extremely strong public support, the highest of the environmental issues. One 1993 Times Mirror poll found that 77% of the public believes that government is not doing enough to control water pollution. Shortages in water funding also form a large part of the states' concern about unfunded mandates. You are well positioned to support reform of the Clean Water Act (addressing wastewater) and the Safe Drinking Water Act (addressing drinking water). Your FY 1994 and FY 1995 budgets have proposed new state revolving funds for local infrastructure investments, and we are close to finalizing administration positions on the reform of the two statutes. Senator Max Baucus, the Chair of the Environment and Public Works Committee, also

strongly supports reauthorization of the statutes. Your comments could focus on a legislative package that would reform the existing statutes, and provide the funds that will create jobs and help states and localities provide safe drinking water, and clean streams and waterways. (By the way, thank you for your commitment to funding these and other items in EPA's FY 1995 budget.)

* Superfund. Your comments in last year's address about getting the lawyers out of Superfund were widely praised. We have conducted an extensive Superfund reform effort since then, and an inter-agency process has reached resolution on a proposed Superfund reform package. (You have been sent a memorandum asking for your approval of the proposed package.) In addition, the National Commission on Superfund, a broad-based committee of industry, state, labor, environmental and citizen groups has developed a reform proposal that is consistent in many ways with the proposed administration package. Without getting into specifics, your comments could focus on reducing legal costs, speeding up cleanups, promoting the development of new technologies (an issue that was very successful for us in the NAFTA debate) and protecting local communities.

I hope these thoughts are useful. I will be pleased to provide suggested language on any of these points.

THE WHITE HOUSE

WASHINGTON

December 28, 1993

MEMORANDUM FOR THE PRESIDENT

VIA: JOHN PODESTA
FROM: BILL GALSTON WA9
SUBJECT: STATE OF THE UNION

In this memorandum I want to make three points that may be relevant as you prepare for your State of the Union address.

Mood of the Country

Your speech will occur in the context of a public torn between hope and fear. The principal area of hope is our economy, where confidence is growing that your economic strategy is beginning to work--that jobs are at last being created, that incomes are finally rising, and that big-ticket items such as homes and autos are once again within the reach of average families. The principal area of fear is our society, where anxiety abounds about the rise of crime and violence, the erosion of families, the disintegration of entire neighborhoods and communities, and (underlying everything else) the weakening of essential values and faith. In his First Inaugural, at the depth of the Great Depression, FDR assured the American people that their troubles involved only material things--not matters of morality and the spirit. Such reassurance would be neither accurate nor believable today.

I believe that in overall tone and approach, your State of the Union speech should reflect this duality of public mood.

o For the economy, the message should be: We're not out of the woods yet, but we're moving in the right direction. Let's use 1994 to build on the solid foundation we've created, by continuing to reduce the budget deficit and open the world to our goods and services while making vital public investments and reinventing the way government conducts the people's business.

o For the society, the message should be darker: We're facing a crisis of values and community, and we have to face up to it. Everything we cherish is in jeopardy if we can't reinforce personal responsibility, family cohesion, community solidarity, and public safety. That's why we need things like tough crime bills, expanded gun control, and welfare reform. But this isn't a matter for government alone. We need community-based organizations and the private sector to join in nothing less than a national mobilization to reweave the tattered fabric of our society.

Two Audiences, Two Sets of Objectives

- o Your speech will have two distinct (though related) audiences, and two sets of objectives.

* For Congress, the principal objective is to demonstrate that you have a limited, well-defined legislative agenda that both meets urgent national needs and passes the test of legislative feasibility as well as political viability. Right now, members are afraid that they will be inundated with so many administration proposals that they won't be able to process them in a careful and orderly manner. In the State of the Union speech, you have an opportunity to show them that you have in fact made choices and established priorities, and that these priorities represent reasonable benchmarks for the second session of the 103rd Congress.

* For the people, the principal objectives are: (1) to demonstrate that you continue to understand that many of them are experiencing wrenching, baffling changes; (2) to explain these changes in a way that reduces the mystery and points the way to a better future; and (3) to show that you have a solid plan for seizing and building that future. For example: I believe you should once again explain why the emerging world economy will be filled with opportunity for American workers and firms--but only if our country creates a world-class system of education and training, and only if individual Americans make good use of that system.

A Specific Suggestion: Investment in a Reformed System of Education and Training as a Key Objective for 1994

I believe that the State of the Union address affords you an important opportunity to bring together the pieces of your education and training agenda into a powerful, unified theme.

I rest my case on four propositions.

1. Larger, smarter investments in human beings--from youngsters to dislocated workers are the core of your strategy for creating a more productive and competitive economy and a more decent and unified society. You campaigned on the basis of just such a strategy, and it is now vital to execute it.

2. Legislation to produce fundamental reform in education and training is now on a fast track toward enactment in 1994. Among the key items:

- o Goals 2000 and the School-to-Work Opportunities Act will be approved early next year.

- o The administration's proposals for reauthorizing the Elementary and Secondary Education Act have been adopted as the markup vehicle by the Congress and are moving forward rapidly.

o The Department of Labor is on the verge of significant proposals for dislocated workers and "one-stop" consolidation of currently disjointed training/retraining programs.

o The Head Start Advisory Committee report will be out shortly and will serve as the basis of reforming and reauthorizing the program this year.

In short, you will be in a far stronger position this year to argue to Congress and the country that you aren't just pouring new wine into old education and training bottles but are demanding--and receiving--basic reform as the precondition for increased investment. And you can bolster this case by pointing to your national service and student loan programs as examples of fundamental change already achieved that must now be sustained and strengthened.

3. The budget decisions you made last week are fully consistent with the theme of next year as The Year of Education and Training. Consider the basic building-blocks of your strategy: Head Start, Goals 2000, Chapter 1, School-to-Work, Jobs, Corps, One-Stop Career Shopping, Dislocated Workers, and National Service. The aggregate proposed increase in these programs for FY 1995 over 1994 is \$3.0 billion--more than 22 percent! This represents very tangible evidence of a top presidential priority.

4. A coordinated strategy for education and training will make it easier to explain to Congress and the American people what 1994 is all about. The proposal I've sketched would allow you to say that there are four top domestic priorities for 1994: health care, crime, welfare reform, and investment in educated and trained minds. Each redeems a key campaign pledge; each contributes to the overall economic well-being of our country; and each promotes security, independence, and opportunity for all our citizens.

THE WHITE HOUSE

WASHINGTON

December 30, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

THROUGH: JOHN PODESTA AND DAVID DREYER

SUBJECT: STATE OF THE UNION

I. NATIONAL PURPOSE AND ECONOMIC GROWTH

The State of the Union is our opportunity to provide a moral lift and sense of national purpose to our economic growth message.

We have provided important economic frameworks that shift paradigms: the notion that there are two deficits that must be addressed simultaneously to invest in our future and similarly, that we need to think of government resource allocation not simply in terms of the quantity of spending, but in terms of consumption versus investment. And we have tried often to move beyond talking only of numbers and statistics to how it affects jobs and income.

Nonetheless, we must do more to show the American people that what is behind our quest for economic growth is a moral imperative tightly tied to the very vision of America. When we went to the Gulf War, despite cynical attempts to tie it to jobs and oil prices, what unified the American people was something larger: patriotism and a belief that we were on the side of right and freedom. Even if we cannot marshal that type of support for an economic vision, the American people will respond well to a President who presents this higher ground for an economic growth plan.

A. THE AMERICAN VISION OF ECONOMIC GROWTH:

The distinctive vision of the American dream is that ours is a nation where any family could provide security for their family and a better life for their children without squeezing out any other family. It is a vision of a middle class that not only grows stronger, but can also make room for any family willing to work their way up. This vision--that more and more families can live the American dream without denying it to others -- informed both the Pilgrims and those who explored the frontier and is at the heart of the notion that America is the land of opportunity.

Economic growth, however is an essential ingredient of this vision. Without economic growth, people begin to believe that there is a fixed economic pie and that there is a "them" out there whose potential success will take away their slice. This belief lends even the children of immigrants to want to shut the door on the next generation of immigrants and causes one minority group to turn on another -- not to speak of normal majority-minority resentment.

Without economic growth, the American social fabric starts to unravel because too many Americans begin to believe that other Americans who are fighting for their own security are fighting against them instead of being part of the same struggle for the American dream. These sentiments defy the core vision that the American dream is not about the opportunity of any individual family, but about a nation that makes room for every family who works hard and plays by the rules.

This vision makes America a special and unique place because it is a vision that allows all Americans to celebrate -- instead of fear -- the fact that economic mobility can be a function of how hard you work and not who you are borne. And perhaps most important, this vision informs the American ideal that a cacophony of races and ethnic types can strive together in harmony, sharing the fruits of economic growth created by their mutual labor.

That is why the struggle to regain control of our economic destiny and achieve a growing economy is such a profound struggle. Because while every nation seeks growth to improve the standard of living of their people, in the United States we also seek it because it informs a very special and unique vision that we want to make more -- not less -- real, with every American generation.

Thus, we are trying to change our economic policy because we want to maintain our vision of the American dream even in the most economically challenging and competitive of times. This is not just a struggle for short-term numbers to boost short-term economic recovery. It is a long-term struggle to move America closer to the vision of a nation where a multitude of different people can work together to grow our economy so that each person can share in the same American dream instead of fighting among themselves over how the economic pie should be divided.

Benjamin Franklin said at the end of the 18th century that we must hang together or we will hang separately. At the end of the 21st century, our motto must be that we must grow together so that we do not grow apart.

II. DEFINING THE NAYSAYERS

In our State of the Union meeting before Christmas, the Vice President made the point that our predecessors excelled at defining their opponents in understandable terms and we must be able to do the same. Lief me mention two cases where I think we must do this.

1. Opponents of Health Care As Special Interests: Currently, our health plan is like a target that everyone under the sun takes shots at. Right now, each shot is being defined too often as another piece of evidence as to why our plan has political or substantive problems, yet most of those shooting have vested financial interests in the status quos. We must use the State of the Union to create a context by which the American people can perceive the self-interested critics as being self-interested critics so that next time they see a doctors group taking a shot at us they see a special interest blocking our effort to help average families and not a hole in our plan.

2. Action and Optimism versus Denial and Pessimism: Our opponents would like to define us as doomsayers who, because of our pessimism about America, believe that we must take hysterical government actions that will screw up what was never broken. We must have a direct counter-assault to pre-empt that misguided view.

A. New Optimism: The fact is that they are the pessimists. They look out and see a broken health care system, declining schools, a failed retraining program and because of their pessimism, they say this is the best we can do. Because of this pessimism they choose denial and defense of the status quo.

B. Never Rest: As part of the notion, we must define ourselves -- in opposition to the naysayers -- as people who will never rest as long as the economy is not working for all families and as long as crime is rampant.

This notion of this President never resting as long as people are hurting does three critical things for us. One, when people see mistakes or too many things going on, it defines us as an Administration working its heart out for the American people, which at times, will be messy. This is the Vice President's vision of "three yards and a cloud of dust." Two, it contrasts the changes we are trying to bring with the complacency and neat-and-tidy apathy of the Bush Administration they voted out.

Three, I believe this is a way to get people on the fringes. I believe that there are potentially millions of Americans who have strong disagreements with us on some issues who will come with us if they believe that, right or wrong, this President does wake up every morning and work his heart out for the American people. I think we should even explicitly reach out to such people and say, I know we have

made mistakes, and I know many of you have disagreed with us, but that there should be no question of what we are trying to do and whose side we are on.

The Clinton Administration is replacing the old pessimism with a new optimism. We are replacing denial and pessimism with action and optimism. It is summed up in your line "There is nothing wrong with America that cannot be fixed by something right in America." They are the ones who will settle for second best. We will always take action to seek our ideals. We have a higher standard for America.

III. SUGGESTIONS FOR OUTLINE

Whatever the over-arching themes we choose, we will still face a major challenge in finding ways to organize the many specifics we will want to mention in ways that strengthen our themes -- not make them disintegrate into laundry lists. I have a few suggestions -- each of which can work together or be used separately.

A. REBUILDING THE FOUNDATION

One organizing framework would be to start with a larger vision of our economic mission, and then having laid a vision of America's destiny, describe how the America you inherited had four or five major cracks in the foundation of what it needs to lead the world into the 21st century. Then describe how your agenda is geared toward rebuilding the foundation needed to secure the vision of the American dream.

The advantages of this approach are four-fold, if you start with a strong and elevated vision, and then go to why you inherited cracks that must be corrected to maintain that vision, you do the following: One, you tie every specific to a higher vision; two, you remind the American people of long-term problems we inherited; three, you show that all of the specifics including new things you do this year, are part of a comprehensive and coherent vision you have had from the beginning about what is needed to keep America great; and four, it provides a context in which to identify four or five major sub-themes -- "cracks in the foundation" -- under which we can organize specifics so that we avoid the problem of having either a laundry list or trying to stretch to fit every specific under one major them.

It seems to me that it might be best to mention each crack in the foundation and then show how you have responded. This prevents the reading of an America-in-decay-laundry list, and also shows how there is an imperative for action in each of these areas and not just that we are doing so many things because we are into government activism for its own sake. Another thought is to briefly mention the list of four or five major problems, show clearly that you have always had a comprehensive plan and then do problem-response from these.

1. The economic and fiscal responsibility to maintain control of our economic destiny and demonstrate international economic leadership.

2. The willingness to invest in the jobs and workers of the future and ask all Americans to take mutual responsibility for bringing out the best in all of our people.
3. The need to reward work and family.
4. Health security for all Americans at all times.
5. Strengthening our social fabric by strengthening families, fighting all forms of violence and drug abuse, and tearing down the barriers that divide us.

B. Cracks In The Foundation Of The American Dream

1. Loss of Control of Our Economic Destiny: By allowing our deficits to spiral we lost control of our economic destiny. The sense that we no longer had our economic house in order, caused other nations to doubt our leadership and put us in a position where a steady recovery was on an inevitable collision with higher interest rates that would choke-off renewed prosperity.

Response: ● 27 days after taking office we laid out an economic growth plan that included \$500 billion in deficit reduction. No phony numbers; no rosy scenarios; just the hard truth.

● It wasn't pretty, and as I predicted, everyone found something that they didn't like. We took on the sacred cows, but we did so fairly, without punishing the elderly and the middle-class. We cut spending by \$255 billion; cut 342 programs and had a 12% cut in spending. We had an entitlement cap, executive order, and a Deficit Reduction Trust Fund.

● Guess What? The deficit is going down not up! And the New York Times even says it may be the first time it has gone down in consecutive years since the end of World War II.

2. Failure to Take Mutual Responsibility to Invest in our People and the Jobs of Today and Tomorrow: However, vital is our need to drive down the deficit, we cannot forget that it is only one-half of one over-arching problem: our declining investment in the full potential of the American people. High deficits kept real interest rates high and discouraged the small businesses and entrepreneurial spirit that drives productivity and job creation. Yet our foundation has been weakened not only because we borrowed too much but because at all levels -- government, business, and individual we failed to take responsibility for investing in the full potential of our people. Every serious student of the new world economy knows that we can only prosper if we improve the skills, training and flexibility of our people.

Response: A. A comprehensive initiative for mutual responsibility for lifelong learning.

- Every child needs to learn:
Head Start
WIC
Child Care
Parental Responsibility (HIPPIY)
- New responsibility for quality and performance in our schools:
Goals 2000
Parent's responsibility to help children
- Responsibility for all young people to choose a path to a higher skills for better jobs:
School-to-Work
National Service
EXCEL Accounts (income contingent loans)
- Responsibility to keep learning and training for the future
Call to Businesses
Major Re-employment Initiatives

B. Jobs for Today and Tomorrow

- Conversion to a new world economy
Technology Reinvestment Program
Modernizing Highways and Mass Transit
Information Highways
Manufacturing Extension (NIST)
Alternative Fuel Vehicles and Smart Highways
- Environmental Infrastructure
Clean Water Revolving Fund
No Change Between Jobs and Environment
- Spurring Job Creation and Small Business
Small Business Tax Incentives
Empowerment Zones, CRA and Community Development Banks
- Opening Markets for American Goods that Create American Jobs
NAFTA
GATT

Trade Promotion

Embracing change, but giving people the security to see change and in their interest

3. Failure to Reward Work and Family: Our failure to invest in the future has led to another crack in the foundation: an increasing belief that we as a people do not reward work and strengthen family. Too many people no longer believe that a lifetime of hard work is rewarded by being able to provide security to one's family and better life to one's children.

Response: Our response must be both economic and social/moral. We need more growth and more jobs and policy changes, but we need to fortify our work and family ethics.

- Earned Income Tax Credit - 15-20 million families
- Welfare Reform that puts work over welfare
- Family and Medical Leave so that working parents never have to choose between their family and their jobs. (story of father you met at White House).

4. Health Care That is Always There: You must again define the health care problem, but in this context you should articulate the moral imperative to do health care to take away the pain that a lack of health security causes average families and makes more secure the foundation of the American Dream.

Response: This must be another occasion to provide a huge lift to health care, so that we again move it beyond the squabbling over specifics to make the issue that this is a unique moment in history to strengthen the American dream. The only real issue is whether we will seize the moment for all Americans or let a cacophony of special interests turn this into a politics as usual defense of the status quo.

Never Again: As in the health care speech when the refrain was "you're covered," here we can mention the small and large human tragedies that happen because of our lack of health care security, and say after each incident that we have a historic opportunity to be able to say "never again" to someone losing their home because of a child's doctor bills, or people dying without homes or committing suicide because of our lack of health security.

5. Strengthening our social fabric by strengthening families, fighting all violence and drug abuse and tearing down the barriers that divide us: This would be the section in which we could go directly to crime and our social and moral fabric.

Response: The response here would be both specific and moral.

- 100,000 caps
- Brady Bill
- Fighting Drugs
- Fighting Drugs
- Assault Weapons
- Safe Schools

This would also be a section to speak directly to values and tie them back to your economic mission to strengthen the distinctive vision of the American dream.

III. UNITING THE INVEST IN PEOPLE AGENDA

In your first State of the Union we all spoke of the importance of uniting the human investment side of your agenda. Yet, in the rush to shorten, we took out the connecting lines. The result is that it can look too much like we are simply putting out a liberal laundry list, when you in fact have a comprehensive vision for lifelong learning for a new economy.

It is why that in this State of the Union, we connect the dots. The two unifying themes are lifelong learning and work and responsibility.

A. Work and Responsibility: The attraction of the work and responsibility theme is that it tightly brings together your three largest initiatives: worker training, welfare reform and health care.

Worker training: Constant choices for re-employment. Yet, each person has the responsibility to invest in themselves and companies have the responsibility to invest in ongoing training so they are always ready to change.

Welfare Reform: Our policy will empower people and help them, but we will only reward work and responsible behavior among all of our people.

Health Care: Work should include the right to health care, and adjustments people make in adjusting to economic change should not threaten health security. Yet we believe that every employer has the responsibility to provide health care and that every person has the responsibility to take care of themselves and their family.

B. Embracing Change: Another unifying theme is the notion that these investments in people are all part of a comprehensive vision to help America embrace the future. Up until now, we have done this with health care and worker training and spoken of security as a foundation for people embracing the future. To use this to unify all of our human investments we would need to broaden more to go beyond security to why lifelong learning is also a foundation.

C. Lifelong Learning: This may seem like a well-used expression at this point, but the American people probably do not yet see that the various programs you are calling for are unified under a vision of offering new investments and now learning at each stage of life. Tying it together from getting children ready to learn to a new re-employment policy is something people can comprehend and help them to see why you do have a comprehensive plan.

D. Merging Responsibility and Lifelong Learning: The theme I recommend -- and what flows from your message for years -- is a new era where government, business and the American people take mutual responsibility for a new era of learning at every stage of life. There is truly a responsibility component to all of your human investment policies -- especially if we play up the role of parental responsibility to get children ready for school (and when in school) and if you challenge business to do their part in school-to-work programs, summer jobs and ongoing worker training that helps companies stay on the cutting edge so that their workers can keep their jobs.

E. Mutual Responsibility for Lifelong Learning

Pre-Kindergarten: WIC, Head Start, Family Preservation, Immunization. Government can help, but we will only build the workforce of tomorrow if parents are responsible for the health and education of young children.

School Reform: We challenge parents to work take responsibility for working with their children, and all of the members of the school community for taking responsibility for results. There is no better team than a parent, teacher and student working together.

School-to-Work: New avenue for non-college bound, helps make every young person responsible for taking some additional education path for high-skilled jobs. Businesses have responsibility to take part in schools and in lending assistance and work opportunities--like summer jobs.

National Service: Responsibility for your community and your education.

Worker Training: (See above)

Welfare Reform: (See above)

Health Care: (See above)

IV. THE LANGUAGE OF FREE ENTERPRISE

As a final note, I just want to emphasize the importance of you not only stressing what you've done for small business and entrepreneurship, but that you make clear with your language that you are a champion of the virtues of free enterprise, the spirit of entrepreneurship and the merits of competition. Heartfelt passages on the virtues of free enterprise are needed to help convince those who are skeptical of any Democrat, that you truly are a pro-growth Democratic President.