

SOTU - Internal Facts

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Internal Facts

Office of Speechwriting
December 1998

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MW - Planning

Divider Title: _____

1) **Times are good but we still face big challenges**

This is a remarkable moment for America. Our economy is the strongest in a generation; our social problems are on the mend; we are a powerful force for stability and security across the world. But as we approach the new century, we still face considerable challenges. We must prepare for the retirement of the baby boomers while building 21st-century schools for our children. We must keep working to build that elusive One America in a time of increasing diversity. And we must keep America the strongest force for peace and freedom in the world.

2) **Times are good, so we should use this opportunity to build for the future**

This is a remarkable moment for America. Our economy is the strongest in a generation; our social problems are on the mend; we are a powerful force for stability and security across the world. As we count our blessings, we know that our prosperity gives us a powerful opportunity to prepare for the future. Now, while we can, we must forge long-term solutions to the challenges our nation faces on the brink of the 21st century. We must prepare for the retirement of the baby boomers while building 21st-century schools for our children. We must keep working to build that elusive One America in a time of increasing diversity. And we must keep America the strongest force for peace and freedom in the world.

3) **Building a new American community for the 21st Century**

As we approach the 21st century, America is as diverse a nation as it has been in our history. It is, therefore, more important than ever that we strive, together, to build One America - to join hands across lines of division, be they race, religion, background, or belief. We should become repairers of the breach, facing our common challenges in a spirit of community and civility. We must forgo the words that destroy and divide for the language that binds and unites. Together, we can and we must come together to build that One America -- an America at once diverse and, as the Founders declared, indivisible.

4) **Building a 21st-century America**

This is our moment to build a 21st-century America. We must construct 21st-century schools, where all children can be prepared for a new age. We must create a 21st-century retirement system, one that guarantees security to older Americans and prepares for the retirement of the baby boom generation. We must build a 21st-century economy that helps contain turbulence abroad while protecting our prosperity at home. And we must develop a 21st-century system of global security, accounting, as we must, for the new threats of terrorism and ethnic strife.

5) **Washington should focus on the American people and not on itself**

On the brink of a new century, America faces many new challenges. Thanks to our strength and prosperity, we also have unprecedented opportunities to meet those challenges. That is why it is more important than ever that Washington focus on the business of the American people -- and not on itself. We should not stray from our responsibilities into pointless partisanship or the politics of personal destruction. We have important work to do. The people have sent us here to get it done.

6) **We stand on the brink of a new millennium**

We stand at a critical moment in human history -- the brink of a new millennium. It is a time to reflect on the values and virtues that have made the 20th century the "American Century." It is also a time to prepare for the future, and all the challenges the new millennium will bring. We must prepare for the retirement of the baby boomers while building 21st-century schools for our children. We must keep working to build that elusive One America in a time of increasing diversity. And we must keep America the strongest force for peace and freedom in the world.

December 3, 1998

MEMORANDUM FOR THE PRESIDENT

CC: JOHN PODESTA

THROUGH: MARIA ECHAVESTE

FROM: MICHAEL WALDMAN
STATE OF THE UNION PLANNING GROUP

SUBJECT: HIGHLIGHTS OF DOMESTIC AND ECONOMIC POLICY MEMOS

You have been sent several memos from the policy councils, suggesting an array of new possible policies -- some big, some small. The purpose of this memorandum is to identify what we believe are the most significant of these new policy proposals, so you can begin to see the shape of a possible State of the Union and budget.

This is not an exclusive list. In addition, it does not include many of the smaller proposals -- many of which were included in the memoranda to you from the policy councils -- which will undoubtedly be a part of the final speech. It reflects discussion among Bruce Reed, Elena Kagan, Gene Sperling, Sally Katzen, Maria Echaveste, Paul Begala, Jack Lew, Mark Penn, Lael Brainard and Doug Sosnik, among others.

Social Security. At this moment we don't have anything further to add to the ongoing discussions about what to say on Social Security -- except to reaffirm that, given the central place of Social Security in the speech last year, there will be enormous pressure to show some specificity in this address.

Long-Term Care Initiative. As you know, this is politically very powerful, and speaks to a real source of deep anxiety for typical families. The most important new proposal would be for a tax credit of up to \$1,000 for disabled elderly or their caregivers (at a cost of about \$6 billion over 5 years). In addition, the package could include a nursing home quality initiative; respite services, training and counseling for families who care for severely impaired elderly relatives; and new long-term care options for federal employees.

In addition to Social Security and long-term care, the policy councils are developing a full agenda of issues of particular concern to elderly Americans -- including measures to fight

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fraud and other crime that preys on seniors, to provide housing and transportation for the elderly, and to strengthening pension protections and enhance pension portability.

Education -- teacher quality. The DPC believes that the most important and memorable new element to your education agenda should be a focus on teachers -- teacher training, teacher quality, teacher recruitment. This would build on the success this year of beginning to hire 100,000 new teachers (a proposal, it is worth noting, that gained more political traction than any previous education reform efforts).

The proposal being crafted will have several elements. Most noteworthy would be a new requirement, tied to federal aid, that new secondary teachers pass competency tests in a subject before they can teach it. In addition, we will mount a nationwide crackdown on teacher education schools, and move to reform teacher certification. These steps will be coupled with increased teacher recruitment scholarships, funds to help teachers go back to college when they teach outside their field. We can use the opportunity of the reauthorization of the ESEA to provide both "carrots" and "sticks" for a teacher quality initiative.

In addition, we will advance an expanded initiative on social promotion -- giving communities that end social promotion more money for after school and summer school, tutoring, and other means to help children live up to high standards. Finally, there would be an array of other education initiatives, including a focus on failing schools and a renewed call for school modernization.

Breaking the cycle of violent crime -- a Crime Bill II. The 1994 Crime Act will expire at the end of FY 2000. We recommend that you challenge Congress to pass a new crime bill that builds on the core elements of the successful 1994 Act -- more police, smarter punishment, and more prevention. We believe that a new Crime Act should include the following elements: First, it should hire more community police and community prosecutors, with an emphasis on technology and training. It should expand the use of probation supervision and drug testing and treatment for prisoners and parolees. It should press your longstanding firearms priorities (juvenile Brady, Brady II, federal CAP legislation and child safety locks), and crack down on gun crimes and gun traffickers. Finally, in addition to other crime bill prevention programs, we could invest in promoting values-based crime and violence prevention efforts.

International economics. Last year, you discussed the international financial crisis when it was in its relatively early stages. Given the continued financial turmoil, and its impact on our own economy, we believe that the speech should have a significant discussion of world economy and the need to strengthen the international financial architecture. The NEC will be working to flesh out what should be said in this area, as well as an ambitious trade agenda building on the goals you anticipated at the WTO speech in Geneva. This will be the first time a broad television audience has heard your new synthesis on trade.

Tobacco/prescription drugs for Medicare beneficiaries. Our best leverage over the tobacco industry is the prospect of a federal suit to recoup Medicare costs associated with

smoking. We could call on Congress to enact Senator Graham's legislation to authorize such a lawsuit (which would make the Justice Department more likely to bring it). At the same time, we could ask for funds for DOJ and HCFA to prepare a lawsuit against the tobacco industry. We could pledge that any proceeds from such a lawsuit would be used to provide a new prescription drug benefit to Medicare beneficiaries.

At the same time, you would once again push for the Patients' Bill of Rights, and could propose an array of expansions of coverage (including, possibly, a smaller version of the Medicare buy-in).

Workforce skills initiative -- closing the skills gap. With the long struggle for the GI Bill for Workers now successfully completed, you can more overtly address this remaining piece of your lifetime learning agenda. Under a proposal being developed by the NEC, every dislocated worker would get training within five years, every unemployed person would get some kind of reemployment services, and every worker would have access to one-stops. You could also advance an adult literacy initiative. You could also challenge American companies to train American workers first, before seeking to import foreign high-tech workers.

* * *

There are, of course, other significant policies being developed.

- * Child care and after-school care will need to be revisited.

- * Environment – EPA and CEQ are working on a quality-of-life based agenda that would help communities attain 'green spaces' such as parks and wilderness, and address uncontrolled development (the subject of 200 environmental ballot initiative victories this November), and initiatives to protect coastal and river areas. In addition, you can discuss next steps on climate change.

- * Consumer protection – From a financial consumers bill of rights now being developed by the NEC, to an array of other consumer protections, you can propose a consumer protection agenda (this would be the first such explicit agenda in one of your State of the Union Addresses).

- * Strengthening democracy for the Year 2000 – In addition to campaign finance reform, we are developing new proposals to increase voting and enhance democratic participation, such as making Election Day a holiday.

- * An appeal for One America, including an overt appeal against anti-immigrant sentiment (as you did powerfully at Portland State)

- * Medical research and medical ethics issues

- * Y2K

* The Millennium Project

Finally, we are working with the National Security Council on its proposals and outline.

THEMES & POLICIES
1999 STATE OF THE UNION
12/1/98

Strengthening the economy

Fiscal discipline
Social Security

Training
Minimum wage

International:
Trade package (including worker & environmental stuff from WTO?)
International financial architecture

The aging of America

Social Security
Medicare
elderly care tax credit
elder crime
elder housing
Senior Corps -- AmeriCorps
Intergenerational centers

Education

Social promotion
Teachers -- quality, hiring, recruitment
School modernization
Finish computers in classroom
Schools at workplace
Adult literacy
More on standards?

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Health care

Patients' Bill of Rights
Tobacco

Quality of life

Environment:
"Green spaces" initiatives/sprawl
Rivers, lakes and streams initiative

Clean Water Act reauthorization
Possible clean car announcement

Crime

New crime bill
Juvenile crime
Drugs & prisons

Strengthening democracy for 2000

Election day a holiday
Campaign finance reform
Voting by mail?

Consumer protection

Financial consumer bill of rights
Cyberspace
Food safety
Other?

Future/millennium

Biomedical research

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this was given to POTUS.*

POSSIBLE THEMATIC ELEMENTS
FOR 1999 STATE OF THE UNION

As before, the central theme should be: strengthening the nation for the 21st Century. With only 346 days until the coming of the new millennium, this year must be a time of focused action. We must step up to our long term challenges, advance our prosperity with our new economic strategy for a new economy, press forward our progress on social issues, and find ways to bind our nation together in the new century.

The American renaissance. Seven years ago, on our bestseller lists and on the shopfloor, we asked, "America: What went wrong?" In your first Inaugural Address, you declared, "There's nothing wrong with America that cannot be cured by what is right with America." For seven years, the American people rose to the challenge of this new time. And now, we enter the new century at a new peak of power and prosperity. Our economy is the strongest in a generation and keeps the world moving forward; crime and welfare are at their lowest levels in thirty years. A shimmering new economy, built on technology and science, information and innovation, has risen, creating massive new affluence. We can count our blessings as we ask: America: What went right?

Renewing progressive government --the third way. We have fashioned a new, progressive government in tune with our time. We turned not to the failed policies of mindless big government or heartless laissez faire. We did not seek to stop economic change and choke off the benefits it can bring; instead, we welcome it, and seek to give individuals and families the tools to thrive. This approach has been called "the Third Way," and it is now the American way. Our people intuitively understand that this is the best, indeed the only, way to master the new challenges of the 21st Century.

The moment of opportunity for the vital center. We have forged a new consensus, a new common public philosophy that binds together Democrats and Republicans of goodwill. This is a rare moment for action. The people have spoken, indeed have spoken with unmistakable clarity: they want us to put politics aside and act, together, on their needs and their concerns. You will reach out to Congress to make this a time of progress and not partisanship. This should include a specific reference to the new congressional leadership.

Building a new American economy --and continuing our economic strength. Our comprehensive economic strategy, enacted in 1993, has turned this country around and widened the circle of opportunity. Today America's economy is the strongest in our memory, and indeed, is the dynamo that propels the world economy. But change is constant, and the current financial turmoil reminds us that we must act to advance that prosperity. We must hold fast to our fiscal discipline, and give our families confidence that Social Security will be strong in the 21st Century.

Using this moment of prosperity to meet long-term challenges. The nation is at a moment of unparalleled strength. We can and must use this national strength to build for the future --to grapple today with the longest term challenges of tomorrow. America is aging; we must address Social Security now, or we will pay more later. Climate change and other environmental threats will condemn our grandchildren to disease and diminished quality of life, unless we begin to address it now. We can make extraordinary strides in conquering disease in the future if we invest in basic scientific research today. And so on.

Expanding the winners' circle. For most Americans these are indeed the best of times -- but there are still some for whom it is the worst. We must use this moment of unparalleled opportunity to bring the poor into the middle class mainstream -- to expand the winners' circle so the American dream can be lived by people who just a few years ago were written off. In this new economy, we don't have a single person to waste. That is why we must do more to help working families -- raising the minimum wage, protecting the EITC. We must do more to prevent crime and keep our communities safe. And we must do more to help those Americans who are struggling the hardest --we can't forget those who are left behind.

POSSIBLE THEMATIC ELEMENTS FOR 1999 STATE OF THE UNION

These are some possible thematic elements for the 1999 State of the Union.

As before, the central theme should be: strengthening the nation for the 21st Century. With only 346 days until the coming of the new millennium, this year must be a time of focused action. We must step up to our long term challenges, advance our prosperity with our new economic strategy for a new economy, press forward our progress on social issues, and find ways to bind our nation together in the new century.

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November 23, 1998

MEMORANDUM FOR THE PRESIDENT

CC: JOHN PODESTA
DOUG SOSNIK

FROM: MICHAEL WALDMAN

SUBJECT: STATE OF THE UNION -- CONTEXT & PURPOSES

This memorandum reflects initial discussions among Paul Begala, Maria Echaveste, Mark Penn, and myself.

The 1999 State of the Union comes at a signal time for you and your administration. In raw political terms, you enter your seventh year in office stronger than any comparable President this century -- stronger than Roosevelt, stronger than Eisenhower, stronger than Reagan. Your support in the country is strong. The Democrats' election success not only represents the first such gain by a President's party since 1822; it also narrows the party divide in the House. The public has endorsed your 'third way,' New Democrat policies -- an endorsement seen not only in the Democrats' election success (on a platform of saving Social Security, fiscal responsibility, HMO reform, and education), but also in the success of moderate Republican Governors and in the success of reformed center-left parties in the UK, Italy, Germany, and Brazil. And the press and pundits are now willing to admit that you were the pioneer of this approach.

At the same time, this address marks the last opportunity before Election Year 2000 to command the public's attention as only a strong State of the Union can. (The Year 2000 State of the Union will be held two weeks before the New Hampshire primaries.) And with less than a year to go before the new millennium, there is added urgency to your call to strengthen the nation for the 21st Century.

This speech should be viewed as having four principal goals.

First, it should demonstrate that you continue to have a vigorous agenda, one that can define the political playing field. You did this very successfully in last year's speech, and in the blizzard of policy announcements that led up to it. We believe you should announce an array of small- to medium-sized policies in January, as part of the roll-up to the State of the Union.

Second, more than recent State of the Union addresses, it should explicitly focus on the

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economy -- spelling out what we must do to advance our prosperity. A key element will be Social Security (Should we put forward a plan? Convene negotiations) and the surplus. The address should also include significant discussion of how to steer the economy through international economic turbulence; this would be an opportunity to spell out your vision for an international economy with a human face that you have talked about at the WTO and Council on Foreign Relations. And it should press forward on education and health care as part of an economic strategy.

Third, it should reach out to centrist Republicans to build a governing majority (on terms that you define). Thus, you should press for action on those items (such as the Patients' Bill of Rights, campaign finance reform, and other matters) that have notably bipartisan support.

Finally, the speech is an opportunity to address specific constituencies and shore up areas of political weakness. There should be a renewed focus on crime; specific attention to rural issues and the elderly; a full discussion of military readiness. In addition, we would appreciate your guidance on what you want to say about race.

* * *

We will forward to you some possible thematic approaches for discussion tomorrow.

THE WHITE HOUSE
WASHINGTON

NOVEMBER 23, 1998

STATE OF THE UNION MEETING

DATE: November 24, 1998
LOCATION: Oval Office
TIME: 5:15 PM
FROM: Maria Echaveste

I. PURPOSE

The purpose of this meeting is to discuss with you the strategy for the State of the Union process. In particular, we have two goals: (1) to discuss the general structure of the upcoming address, and (2) to discern the themes on which to base the State of the Union. As you know, the policy councils have submitted memos for your review outlining proposed new initiatives for fiscal year 2000. Rather than discussing these individual proposals, we would like your guidance on which policy areas you wish to emphasize. To inform our discussion, please find attached a memorandum from Michael Waldman that lays out context for this State of the Union.

II. PARTICIPANTS

John Podesta
Maria Echaveste
Paul Begala
Doug Sosnik
Michael Waldman

December 7, 1997

MEMORANDUM FOR THE PRESIDENT

THROUGH: ERSKINE BOWLES
 SYLVIA MATHEWS

FROM: MICHAEL WALDMAN

SUBJECT: STATE OF THE UNION MEETING

The 1998 State of the Union Address – your sixth – comes at a critical time in the Presidency. It will be your first major statement of purpose to the country since the completion of the balanced budget; it will be an opportunity to frame the issues that can dominate the 1998 elections; it can enable you to set large national goals and posit a new role for government in the new era.

The purpose of this memorandum is to prepare you for our first meeting with you on the State of the Union, to be held Monday morning. In this meeting, we propose to:

- discuss the overall strategic goal of the speech,
- focus, in particular, on how best to frame the role for government and the new bonds between government and people -- which you have called the “new social compact for a new economy,” and
- present some overarching thematic approaches for your initial reaction.

This memorandum reflects discussions among Sylvia Mathews, John Podesta, Rahm Emanuel, Paul Begala, Sid Blumenthal, Ann Lewis, Gene Sperling, Bruce Reed, Sandy Berger, Frank Raines, Elena Kagan, Maria Echaveste, John Hilley, Ron Klain, Tony Blinken, Doug Sosnik and Mark Penn.

I. GOALS AND CONTEXT

Goals. First and foremost, it must set forth an ambitious agenda of programs and goals for the nation and world over the next three years, and even beyond. More than most such speeches, this can aim for far horizons.

Second, it should express the philosophy underlying that agenda, and link your many proposals as part of a new vision of government in the new economy. This speech should

express a clear “storyline” about the history of the country, the values you are working to uphold, and the purpose of your Presidency.

Third, it should highlight the different approaches of Democrats and Republicans. The overall purpose of the speech cannot be merely to unite the Democrats, but rather, to lead them and the country by expressing your public philosophy and summoning them to action on compelling issues.

The context. This Address comes at a turning point in your Presidency -- the beginning of a new phase that may encompass your final three years in office. America has fundamentally succeeded in meeting the challenges placed before it when you were elected. You addressed the budget deficit (a legacy of the 1980s), and the crises of crime and the persistence of the underclass (legacies of the 1960s and 1970s). More broadly, the policies you have put in place have gone far to guide the transition to a prosperous new economy that is information-based and technology-powered . . . through the shoals of the post-Cold War world . . . and toward an increasingly integrated global marketplace and community. The public is plainly ready to regard these changes, which once seemed only omens of disruption, as heralding a new and hopeful time. You have put in place a platform of progress on which to build.

Ironically, this very record of success creates a vacuum, and hence an opportunity. We believe there is a willingness, even an eagerness, on the part of the public to be challenged to the next agenda. Many of your most memorable speech lines have been those of negation -- “end welfare as we know it,” “the era of big government is over.” This is an occasion for focusing on “construction” -- for a distinctly positive vision.

This argues strongly that the policies advanced should be bolder, painted in more vivid colors, than we are perhaps accustomed to doing. They should paint a vision of the changes we seek, even if the enactment of some of those changes are unlikely in the short term. Each of your previous States of the Union revolved around a single, looming issue – the economic plan (1993), health care (1994), the unfolding fight with the Republicans on how to balance the budget (1995-1997). The array of smaller policies were accompanying notes to the dominant theme. This time, thus far, no single policy proposal or debate rises to the level of the economic plan, the health care plan, or the balanced budget. (Some of the entitlement reform proposals recently presented to you would possibly rise to this level.)

II. “THE NEW SOCIAL COMPACT FOR A NEW ECONOMY”

Regardless of whether it is an overarching structure for the speech, or merely an extended passage, it may well make sense to talk at length about your vision of the new social compact for a new economy. In recent weeks, you have discussed the new forms of “social security” we need to give people the confidence they need to seize the opportunities of the new economy, as well as the “new social compact” you discussed at the DLC speech. It speaks to your vision of government -- “neither a government that does everything, nor a government that does nothing,

but a government that gives people the tools to make the most of their own lives.”

This could be a way to frame those domestic policy initiatives that involve updating the welfare state:

“America’s mission has always been to keep our most fundamental values alive in each new time. Now, as we enter a new century, America must renew the ties that bind us to each other and our country. During the Industrial Age, we gave life to our values by forging a social compact that protected our people and shielded them from economic dislocation. Today, the unfolding new economy offers wide new opportunities -- but rapid change has made the old social contract less effective. As we enter a new century with a new economy, we need a new social compact/contract as well. One based on individual empowerment, not big institutions. That means more and better education, a lifetime of learning to stay current in the ever-changing economic market, policies that encourage portability of health care and pensions as people change jobs, and an update of important programs like Social Security and Medicare so they can work better in the 21st Century.”

Regardless of the precise wording, there is a more fundamental question that would benefit from your input.

- What, precisely, do we mean? Does this mean, in effect, a modernized welfare state in which people are given the tools to help themselves (e.g., portable health care, IRAs, training) rather than given blanket assurances of “security”, or does it speak more broadly to a change in the relationship between individuals and government? How do we discuss the new habits of the heart needed in this new social compact?
- How does the important theme of “helping people meet their responsibilities at home and at work” fit in?
- Are there specific policy areas -- e.g., a more aggressive approach to unemployment insurance and training -- that need to be developed to bolster the theme?
- Are there approaches or phrases to use or avoid? (Can we talk about the social contract without the words “social” or “contract”?)

III. OVERARCHING THEMES AND STRUCTURES

We are currently discussing several thematic approaches to the speech, and would like to get your initial reaction and guidance before we proceed further. Mark Penn will be testing these various formulations, among others. Two, in particular, seem promising:

Preparing America for the 21st Century. There is a new economy taking shape around us, the product of the progress put in place by your administration. We must act to give our people the tools to seize this new moment. That means a new social compact for the new economy, so all our people can seize the opportunity of this time (*or*, "new opportunity" for the new economy). It means acting to spur the development of miraculous new medical and scientific breakthroughs. It means working to create new security in the new world, as America faces new threats of terrorism, chemical and biological weapons, and ethnic warfare. It means building a new American community -- uniting the races through an ethic of service, and building a new sense of social cohesion.

Note: This theme, a more rigorous update of the 1997 State of the Union, has the advantage of being relentlessly future oriented and visionary.

The New American Dream (alternately, "Renewed American Dream," "21st Century American Dream," or "an American Dream for the 21st Century"): The American Dream has always been at the heart of the American experience. A good job, owning a home in a safe and clean community. Giving your children a good education, seeing a doctor when you're sick, retiring in dignity. Now our mission must be to strengthen those enduring values in a new time. But as we enter a new century we need less bureaucratic and more effective means of enabling people to achieve the American Dream of earning a good living and living a good life. That means an economic policy that invests in people's skills and pays down the debt and deficit of the past. It means tax cuts that are targeted where they're needed most -- retirement, child care, education -- rather than the old days of unfair tax cuts that exploded the deficit and hurt the economy. It means an education policy that reforms and improves public education -- reducing class size, restoring discipline, testing new teachers to make sure they're competent. It means a health care policy that protects the rights of patients, an environmental policy that punishes polluters and ensures clean air and water. And a retirement system that's flexible enough to protect senior citizens in changing times.

Note: This theme has the advantage of being concretely tied to the aspirations of people in their everyday lives.

October 22, 1997

MEMORANDUM FOR SYLVIA MATHEWS

FROM: ANN LEWIS
MICHAEL WALDMAN

SUBJECT: STATE OF THE UNION PLANNING PROCESS

This State of the Union -- the President's sixth -- comes at a critical time in the Presidency. It will be the President's first major statement of purpose to the country since the completion of the balanced budget; it be an opportunity to frame the issues that can dominate the 1998 elections; it will enable him to set large national goals -- perhaps on a par with the 1993 economic plan, the budget, and the fight with the GOP Congress that sequentially dominated the political landscape over the past 5 years.

We can also expect that it will come at a time when the very success of the President's past year will give rise to chatter that the administration is "out of ideas." This is a far from unique situation: even LBJ, in 1966, was seen as "out of ideas" because Medicare and Civil Rights had passed the year before! So our overarching goal must be to surprise the Congress, public and pundits with an aggressive policy agenda that sets the national agenda. We have that opportunity, but we have to start working at it now.

The most fundamental thing to recognize about this State-of-the-Union is that, far more than any other given by this president during his term in office, we lack an obvious, mutually agreed-upon set of major initiatives to discuss. Therefore, in a manner that is quite common for second States-of-the-Union for second term presidencies, the most immediate initial goal must be to develop and hone a set of policies for discussion and announcement.

I. DEVELOPING THEMES AND POLICIES

"Pillars" group. As discussed, you are planning to convene the pillars group to begin the process of culling ideas for policy.

State-of-the-Union retreat. Even if you do convene the "pillars" group, we recommend that -- very soon -- a small group of relevant policy and communications staff leave the office, or gather on a Saturday, for a focused discussion of the State of the Union. This will provide feedback for the message, and just as important, give impetus to the policy development process. It will follow upon the yeastiest discussions that occurred during the discussions of the "pillars."

State of the Union themes memorandum. The attendees will have the opportunity to react to a draft themes memorandum. This will then go to the President for an early reaction. Internally, this process will involve us as well as Paul Begala, Sid Blumenthal, Rahm Emanuel and others.

Policy development. The most critical next step is policy development. One approach would be to designate one single individual to scour the agencies, academia, and work with the policy councils. Or, alternately, Bruce Reed, Gene Sperling and Sandy Berger could form a working group.

Outside advisors. Speechwriting will prepare for the President, as we have every other year, a book – of previous speeches, submissions by outside advisors, and members of the administration. This process has already begun: At your request, Michael has already begun soliciting state of the union thematic suggestions – and policy suggestions – from a limited and trusted group of outsiders. (They have been asked for thoughts on this State of the Union, but also for thoughts on how it would mesh with what the President has done thus far, and should do for the remainder of his term.) We recommend two scholars dinners, as were organized in years past by Diane Blair (political scientists) and Bill Galston (general). These helped spur the President's thinking -- and draw in the involvement of many possible validators.

Public opinion research. As has been the case in other years, appropriate opinion research will be conducted to help frame issues and assess the public mood and strategic setting.

Drafting. As in previous years, drafting will be done by Speechwriting, with the active involvement of others inside and outside the White House (especially including Sid and Paul). We should involve Bob Shrum early, his time permitting.

Roll-up and roll-out. The Communications Department, along with Cabinet Affairs, OPL, and Political, will coordinate the effort during the week before and after the address that will preview and then support his message.

II. SCHEDULE

Here is a recommended schedule for the State of the Union drafting and policy process. It assumes a speech date in late January.

October

- Week 3 - Gathering first "outside" memos (as part of pillars project)
- Week 4 - "Pillars" meeting
 Very first cut of "themes" memo
 State of the Union "retreat"

November

Meeting with President - 1 hour - initial discussion of goals and themes

Policy development – canvassing agencies, advocates, experts

December

Weeks 1/ 2 - Policy development continued
Two meetings with President 1 hour each -- to discuss policy issues
End of the year interviews previewing themes

Week 3 - Outline circulated

Week 4 - Outline submitted to President

January

Week 1 - Outline submitted
Academic dinners

Week 2 - First draft in to President

Week 3 6 hours of speech prep needed

Week 4 State-of-the-Union

BIS 661-2700

15 E ST

HOTEL 602 R 665

RESEARCH & ANECDOTES NEEDED

*****Any and all stuff tending to show that "America is back"**

Economy

Contact: Jon Orszag

Birth and rise of new industries

Examples of startup businesses that have grown

Real savings from interest rates lower since 1993

\$ amount of money saved because of deficit cuts & balanced budget since 1993

Incomes up - what that could buy, what it means for families

Statistics re: modern American affluence, eg, # of home computers, homes with 2 TVs, microwaves, vacation homes, vacations

best since facts...

telecommuter

Detroit -- reinvigoration of american cities

crime/economic development

5 major industries...

Increases in...[student loans, americorps -- from X to Y]

Pace of trade around the world

% of US economy on trade

Social Security/elderly

[Tanya Martin, Tom Kalil, Sarah Bianchi]

statistics on # of elderly living with their grown children

letters from old folks to FDR -- *social security [FDR Letters -- we supposedly have it]*

FDR quotes (I know, we have done this before, but let's get it all in one place)

elderly poverty - any fresher way to say '1/2 in poverty'?

statistics on crime against elderly people

health, crime, and housing services

Crime

[Leanne Shimabukoro, Jose Cerda]

Names/stories of communities that have had crime recede because of community policing (like Jefferson Parish in Louisiana in 1996 speech)

Statistics re: guns on streets -- number of guns seized by our policies -- # of guns turned away under Brady (laid end to end, that would stretch how far and back?)

Drugs & crime - most vivid & simple way to say that most crimes are drug related, etc.

What's worked in Boston re: Juvenile

school safety

community policing -- successful stories

drug testing/treatment

creative ways to cut crime

homicide rate

Afterschool

[Neera Tandon]

Statistics & studies re: effectiveness on crime and learning

Chicago -- more kids taking algebra

Health

[Sarah Bianchi]

#s re: health insurance coverage in past decade

#s re: children's health care (under '97 budget)

Stuff on strides in medicine, biomedicine, etc. diseases conquered, life expectancy--

- in past year

- over past 6 years

THIS IS KEY - projections of gains on diseases

Education

[Tanya Martin and Tom Kalil]

Actual, specific, concrete gains from Chicago's social promotion education reforms

#s re social promotion - i.e., "Hundreds of thousands of children move from grade to grade each year in this country even though their own teachers say they can't do the work. Millions graduate from high school each year without being qualified to do so. ... [hundreds of thousands graduate from high school each year without being able to read their own diploma]."

Economic benefits from going to college -- *future jobs*

Stuff on Massachusetts tests & teachers

Stuff on teacher quality

#s of classrooms connected to internet in past several years -- how many to go -- how many til we reach our goal

wiring state - future goals [Tom]

check from Marannis or other speeches - names of teachers in Clinton's life? Aphorisms?

report on social promotion [*newspaper series from Chicago Tribune - Tanya*]

Environment

[Elliot Diringer]

benchmarks

20 years ago... % of the water undrinkable

how many people now live near parks -- urban sprawl

how many hours people sitting in cars

Race Initiative [Tanya Martin]

On comparison 1900 to now

GDP

life expectancy

cause of death

of children who died in childbirth or childhood

names of diseases big then (polio, typhoid, tb, smallpox) now virtually unheard of in usa

poverty???

#s or %s of Americans who went to college, graduated high school -- and, if available, did their parents go -- i.e., back then, did only the third generation of Cabots & Lowells go to college?

How long did it take to travel from NY to SF?

Clinton Presidential Records Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Themes / ideas

Divider Title: _____

December 22, 1998

MEMORANDUM FOR MICHAEL WALDMAN

FROM: JEFF SHESOL *JS*.

SUBJECT: PROPOSED SOTU LANGUAGE ON "THE SENIOR BOOM"

"America," wrote Ralph Waldo Emerson, "is the country of young men." Young in years, young in spirit. That was true in Emerson's time, more than a century ago, and it is no less true today. America is and will forever remain a youthful nation -- boundless in its energies, uncontained by convention, impatient in the pursuit of progress.

Though our nation is young, our people are aging. On the verge of the new century, many of us -- and that includes me and most of you in this chamber -- are part of a profound transformation, a seismic demographic shift. Simply put: **The baby boom is becoming the senior boom.** And, like the baby boom did in decades past, the senior boom will change the face of America. During the next 30 years, 76 million baby boomers will join -- and greatly expand -- the ranks of the retired. By the time the youngest among us reaches 65, about 1 in 5 Americans will be a senior citizen, as opposed to 1 in 8 today; and, by the middle of the next century, the number of elderly Americans will double to 80 million.

As more Americans enter old age, more American lives will run their full course. Medical miracles and great strides in science will keep us, as a nation, healthier and stronger in the 21st Century. They will also keep us living longer -- quite a bit longer. By the year 2050, the average American will live to 82. Keep in mind that, in 1900, life expectancy was only about 47.5. It took 4000 years -- nearly the entire length of recorded history -- to make a leap in longevity like the one we have made this century.

They are a gift, these added years, ~~like~~ a precious resource reclaimed. We know most Americans will make the most of them -- extending their active years, their creative and productive years, well past the point we ever dreamed possible. Surveys tell us that up to 85 percent of baby boomers plan to continue working beyond the age of 65. Many will open businesses, launch new part-time careers. Others, empowered by medicine and technology, will seek new opportunities to travel and learn. The senior boom will enrich America with more of what our seniors give us today: Experience. Guidance. Wisdom. In this way, a generation that defined itself by youth can redefine retirement -- occupying the very center of family life and, at the same time, our national life.

outline / large draft

December 1, 1998

MEMORANDUM FOR MICHAEL WALDMAN

FROM: JEFF SHESOL



SUBJECT: STATE OF THE UNION ADDRESS; VARIATIONS ON A THEME

act 14
12

The following is a quixotic tilt at the windmills of history: an argument for a tightly thematic approach to the State of the Union Address.

I am certainly not the first to note that the 1999 State of the Union Address is pivotal. Even accounting for events unforeseen, it is hardly hyperbolic to suggest that *this is the most important speech the President will deliver for the duration of his term.*

That, in my view, raises the bar considerably. It demands something different than what has worked in the past. A performance on par with last year's successful Address will be dismissed by this year's chattering and nattering nabobs, who are already aware that "the President is good at these things" and that, less charitably, he "loves a laundry list." They expect nothing more or less than what their tired and jaundiced eyes have seen.

So confound the critics. Literally. Or, at least, surprise them. *This century's best Addresses are remembered not for policies proposed so much as ideas introduced, or arguments boldly engaged.* The 1999 State of the Union Address presents the President his best remaining opportunity to clarify, to place in bold relief, his political philosophy. In this way, he can define not only the nation's agenda, as he has done so successfully in the past; he can also define this moment, his moment, in history.

A tall order, to be sure. I suppose I would be vain to suggest it is a task best left to the historians. I would be wrong, as well: the President himself, from "unity" dinners to the NYU conference on the "Third Way," has led the discussion. He has sketched the intellectual and ideological contours of a vast and growing body of policy. He has spoken broadly of his vision of government. The public, to the extent that it is listening, likes what it hears, and certainly likes what it has seen over the past six years. But few, I wager, could complete this sentence: "Above all, President Clinton believes . . ."

The State of the Union Address is an opportunity to define -- explicitly, cogently, concisely -- what, above all, President Clinton believes. Here is my instinct: *the President believes in a government that knows its limits, but also knows its obligations to the people it serves.*

This, I think, is the secret to his success. It is the vision that has guided his policies from the beginning. It collapses outmoded or false distinctions between left and right, between old and new, between activism and conservatism, between what is pragmatic and what is just. It is a view (however inchoate) that is widely held by the public and has been repeatedly endorsed at

the ballot box, from 1992 to this most recent reaffirmation.

The President has shaped this new consensus by steering a sensible course between federal paternalism and laissez faire, making the strong and winning argument that government action does not mean government unbound. Now let us do our best to ensure that the next two years, and the historical record, reflect that.

Parenthetically, I would caution that “The Four (or Six or Sixteen) Challenges of the New Century” is not a theme. It is instead a schema or a framework that invites the audience to *infer* a theme (ie., “If President Clinton sees these particular things as our key challenges, then he must, above all, believe [*insert ideology here*]”). In this Address the President should, to be sure, define coming challenges and outline his proposals to meet them, but *the theme is the thing*: it must precede and give shape to any discussion of what the government’s role should or should not be in any particular arena.

on the
way

POSSIBLE THEMATIC ELEMENTS
FOR 1999 STATE OF THE UNION

As before, the central theme should be: strengthening the nation for the 21st Century. With only 346 days until the coming of the new millennium, this year must be a time of focused action. We must step up to our long term challenges, advance our prosperity with our new economic strategy for a new economy, press forward our progress on social issues, and find ways to bind our nation together in the new century.

The American renaissance. Seven years ago, on our bestseller lists and on the shopfloor, we asked, "America: What went wrong?" In your first Inaugural Address, you declared, "There's nothing wrong with America that cannot be cured by what is right with America." For seven years, the American people rose to the challenge of this new time. And now, we enter the new century at a new peak of power and prosperity. Our economy is the strongest in a generation and keeps the world moving forward; crime and welfare are at their lowest levels in thirty years. A shimmering new economy, built on technology and science, information and innovation, has risen, creating massive new affluence. We can count our blessings as we ask: America: What went right?

Renewing progressive government --the third way. We have fashioned a new, progressive government in tune with our time. We turned not to the failed policies of mindless big government or heartless laissez faire. We did not seek to stop economic change and choke off the benefits it can bring; instead, we welcome it, and seek to give individuals and families the tools to thrive. This approach has been called "the Third Way," and it is now the American way. Our people intuitively understand that this is the best, indeed the only, way to master the new challenges of the 21st Century.

The moment of opportunity for the vital center. We have forged a new consensus, a new common public philosophy that binds together Democrats and Republicans of goodwill. This is a rare moment for action. The people have spoken, indeed have spoken with unmistakable clarity: they want us to put politics aside and act, together, on their needs and their concerns. You will reach out to Congress to make this a time of progress and not partisanship. This should include a specific reference to the new congressional leadership.

Building a new American economy --and continuing our economic strength. Our comprehensive economic strategy, enacted in 1993, has turned this country around and widened the circle of opportunity. Today America's economy is the strongest in our memory, and indeed, is the dynamo that propels the world economy. But change is constant, and the current financial turmoil reminds us that we must act to advance that prosperity. We must hold fast to our fiscal discipline, and give our families confidence that Social Security will be strong in the 21st Century.

Using this moment of prosperity to meet long-term challenges. The nation is at a moment of unparalleled strength. We can and must use this national strength to build for the future --to grapple today with the longest term challenges of tomorrow. America is aging; we must address Social Security now, or we will pay more later. Climate change and other environmental threats will condemn our grandchildren to disease and diminished quality of life, unless we begin to address it now. We can make extraordinary strides in conquering disease in the future if we invest in basic scientific research today. And so on.

Expanding the winners' circle. For most Americans these are indeed the best of times -- but there are still some for whom it is the worst. We must use this moment of unparalleled opportunity to bring the poor into the middle class mainstream -- to expand the winners' circle so the American dream can be lived by people who just a few years ago were written off. In this new economy, we don't have a single person to waste. That is why we must do more to help working families -- raising the minimum wage, protecting the EITC. We must do more to prevent crime and keep our communities safe. And we must do more to help those Americans who are struggling the hardest --we can't forget those who are left behind.

BRB-1

To: Michael Waldman, Office of Speechwriting
From: Benjamin Barber
December 22, 1998

BY FAX

Dear Michael,

The issue I wanted to raise with you may be one you will be discussing with the President at your meeting this afternoon, so I thought I'd raise it briefly here and we can talk more later.

Will the State of the Union try to grapple with the sordid history of the impeachment and what it has done to American politics and the American political process? Or will it be future-oriented and programatic, as if nothing had happened?

I'm torn: on the one hand, the President has exhausted words, and their currency (for him) is not high, so will Americans really want to hear MORE WORDS from him about the very issues where words are what got him into trouble in the first place? Probably not. This points to simply plunging into the future and talking about "what I was elected to do" -- the strategy adumbrated Saturday in the Rose Garden press conference with the Dems.

On the other hand, given that his way with words is now under suspicion, ANYTHING he says in a State of the Union -- which is all about the power of promising, of words, of rhetoric pointing to action -- is likely to be written about and absorbed by Americans with a certain skepticism. If this is the case, why not take the bull by the horns and wrestle with the issue frontally?

If the President opts not to look back and simply goes forward after some gentle words about pulling together and getting beyond polarization and recrimination, my previous memo on education and an "international civic fund" are on the right track.

But if he opts to try again to wrestle with the issue directly, then I do have a suggestion: which is to speak forcefully to the real issue -- his credibility and trustworthiness. Were he to do this, I could imagine language along these lines:

"I want tonight to speak about our future, what the White House and the Congress can do together to address the challenges still outstanding despite our many achievements and successes over the last six years. But before I do, I want to speak directly to the long national diversion that has occupied our government over the last year, for which I bear so heavy a responsibility. For, as with any tragedy -- and

BRB-2

I know this has been a tragedy not just for me and my family, but for what for our country which has had to bear the real costs -- we need to fully understand what happened to move beyond it.

"I regret the erosion of the boundaries that separate public and private life, and I know many Americans share my regret. We cannot permit good men to be driven from public life because they suffer human frailties that while deeply hurtful to others, are unrelated to the conduct of public business. Privacy is not only a sacred right of all Americans, but an integral feature of the liberty in whose name our government was founded.

"At the same time, I understand that absent my conduct, there would have been no scandal, no media obsession, no Special Prosecutor's report, no House hearings, no impeachment, no Senate trial. Whatever benefit others derived from fanning the flames, I struck the match and ignited the fire. About that, my fiercest critics are right.

"I regret too that in trying to address the technicalities of the law and at the same time speak to the honest concerns of loyal colleagues and the American people, I felt constrained to use a language that while it met the strict needs of a legal defense, did not meet the needs of the American people for a forthright reckoning. It is in the nature of the law that it proceeds by way of narrowly construed but legally binding technical interpretations that seem forced and disingenuous by the standards of ordinary conversation. Perhaps that is why, with Shakespeare, we so often want to "kill the lawyers!" and why so many Americans felt understandably aggrieved by the technical manner in which I framed my answers to highly technical legal questions.

"Some urged me to abandon the language of the law for the comfort and clarity of ordinary language, and perhaps I should have, but I felt and I still feel now I could do that only at the cost of my right to a legal defense against what were after all legal charges with significant legal consequences. Nonetheless, the dilemma was real, and I cannot blame my adversaries or my friends for their anger at me for using the cold and elusive language of the law to respond to their honest questions.

"I regret too that this tortured process, and my primary role in it, has brought suspicion to the power and place of words themselves in our democracy. For words are the essence of democracy, which we may call a

BRB-3

preference for the politics of talk over the politics of force. Words go to the heart of promise-keeping and thus undergird all our social and economic contracts. They are how we seek common ground and adjudicate our differences when there is no common ground. Words are the most precious commodity we have in a civilized society -- which is surely why the Good Book tells us that in the beginning WAS the word! When they fall under suspicion or are debased, we not only lose faith in democracy but lose the tool by which democracy repairs itself.

"I know because of my facility with words, because my reliance on them seems to many to have contributed to the difficulties and diversions of the last year, that I have contributed to a distrust that is a distrust of democratic government as well. I know I made it harder for Democrats and Republicans alike to have confidence in my words... or any others.

"I promise tonight to consecrate myself to restoring confidence in my words and in the words of your government. I believe, when words lose their power, we must rely on deeds to give words back their meaning. And I will try to rely on deeds in these last two years of my Presidency.

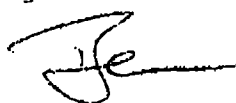
"I am deeply aware of the extraordinary vote of confidence that has been given -- not to me but to fairness in government and tolerance of personal foibles -- by an American people that has consistently opposed impeachment or resignation from office and has offered measured approval of the work of my Administration. I know I have to earn through deeds the good faith this remarkable and steadfast confidence represents. The American people have been better than their governors in this last unhappy year, and it is now our turn -- above all my responsibility -- to live up to their standards of tolerance, respect for law and hope for the future.

"I will not tonight promise the moon, because I know many will ask wonder whether I can deliver even a small piece of the sky immediately above us. They will look for deeds and not promises. I will only indicate what I would like to do in working with Congress to return government to the tasks at home and abroad it must devote itself to, if your vote of confidence in the capacity of your governors to execute your will is to be honored....

(the substantive speech would follow)

What do you think? What's the President think?

Benjamin Barber



December 22, 1998

MEMORANDUM FOR MICHAEL WALDMAN

CC: JUNE SHIH
LOWELL WEISS

FROM: JOSH GOTTHEIMER

SUBJECT: AMERICAN HEROS

Outreach

Per our conversation this morning on individual American heroes, I have attached excerpts from an article in this week's *US News World Report* entitled "American Innovators." We might want to highlight the accomplishments of these individuals -- or folks like them.

1. **Charles Cantor:** founder of the federal government's Human Genome Project and Chief Scientific Officer of Sequenom. Today, drugs on the market may cure one individual but leave another helplessly ill from the identical ailment (i.e. cancer, heart disease). Cantor is working on developing machines that determine the exact structure of atoms in human genes -- so that doctors will be able to personalize medicine to one's genetic structure.
2. **Mike Peters:** 3-term Mayor of Hartford, CT; former fireman and salesman. Nicknamed the "Nigh Mayor" for taking City Hall to the people, Peters has led a stunning renovation of downtown Hartford. Crime has dropped 25 percent; unemployment has dipped to 6.5 percent (from 11 percent in early 90s); and key companies have invested in the community (local business recently funded an all-volunteer effort "Mayor Mike's Company for Kids" to keep city children off streets).
3. **George Kerschner:** retired teacher, lost his sight at midlife. Kerschner developed new technology to digitize books for the blind and dyslexic.
4. **Andre Dimitriadis:** founder of CEO LTC Properties. LTC removes the financial to new school construction by raising private funding to purchase and build new schools. The schools just pay LTC rent, and, in turn, are able to focus their financial resources on teachers/supplies.

THE INNOVATORS

WILLIAM MERCER MCLEOD FOR USNAWR



Born: Aug. 26, 1942, Brooklyn, N.Y. **Education:** B.A., 1963, Columbia University; Ph.D. chemistry, 1966, University of California, Berkeley. **Role model:** Ephraim Katzir, biologist and Israeli president. **Proudest accomplishment:** My textbook *Biophysical Chemistry*. **Goal:** "To have at least one totally novel thought every day of my life." **Favorite book:** *The Last Voyage of Somebody the Sailor* by John Barth.

{ 1 }

Charles Cantor

*From the ivory tower
to entrepreneurship*

BY CHARLES W. PETT

Get ready for personalized medicine—tailored down to the individual atoms in your genes. Doctors will prescribe what's best for *you*, not for the canonical 170-pound man that today's drug makers have in mind when they try for one-kind-fits-all medicines.

Bespoke pharmacy is the prediction

from Charles Cantor, a distinguished professor who has jumped, with both feet, into private industry. His career shift highlights not only highly promising new genetic medical technology but the changing focus of university researchers: science with a profit motive.

The hyperkinetic Cantor was recently caught, briefly, at Sequenom Inc., a biotech startup just off Interstate 5 in San Diego. His office is littered with the debris of a busy life—airline ticket stubs and empty peanut packets scattered among the galley proofs of an upcoming textbook on gene mapping he's writing. He is a founder of the federal government's Human Genome Project; originator of a field called "bio-informatics" that applies rigorous mathematics to the chemistry of life; coauthor of a three-volume textbook on biophysical chemistry; and professor of biomedical engineering and pharmacology at Boston University.

A small, wiry man, Cantor runs an hour a day and is hardly heavier than the 110 pounds of his high school wrestling

days in Lynbrook, N.Y. Until recently he assumed that academia would be an all-consuming career. But Cantor now believes that university budgets, and culture, are straitjackets that discourage risky, big-team science. He thinks industry, with its money and squads of workers, is a far more fertile place—as long as the research promises to make a profit. Many researchers, including Cantor, retain affiliations with universities that, for all their bureaucratic complexity, still let researchers pursue interesting but non-commercial subjects. Such growing entanglements of industry and academia recently led the Research Corp., a non-profit foundation, to dub the amalgam Enterprise U.

If so, Cantor's on the pep squad. In August, he took a leave from BU to become chief scientific officer at Sequenom, which has another office in Germany (which explains all the airline detritus). Sequenom has 63 employees, with \$28 million in investment capital (among the original investors is Cantor's

{ 2 }

William Kennard

A consumer champion in the digital world

BY RICHARD FOLKERS

own school, Boston University, through its Community Technology Fund). The avowed goal: industrial genomics. For three years, Cantor has consulted closely with the company's CEO, Hubert Köster of the University of Hamburg, and other officers to develop machines that determine the exact structure of genes at mind-numbing speed.

DNA is made of molecular units called base pairs. The human genome—all its DNA—has 3 billion base pairs. The Human Genome Project aims, within the next five years or so, to map one "typical" genome. But, as Cantor says, in the genetic book of mankind, "there are 6 billion different editions." A new drug may cure one fellow and leave another helplessly ill from the ostensibly identical ailment. A single cancer gene may have 6,000 versions. Sequenom's machines can read a million base pairs on 40,000 different genes, and get answers the same day a person's blood is drawn.

Using mass spectrometry technologies invented in part by Cantor and Köster, the \$500,000 machines put hundreds of tiny beads of purified DNA at a time on silicon chips, blast them with bursts of laser light, and electrically accelerate the clouds of gene fragments. Their response is an exquisitely accurate measure of their weight and, by inference, precise composition. "The whole thing is automated; it takes hardly any time or labor," Cantor exults.

It takes about a second to look at a variable section of one gene—less time than it takes to explain the name of the process, MALDI-TOF. That stands for matrix-assisted laser desorption/ionization time-of-flight mass spectrometry. Other companies have their eyes on the same business of individual gene analysis, and each has its own proprietary technical strategy to do so: It is a race to see which will dominate the market. Cantor is banking on the hope that Sequenom's strategy will make so much money (the market is pharmaceutical companies, and hospitals) that he and his fellow professor-entrepreneurs can then spend some of it doing what they like best—learning about the origin, evolution, and nature of life. ■

The Federal Communications Commission does not exactly evoke images of high-tech visionaries, but Chairman William Kennard aims to shed the FCC's reputation as a stodgy bureaucracy. In the year ahead, Kennard may well determine how the FCC grapples with the burgeoning digital revolution. It is digital technology that creates

a home's information links, competing with cable and satellite to deliver Internet and on-demand video services. Kennard's goal is to ensure that consumers get more choices—and face fewer monopolies.

Most consumers think the FCC's mission is to manage arcane TV regulations and to fine radio loudmouths like Howard Stern. Kennard wants to convert the FCC to a consumer advocate. Among the

services government can perform: Simplify telephone bills. Crack down on shady phone companies that surreptitiously switch long-distance service. Allow the Internet to grow, without regulation, while supporting parental controls on online porn. Bring competition to local phone service.

Just how Kennard, a Democrat with the good looks and elegant style of a TV anchorman, plans to curb monopolies isn't always clear. The former FCC general counsel favors both free markets and regulation, and that balancing act will be tested when the FCC's authority to regulate cable rates expires March 31, 1999. Rates have been rising faster than inflation, and consumers have few alternatives to cable. Kennard's solution is to curb cable monopolies by having Congress empower direct broadcast satellite companies to rebroadcast local stations as cable now does.

As the first African-American chair of the FCC, Kennard is passionate about racial and economic diversity. He supports new low-powered "micro-radio" stations—which may reach only part of a city but could prove to be a "local force of expression," operated by churches or community groups. He wants to avoid a "digital divide," where the new technology bypasses poor neighborhoods. To achieve his goals, Kennard will have to make the hidebound FCC not only consumer friendly but limber as well.



KATHERINE LAMBERT FOR USNEWS

Born: Jan. 19, 1957, Los Angeles. **Education:** B.A., Stanford University, Yale Law School. **Model public official:** Nelson Mandela. **Proudest accomplishment:** Giving a voice to the disenfranchised in telecommunications policy. **Goal:** Making the technological revolution inclusive. **Favorite book:** *The Plague* by Albert Camus.

the crystalline pictures and CD-quality sound of high-definition television, which went on sale for the first time this fall. Only a few films, sporting events, and documentaries have been broadcast in high definition, but their numbers will rise markedly in the years ahead. One day, most cable TV and telephone lines will rely on digital transmission. In a few years, a telephone line will be just one of

ers would be less like lecturers and more like guides, coaching children who are pursuing individual learning projects driven by their own passions and interests. What makes this work: the cheap ubiquity of computer chips, whose programmability lets kids customize interactive projects, freeing them from a standardized, one-size-fits-all curriculum.

Resnick left his job as a writer at *Business Week* in the early 1980s to earn a computer science Ph.D. at MIT under Seymour Papert, who'd been researching technology and education since the early days of the computer. Like Papert, Resnick is no mere theorist. Consider "programmable bricks," one of the inventions produced by his research team at MIT's Media Lab. A combination of computers, software, and Lego blocks that provide raw material to build robots and other electronic creations, the project evolved into Lego Mindstorms, one of this Christmas season's hottest-selling gifts. Other Media Lab projects: tiny computers called Crickets that let kids build their own scientific instruments; and Computer Clubhouses in Boston, Brooklyn, N.Y., and other cities, for children in low-income neighborhoods.

Resnick says his keen interest in children and education can be traced in part to his mother, who was a teacher. Now he will put his zeal into action with an ambitious new project—the Okawa Center for Future Children, which will be housed in its own custom-designed building at MIT. The research center's initial funding, \$27 million, comes from Isao Okawa, the chairman of video-game manufacturer Sega Enterprises. Society has marginalized children, Resnick believes, but he predicts that through easy, cheap computer connections worldwide, kids will begin to create institutions of their own—such as a kid-managed international newspaper, developed with the Media Lab, that will debut on the World Wide Web in January (www.jrsummit.net).

By allowing experimentation, competition, and freer choice in the school system, Resnick believes that the best solutions won't come down from an educational bureaucracy but will rise from the bottom up—from parents, and from kids themselves. ■

{ 6 }

Mike Peters

The 'night mayor' puts Hartford on the map

BY PENNY LOEB

HARTFORD—Mayor Michael Peters is driving his official car, a Buick Park Avenue, through the southwest corner of the city. Just ahead are rows of new pastel-colored clapboard houses, the site until two years ago of a squalid public-housing complex. "If someone asked me what I'm most proud of, it would be this," the mayor says during a recent tour. In a much-touted move, Peters won a \$46.5 million federal grant to turn the barracks-style Charter Oak Terrace project—built in the 1940s—

into this model public development.

This stunning renovation, an ambitious downtown revitalization, and a passel of other innovations have catapulted Peters from the mayor of a city once known mostly as a stop between Boston and New York into the national spotlight. Under his tenure, crime has dropped 25 percent. Unemployment dipped this fall to 6.5 percent from a high of 11 percent in the early '90s, after Peters persuaded key companies to stay put.

The 5-foot, 6-inch Peters was born 50 years ago on the same day as Prince Charles, but that's where the similarity ends. His castle was an apartment in a modest three-family stucco house in Hartford's heavily Italian South End. One of five children, he grew up when the city was flush with blue-collar jobs and the streets full of kids.

After 22 years as a firefighter, he is now in his third term as mayor. Nicknamed the "Night Mayor," Peters is famous for taking City Hall to the people. It's not unusual to find him in neighborhood bars, jotting down patrons' concerns on napkins.

"He has accomplished so much because people trust him," says former school-board member Ted Carroll. Peters cajoled 195 local businesses to donate time, equipment, and \$760,000 in cash to Mayor Mike's Companies for Kids, an all-volunteer effort designed to keep the city's children off the streets and happy. The old-style pol even got the City Council to buy giant vacuum cleaners to literally scrub the city's streets. "A city is like a used car. Wash and wax it and the people will come back," says the one-time salesman.

His plans are equally ambitious: keeping a lid on property taxes to stanch an exodus that began in the early part of the decade; tearing down more dumpy projects. Also on tap: the 2001 arrival of the New England Patriots and, with them, a new waterfront stadium complex of shops, a hotel, and convention center, expected to generate 4,000 temporary and 3,000 permanent jobs. "I'd like to have the lowest crime rate and lowest unemployment rate in the state... and a much better educational system," says the popular mayor, wrapping up the day's tour. In other words, a 21st-century version of the Hartford of his youth. ■



Born: Nov. 14, 1948, Hartford, Conn. **Education:** South Catholic High School. **Favorite part of his job:** Making a difference in young people's lives. **Role model:** Retired Gen. Colin Powell. **Goal:** Make the city of Hartford one of the most livable cities in America. **Favorite book:** *A Tale of Two Cities*

{10}

George Kerscher

Making the world work for the blind

BY JOSEPH P. SHAPIRO

For George Kerscher, the world is a puzzle worth solving. There's little choice when you lose your sight at midlife. How does a blind man watch his daughter's basketball games? Find a retired sportscaster to provide a personal play-by-play. How does a blind man ski? His wife follows him closely, describing terrain ahead via two-way radio. But Kerscher's most important puzzle was to create a new generation of talking books for blind and dyslexic students.

Currently, the "print disabled" have

only a few, flawed options. They can find or hire someone to read books to them. They can buy a computer that can read text aloud. They can get books on tape or in Braille. But these solutions all have downsides, as Kerscher discovered a decade ago. Losing his sight to retinitis pigmentosa, a condition that starts as tunnel vision until the tunnel closes completely, he gave up work as a high school literature teacher to study computer science. The readers he hired worked on their schedules, not Kerscher's, and they stumbled when reading complex programming codes. The tinny monotone of a computer-

ized voice synthesizer was deadly to listen to hours on end. Braille was hard to learn. Few of the specialized books he needed had been taped. Even if they were, the typical recorded text runs 30 hours and the only way to look up something is to fast-forward or rewind through piles of cassettes. Kerscher figured out how to digitize those audio books, so that one book fits on one CD-ROM and finding a quote is as easy as searching for a word on a computer. "This is a Gutenberg revolution," says Nolan Crabb of the American Council of the Blind, who calls digital books "the equalizer" that allows him to get information as quickly as a sighted person.

Kerscher calls himself an innovator, not an inventor. He takes existing technology and finds ways to use it for the blind. Recently, in a hardware store, he came across something new—a wireless, battery-operated doorbell. You may see Kerscher one day at an airport baggage claim carousel. He's the tall, blind guy pulling a small doorbell buzzer from his pocket and then grabbing the suitcase that starts chiming.

Today, recorded books for the blind are used most often by people with dyslexia. Kerscher's employer, Recording for the Blind & Dyslexic, changed its name in 1995 to note that 67 percent of its users are learning disabled. A recent study for RFB&D shows that reading speed shoots up among dyslexic kids who use Kerscher's digital talking books because they get "dual reinforcement" from hearing spoken words while seeing them on a computer screen. RFB&D will start providing these books to three pilot schools in 1999 and hopes to digitize the bulk of the 77,000 volumes in its collection by 2002.

Kerscher also knows that technology applied carelessly can cut off the disabled. Alexander Graham Bell invented the telephone in search of a device to help his deaf wife. But no other technology did more to isolate the deaf. So Kerscher globe-trots 100 days a year trying to make computer technology accessible to the blind. His office is wherever he sets up his laptop. Home is Montana, where he lives with his wife, Gail, a hospice nurse. Every few months he visits Princeton, N.J.-based RFB&D, where he is a research fellow. It was started in 1948 to record books for blind World War II soldiers so they could use the GI Bill to go back to school. This year, RFB&D sent nearly 250,000 audio books to some 55,000 students. Volunteers record the texts, down to arcane scientific formulas. Computers and the Internet create opportunities for learning that those first blind GIs never imagined. Says Kerscher: "I want to develop the technology for the next generation." ■



Born: March 16, 1950, Chicago. **Education:** B.A. English, Northeastern Illinois, 1974. **Role model:** Yuri Rubinsky. **Proudest accomplishment:** 25 years with wife, Gail; three children; creation of E-Text. **Goal:** To make information accessible to all. **Favorite book:** *Les Misérables* by Victor Hugo. **Favorite computer technology:** Screen readers for the blind.

{ 15 }

Andre Dimitriadis

Building education's future, one school at a time

BY BARBRA MURRAY

He could be extending an invitation to a neighborhood block party. "You get together with us, we get to know you, you get to know us." This is how Andre Dimitriadis describes his philosophy of selecting partners for his business ventures. And it is this discriminating but affable manner that launched his latest project, saving the American

the overall quality of education. But the single largest obstacle to this reform movement has been the lack of buildings for the new schools. Dimitriadis and LTC Vice President and Chief Investment Officer Christopher Ishikawa want to remove that barrier with the financial power of a REIT—money pooled by several investors for buying a particular kind of real estate.

A REIT (like LTC, which specializes in health care properties) can ease and speed the process of opening new schools by relieving educators of the burden of finding money for a building or purchasing real estate; schools just pay the rent. As a result, says Dimitriadis, "you have made them much more capable of diverting the limited resources to the quality of the product and the teacher, rather than putting that money into the bricks and the mortar." To prove his point, LTC teamed up with the Tesseract Group—one of the growing number of for-profit organizations that operate schools—and financed the building for its first charter school, which opened last September in Paradise Valley, Ariz.

Will investors want to sink money into education? Eric Hemel, a Merrill Lynch analyst, says that decision will depend on the length of the lease and the credit quality of the school group. But Dimitriadis, who says business has neglected to invest in education, believes that the educational REIT concept will flourish because of the demand for schools; the country will need 2,700 more over the next 10 years to accommodate population growth. Of course, if his plan works, it will not only make money for investors; the proliferation of new schools could also provide the about-face in education for which parents have been yearning. ■



DAVID STRICK—OUTLINE FOR USNEWS

Born: Sept. 29, 1940, Istanbul. **Education:** Ph.D., economics, New York University; M.B.A., New York University; M.S., computer science, Princeton University. **Role model:** President Lincoln. **Goal:** "[To] raise my daughters to be caring citizens." **Favorite book:** *Darkness at Noon* by Arthur Koestler.

school system. Dimitriadis, chairman and CEO of LTC Properties in Oxnard, Calif., has an unlikely method to spur the growth of more and better schools: real-estate investment trusts.

Dimitriadis is a proponent of charter schools—public schools that receive exemptions from state and local regulations in exchange for a commitment to higher student achievement. The Greek immigrant from Turkey believes the charter schools can also "start pushing the public schools to do a better job" and thus raise

Born: March 14, 1952, Havana. **Education:** University of Havana, degree in filmmaking. **Proudest achievement:** Being a good friend. **Favorite movie:** *Death in Venice*. **Favorite song:** "Una Frase Elegante" by Omar Hernandez.

{ 16 }

Pepe Horta

Using Cuban nostalgia to bring foes together

BY ELISE ACKERMAN

One of the first things José "Pepe" Horta did when he opened Café Nostalgia was set up a makeshift stage at the back of the Miami bar. Now, 3½ years later, the talented house band, Grupo Café Nostalgia, improvises off traditional Cuban standards. In between sets, Horta screens old Cuban music videos. As the night wears on, musicians straggle in from other gigs and join a blissed-out *guaguanco* (a traditional Cuban dance rhythm) that tumbles into an acid-jazz groove that flows into a mesmerizing drum solo. The music goes on until dawn, a Latin version of Harlem's famed Minton's Playhouse.

The music has created a détente between two of the world's most bitter factions—Cubans who detest Castro and Cubans who support rapprochement with the island country. Horta's syncopated rhythms have gotten these groups to put aside their hostilities and celebrate their common heritage. After years of rancor

BY MICHAEL BARONE

SOTU Themes

Our vast contentment

As Congress wrestles with the possibility of impeachment, Americans remain optimistic, as they have been all year: Last month's Voter News Service exit poll showed that 64 percent believe the country is going in the right direction, the highest Election Day figure since the question was first asked, in 1973. What accounts for this vast contentment? The usual answer in Washington is, "The economy, stupid," which is seen as the result of the work of Bill Clinton and/or the Republican Congress. There's something to that, but there are reasons for satisfaction beyond the Beltway. On crime, welfare, and to some extent education, America has seen vast change for the better—change no one thought possible in 1990.

There is a pattern here. In each case, people—governors, mayors, legislators, citizens—are replacing policies based on the bogus expertise of centralized authorities with policies based on the common sense of ordinary people. To this process Congress and Clinton have been interested and, occasionally, helpful bystanders.

Take crime. Between 1965 and 1975 the crime rate—violent crimes per person—tripled. Professional criminologists explained that not much could be done about this until the "root causes" of racism and poverty were addressed. But since 1991, the violent-crime rate has fallen 19 percent. In New York City, crime fell 50 percent from 1993—when Rudolph Giuliani was elected mayor—to 1998. Giuliani rejected the ideas of the criminologist elite and brought shrewdness and rigor to the instincts of the ordinary citizen. Arresting people for minor offenses, it turns out, takes a lot of major criminals off the street. So does sending cops to places where criminals congregate and firing precinct commanders who don't "make their numbers." Other mayors have followed Giuliani or come up with their own common-sense reforms. Only marginal help came from Congress's crime bills with their death penalties and midnight basketball and Clinton's accounting-gimmick 100,000 new cops.

Workfare reforms. Now look at welfare. Between 1965 and 1975, welfare rolls tripled, not because of economic distress but because of the policies of social-work-school-tutored administrators. Then, from 1994 to 1998, the welfare caseload dropped 40 percent. The impetus came not from the federal government but from the states. Governors, starting with Tommy Thompson of Wisconsin, have been pushing their own

workfare reforms for years, changing the culture of the welfare bureaucracy and channeling applicants into work, equipping recipients quickly with the basic skills, child care, and transportation needed to take an entry-level job. The Republican Congress helped by passing welfare reform three times, and Bill Clinton finally signed it 14 weeks before the 1996 election: The feds helped—mostly by getting out of the way.

Education reform has further to go. But it appears that the bogus experts who have had custody of the public schools for the last generation—the education colleges, teachers unions, and centralized bureaucrats—are losing control. Their aversion to holding teachers and students accountable and their

belief in nurturing self-esteem produced predictable results: American teens rank ahead of foreigners in self-esteem but behind in reading and math. Now reform is proliferating—school vouchers in Milwaukee and Cleveland, including church schools; charter schools by the hundreds in Arizona and many other states; strict accountability, like Chicago's end to social promotion. There are signs that these reforms raise test scores and that public schools are spurred to perform better.

If we have moved furthest in curing lower-class ills like crime and welfare dependency, we are making some progress in strengthening middle-class virtues. Illegitimacy, teen births, teen sex, abortions, divorce have become less common in the 1990s—none of these trends directed by national elites.

Our parents' industrial America was centralized, with big government, big business, and big labor making decisions that overcame the Depression, won World War II, and built postwar prosperity. Our post-industrial America is decentralized, with individuals, entrepreneurs, state and local governments, and the voluntary associations first celebrated by Alexis de Tocqueville shaping the nation. This is so even with as centralized an issue as Social Security. If Washington produces individual investment accounts, it will only be following the lead of the private sector, which has moved from defined-benefit to defined-contribution pension plans.

So even as voters say they oppose impeachment—for fear the good economy would disappear with Clinton—they seem more irritated than traumatized by the process, as if they realize that many of the causes of their contentment are not the product of Washington nor of this president.



NYPD rookies: More aggressive police, it turns out, equals less crime.

Post-industrial America is decentralized, with individuals and local governments shaping the nation.

one
large
Outline
language

1

December 15, 1998

MEMORANDUM FOR MICHAEL WALDMAN

CC: PAUL GLASTRIS, JOSH GOTTHEIMER, JUNE SHIH,
JORDAN TAMAGNI, LOWELL WEISS

FROM: JEFF SHESOL 

SUBJECT: TR QUOTES, *THE NEW NATIONALISM*

The following quotes are culled from TR's "New Nationalism" speech at Osawatomie, 31 August 1910. On the field where John Brown had fought the Missouri raiders in 1856, TR is speaking to veterans of the Kansas insurgency.

TR on timeless values, and the lessons of past generations:

In the Kansas insurgents, TR sees "precisely the qualities" that will enable Americans to meet the challenges of the new century. In much the same way President Clinton evokes the legacy of Franklin Roosevelt, TR lauds the generation of "Abraham Lincoln, [which] faced and solved the problems of the nineteenth century" -- placing himself firmly among "those who are trying to meet the problems of the twentieth century in the spirit which was accountable for the successful solution of the problems of Lincoln's time."

TR on America as a beacon of hope around the world (quite a bold call, speaking in 1910, in the heartland of an isolationist -- if imperialist -- nation):

"Our country -- this great republic -- means nothing unless it means the triumph of a real democracy, the triumph of popular government, and, in the long run, of an economic system under which each man shall be guaranteed the opportunity to show the best that there is in him. That is why the history of America is now the central feature of the history of the world; for the world has set its face hopefully toward our democracy; and, O my fellow citizens, each one of you carries on your shoulders not only the burden of doing well for the sake of your own country, but the burden of doing well and of seeing that this nation does well for the sake of mankind."

TR on reforming the rules to create opportunity:

"I stand for the square deal. But when I say that I am for the square deal, I mean not merely that I stand for fair play under the present rules of the game, but that I stand for having those rules changes so as to work for a more substantial equality of opportunity."

TR on the obligations and opportunities of a prosperous nation:

"The material progress and prosperity of a nation are desirable chiefly so far as they lead to the moral and material welfare of all good citizens."

To: Michael Waldman
From: Ted Widmer
Dec. 15, 1998

on the
page

Here are some quick thoughts about SOTU. Will organize a little better tomorrow, along with some suitable quotes from historic figures. The paragraphs are a little disjointed, I just wrote them out in a patriotic stream of consciousness, but I wanted to get you something by COB today. Hope this helps.

This is the last year of the American Century ... a milestone by which to measure our achievement. And how much further we have yet to go. For America is still a work in progress. Our history begins anew every morning.

A hundred years is not a long time by some ways of measuring. Many people live almost that long ... most expect to live even longer. But the hundred years of this century add up to almost half of American history. They have defined us just as we have defined them. These hundred years constitute a watershed in the life of this nation.

Contrasts, 1900 vs. 1999:

--the length and height of the highest flight in 1900 to the space station we are building (or John Glenn's flight)

--the amount of time it took to get from one end of America (Maine) to another (California).

--the amount of information that could be sent and received by a person in a single day in 1900 vs. today, world at fingertips

--breakthroughs like ether allowing longer operations ... vs. our knowledge of the human body's infinitesimally inner workings

--the US military had won some limited engagements in the Caribbean and Pacific, but was relatively inactive on the global stage ... versus today, when the world looks to us to broker peace from Ireland to Iraq, from Kosovo to Korea; our men and women can say proudly that they belong to a force for freedom without parallel in history.

-- the effect of the US economy on the international economy in 1900 vs. today, when America's decisions emanate around the world, both through the strength of our own markets and companies and through US contributions to international financial architecture [IMF, World Bank].

But there are also areas where we cannot measure as much progress as we would like to, where 1999 is a milestone reminding us of the long journey that still lies ahead.

--too many Americans still divide themselves into categories ... black and white, rich and poor, young and old, Republican and Democrat. We need to remember the thought that bound thirteen colonies together, that held the Union together, and that sustained Americans through world war, depression, and cold war ... we will always be one nation under God. Freedom is indivisible. A nation's spirit cannot be divided against itself.

--too many members of the American community have enjoyed only a modest share of our nation's good fortune. There is still poverty in America ... there is still sickness in America ... even in good economic times, there are people who want to work and who cannot find the opportunity to move ahead. America is a very large country ... big enough to contain all of our dreams.

--too many Americans look at the rest of the world with indifference, preferring to avoid problems rather than roll up their sleeves and solve them. If we let war and tyranny spread around the world, we might as well tell our grandparent's generation ... sorry, we decided you were wrong to win World War Two. We wanted to protect the freedom you gave us, but it was too hard.

Winning America's supremacy was a monumental challenge. Maintaining it will never be easy. But maintain it we must. And maintain it we will.

Thomas Jefferson once claimed the earth belongs to the living, to the generation enjoying its own moment in the sun. No generation has enjoyed that moment as much as my own. Surely we are generous and far-sighted enough to know that future generations will come here long after us. The earth belongs to them as well. By devising wise policies for the future, we honor both our children and our parents, whose made this world habitable for us. By shaping tomorrow's America, by looking past the horizon into a new day, we honor yesterday's America, too.

We enter the new century with confidence. We cannot know every challenge that will confront us, just as the brave Americans who led this nation a century ago could not have imagined the extremes of the century we prepare to leave. But we do know this ... the ideas upon which this nation was founded are thriving. They live every time a citizen votes for change ... every time a child logs onto a website ... every time a student receives a diploma ... every time a new American is born ... every time this Congress meets to hear the State of the Union message.

The experiment that began in Philadelphia on July 4, 1776 is still just that ... an experiment. Every day we must prove ourselves worthy of all that we have inherited. We must care for the elderly ... we must build decent housing ... we must fight crime ... we must eradicate treatable disease ... we must push back new frontiers of knowledge and imagination. Because as long as we fail to do our best to solve problems old and new ... the American Revolution will remain unfinished.

December 15, 1998

MEMORANDUM FOR MICHAEL WALDMAN

FROM: LOWELL WEISS

SUBJECT: STATE OF THE UNION IDEAS AND LANGUAGE

The following riffs are a random assortment of ideas. They are in no particular order, and some are mutually exclusive. If any are helpful, I'd be happy to develop them more fully.

* In 1899, as our nation stood at the threshold of a new century, not even the most far-sighted of our forebears could imagine the progress that Americans would produce. Some science fiction writers correctly envisioned that we could launch men into the heavens in a reusable shuttle and use it to construct a permanent outpost in space. But no one envisioned that, in 1999, our reusable shuttle would be commanded by a woman. Some physicians predicted that a time would come when the threat of polio would not loom over every cradle. But no one foresaw a time when scientists would find, much less read or repair, the very blueprint of life. Some social reformers knew that America would someday end sweatshop labor and guarantee a minimum wage. But no one knew that in the 20th century America would swing open the doors of college to every child, of every background and every race....

* Like this year, the year 1899 was a time of great prosperity -- the greatest America had ever seen. Our factories were sleepless, our industry was surging. Around the world, we could barely meet the demand for American iron and steel, bridges and tracks, cars and ships. We exported enough flour to feed all of Europe. We were traversing our territory with powerful locomotives and, in one of the greatest engineering feats of all time, creating a canal between the seas. Our army and navy were rapidly becoming the most powerful and modern in all the world.

* Idea for First Lady's box: A still-healthy person born in 1899 who, in the *New York Times's* familiar phrase, has led a "a life well lived." That person would make every American think, "Wow! What a different world she was born into! What she must have seen over this remarkable 100 years!"

* If we don't invite a centenarian to sit in the First Lady's box, we could simply evoke the image of a person born in 1899 through words. For example: Tonight, there are approximately TK people listening to this speech who were born in 1899 or before. Just think of all that they have seen during their lifetimes. Just think of how different the world was back when they were born. Just think about the American century they have seen...

* The wonder of the new economy has little to do with getting rich or getting one's hands on fancy new technologies. The greatest virtue of the new economy is the power to connect all people, from every background, in every part of the world, with opportunities they could never have seized before. [Insert story of a successful inner-city entrepreneur; a 50-something worker who

was downsized and then rejuvenated his career; a basket weaver in a poor, rural village in Uganda selling her wares over the Internet, etc.]

* In retrospect, we can see that the America of 1899 was not fully prepared for the challenges to come. Our economy flourished, but we did little to halt the trusts from strangling new entrepreneurs. New technologies revolutionized our factories and fields, but we did little to protect those whom these technologies displaced. Great cities arose, but so too did sweatshops and slums. Engineers tamed our rivers and transformed our landscape, but we did not pay much heed to the resulting environmental harms. [insert on wars?]... With the benefit of hindsight and the blessing of TK, we know we can do better. As we enter a new century, our prosperity today does not have to come at the expense of tomorrow...

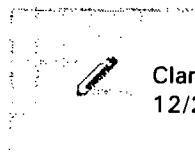
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Veterans

Divider Title: _____



Clara J. Shin
12/21/98 07:13:18 PM

Record Type: Record

To: Michael Waldman/WHO/EOP

cc: Joshua S. Gottheimer/WHO/EOP

Subject:

In the search for SOTU facts, one provided by Secretary Togo West: 41 million veterans since 1776; more than 1/2 are alive today.

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Labor

Divider Title: _____

MEMORANDUM TO KRIS BALDERSTON

FROM: LEE SATTERFIELD

DATE: December 18, 1998

SUBJECT: State of The Union Address - DOL Program Participant Options

I. James Antosy - *Dislocated Worker*

James Antosy was laid off from his job at Uniquet in Plymouth Meeting, PA when his company decided to downsize, and was directed to PENNCARD when he applied for unemployment compensation benefits. Mr. Antosy had already been working part-time towards his Baccalaureate Degree in Computer Science, but it was a slow process while holding down a full time job. Once his income was cut-off, continuation of his educational pursuits was threatened. Mr. Antosy's reemployment planning, however, determined that to continue in his field, it was necessary to continue his degree. Through PENNCARD'S Training Account process he chose Alverna College (Reading, PA) as his training vendor and was able to secure a new job as an Independent Consultant/Program Analyst for PA's State Employees' Benefit Trust Fund. Mr. Antosy believes strongly in the benefits of the voucher system and credits it for helping him to fulfill his dream of finishing his degree.

***Mr Antosy introduced the President at the Workforce Investment Act signing ceremony.**

II. Yutiv Lipscomb (Baltimore, MD) - *Welfare to Work*

In 1996, Yutiv Lipscomb was referred to the Southwest Career Center by the Department of Social Services. She was immediately selected for training at the NAACP national headquarters and quickly rose through the ranks with her demonstrated commitment and exemplary skills. Starting as a switchboard operator, she was promoted to a position in the Chief Operating Officer's office. In January of 1997 she was asked by Kweisi Mfume to take a full-time position in his office as his personal secretary.

***Ms. Lipscomb participated in the Vice President's "Conversations with America" event.**

III. Lee Elbert Ross (Hempstead, NY) - *Summer Jobs*

As the thirteenth of fifteen children in a family that was economically disadvantaged, Lee Elbert Ross earned a minimum wage while working in a federally funded youth employment program for three years during high school. Currently, he is a tenured Associate Professor of Crime and Justice at the University of Wisconsin where he mentors students. He is the author of numerous articles in the field of criminal justice and in April 1998 he published his first book, "African American Criminologists." In addition, Lee Elbert's sister Ernestine and brother Lee Joseph also participated in the summer jobs program.

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CFR

Divider Title: _____

 Jennifer R. Muller @ OVP
12/22/98 02:40:19 PM

Record Type: Record

To: Joshua S. Gottheimer/WHO/EOP

cc:

Subject: CFR follow-up

hope Josh Gotbaum found this interesting for a while, sorry for the delay!

----- Forwarded by Jennifer R. Muller/OVP on 12/22/98 02:49 PM -----

 Jennifer R. Muller
12/17/98 03:45:01 PM

Record Type: Record

To: Michael Waldman/WHO/EOP @ EOP, Joshua Gotbaum/OMB/EOP @ EOP

cc:

Subject: CFR follow-up

As I mentioned in the last CFR meeting, coupling Access America with voting could be an idea for the future: as Michael summarized, if you can buy a car on line, you can vote on line. There is a pilot project planned that holds great promise.

To strengthen democracy we recommend a couple of technology based advances-- on-line disclosure and Internet voting:

On-Line Disclosure

Morley Winograd recommends we support on-line disclosure of information that is now reported to the FEC on paper. Last year the House passed legislation that would create real time, on-line disclosure for all Federal campaigns. We should recommend that the Senate take up the idea and join the House in supporting it.

Internet Voting

Internet voting being planned by the Department of Defense as a way to keep Americans on the front lines enfranchised. We have the technology to make voting easier for more Americans nationwide. While mail ballots are highly controversial (Oregon's request for a waiver to use mail ballots in NH primary was rejected by DNC because of time restrictions on when voting could commence), on-line voting is a wave of the future with great possibility.

E- Ballot Pilot Program at DOD

The Federal voting Assistant Program at the Department of Defense is engaged in creating a Voting over the Internet Pilot project with five states: South Carolina, Florida, Missouri, Texas and Utah. They volunteered to participate as part of a state, local and federal alliance. The program is aimed to be up and running in time for the 2000 general election. It is being tested in seven locales in the states, for about 50 people at each site, totaling 350 individuals. Those voting this way will be given encryption devices and those on the 'decoding end' will have a public key that separates the person's identity from the vote-- at no time can the electronic envelope be opened. These ballots will function electronically much the same way that absentee ballots function, where pages are separated to detach the citizen's identity from the ballot cast. Electronic envelopes are highly secure, and are being designed in partnership with the NSA. Participants will be able to both register to vote and vote on-line for the year 2000 general election.

About the Program

At this juncture, the e-ballot is primarily being developed for military voters around the world who face exceptional barriers to voting (i.e. in submarines or the front line where even mail delivery is erratic at best.) These programs are being developed as part of the Uniformed Service Act and the Overseas Assistance Act that aims to improve access to voting for this class of individuals, around the globe. On line voting can surpass even mail in ballots in their efficiency, 1/4 of all absentee voters don't vote because they report that ballots are never received or are received it too late to meet the state deadlines.

Security and Anti-Corruption

The program operates using the Department of Defense's Public Key Infrastructure and works with the Defense Information System Agency to provide maximum security. The technology exists and DOD is working with NSA to ensure that these ballots are fool-proof.

On-Line Disclosure

Morley also supports on line disclosure of information that is now reported to the FEC on paper. A bill, separate from the McCain - Feingold bill has already passed the House.

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Agriculture

Divider Title: _____

November 5, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Gene Sperling
Elena Kagan
Sally Katzen

SUBJECT: State of the Union/Budget Ideas

This memorandum provides a brief description of new ideas we are considering for the State of the Union. Some work has been done on fleshing them out, but many need additional work and further vetting through the interagency process. Most of these ideas involve increased spending, and you will have to make choices among them and/or scale them back as you consider the FY 2000 budget. Although our offices have worked together on many, if not most, of the ideas in this memo, we have noted, where possible, which of our offices has the lead role with respect to each proposal. Options relating to Social Security are not included in this memo.

EDUCATION AND TRAINING (DPC/NEC as specified)

*good, but
big
enough?*

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2. Teacher Quality and Recruitment. Now that we're on track to begin hiring 100,000 new teachers to reduce class size, we have an even greater responsibility to help communities attract talented new teachers to the profession. We envision a five-part strategy on teacher quality and recruitment: (1) a \$100 million increase in the teacher recruitment scholarships we enacted this year in the Higher Education Act, which would put us on course to attract 60,000 new teachers at high-need schools over the next five years; (2) a \$60 million initiative -- modeled after the successful Troops-to-Teachers program -- that would help states expand alternative certification routes and attract talented people from other professions, such as military personnel and employees in firms being downsized; (3) a nationwide crackdown on teacher education schools, including new regulations authorized by the Higher Education Act to require report cards for education schools;

Housing Tax Credit. Because the tax credit helps subsidize rent, this proposal would allow us to leverage our resources and provide more vouchers to the poor elderly.

9. Incremental Tenant-based Section 8 Vouchers. To build on our success in this past year's budget, we recommend seeking an additional 50,000 welfare-to-work housing vouchers and another 25,000 vouchers to meet the needs of the homeless, including elderly homeless and homeless veterans.

10. Homelessness. We are working on a three-part proposal that would: (1) assist the approximately 250,000 homeless veterans by increasing residential alternatives, community-based contracted care, job preparation activities, stand down activities (community-sponsored events that conduct one-stop service delivery programs for homeless veterans), the distribution of clothing, and long-term housing; (2) allow VA to sell surplus property with 10 percent of proceeds going to homeless veterans; and (3) start a demonstration project targeted to the chronically homeless to test the most promising models for moving the chronically homeless to self-sufficiency using a combination of permanent housing and links to mainstream services. Cost: \$105 million -- \$60 million for VA and \$45 million for HUD demonstration project.

RURAL/AGRICULTURE (NEC/DPC as specified)

1. Strengthening the Safety Net. To help farmers suffering from the depressed export markets and natural disasters, we are considering various reforms of the crop insurance program and closing gaps in the emergency loan program. We are paying special attention to programs that will help small family farms. (NEC)

2. Bringing the knowledge of land grant colleges to every rural American: The USDA spends \$1.6 billion on agricultural research, much of it at America's land grant colleges and universities. The government could provide grants to ensure that this information is available on the Internet and is well-organized --so that all rural Americans can easily access information on topics such as crops, livestock, rural development, natural resource conservation, and food safety. (NEC)

3. Emergency Medical Services in Rural Areas. The presence of viable emergency systems is critical for residents in rural areas, because of the high rates of injury associated with jobs in these areas and the long distances to health providers. This proposal, costing about \$50 million, would provide funds to States and local communities to improve access to 911 services or alternative emergency systems. It also would fund programs to help rural communities train local citizens in CPR and first responder techniques and to recruit and retain emergency personnel. (DPC)

TECHNOLOGY (NEC)

1. Curbscuts on the Information Highway. We are looking at several options that would make information technology usable by people with disabilities in a manner that improves their lives: (1) investing in R&D (e.g., text-to-speech, automatic captioning, speech recognition); (2) giving

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Biotech

Divider Title: _____



SOTU - FACTS
11-25-98

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20502

November 20, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: NEAL LANE *neal*
CC: JOHN PODESTA
SUBJECT: OSTP WEEKLY REPORT

copied
Lane
Reed
Sperling
Waldman
Podesta

cc: Board/Green/Advisors
Emergency/Reed
Waldman
Podesta
in SOTU

A Gene Therapy Success Story

Somewhat lost in all of the coverage this week of research on human stem cells was an exciting report that gene therapy had been used successfully to grow new blood vessels around the heart. Sixteen male volunteers, all of who previously had heart attacks because of blocked arteries and had undergone bypass surgery, some of them multiple times, participated in the experimental study. When the study began, all of the men had blocked arteries and were suffering excruciating chest pains, such that some of them were taking 60 nitroglycerin tablets daily. Three months later, all have made substantial improvement, drastically reducing the number of pills they need to take (the average now is 2.5 pills a week). Six of the men are entirely pain-free. Even better news is that the injected gene appears to stop functioning after a week or two, so that the effect of the gene therapy has been strictly limited to the target tissue. This is the first example where gene therapy has lived up to its promise, and resulted in what appears to be a cure.

PNGV Continues Intact Despite Daimler/Chrysler Merger

DaimlerChrysler began operation as a merged company on November 17th. The Partnership for a New Generation of Vehicles (PNGV) continues to operate normally, in spite of the merger. The Tech Team meetings and other collaborative activities continue to function productively and normally. While the U.S. Consortium of Automotive Research (USCAR) has not made a final decision yet about any possible post-merger changes at USCAR, George Joy of DOC has been updated by all three companies that PNGV will most likely stay intact within USCAR. A final USCAR decision will be made in the coming weeks. DOC Counsel is currently undertaking a multi-agency review of the legal implications, as requested by OVP.

PCAST Meets

Your Committee of Advisors on Science and Technology (PCAST) met on Thursday, November 19 at the White House Conference Center. John Podesta and Secretary Richardson met informally with PCAST members and had productive discussions about the Administration's

continuing commitment to science and technology, and PCAST's future directions. I will be following up with two suggestions made by Podesta to have PCAST brief him, Reed and Kagan on their education report, and to have PCAST look into examining the adequacy of the public health care infrastructure.

During the afternoon public session John Yochelson, President of the Council on Competitiveness discussed the R&D efforts of our closest international competitors, and OMB Director Jack Lew discuss the realities of the current budget cycle and the S&T budget outlook for the 21st Century.

NASA Demonstrates New Environmental Research Aircraft

NASA's new solar-powered Centurion ultra-high altitude environmental research aircraft was demonstrated for the media on Thursday, November 19 at the Dryden Flight Research Center at Edwards Air Force Base, California, on a 1-1/2 hour flight. Centurion is the second in a series of prototype technology demonstrators for a future fleet of solar-powered aircraft that could stay airborne for weeks or months on scientific sampling and imaging missions. It is believed to be the first aircraft capable of achieving sustained horizontal flight at altitudes of 90,000 to 100,000 feet. Centurion has a wingspan of 206 ft. and is driven by fourteen 7-foot diameter propellers powered by solar cells covering the entire upper surface of the wings. Network coverage was very good for this kind of event, with feature stories on CBS, ABC, and CNN evening news.

Leonids Meteor Storm -- Nice Show, No Damage

The biggest meteor shower in decades, most made up of sand-sized particles, provided a brilliant show across the globe, but as expected caused little damage to the some 600 satellites orbiting earth, many of which had been reoriented to avoid the brunt of the sandblasting. Fears of satellite disruptions were spurred in part after a PanAmSat satellite failed in May, knocking out paging services across the United States and disrupting TV and radio transmissions.

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Comm. Empwr.

Divider Title: _____

Will get updated #'s for SON.

NEW COMMUNITY REINVESTMENT ACT NUMBERS

According to the National Community Reinvestment Coalition (NCRC), the private sector has pledged more than \$1 trillion going forward in loans to distressed communities -- and more than 95 percent of these financial commitments have been made since 1992.

- There have been 23 times more financial commitments to distressed communities from banks in the past 5½ years than in the previous 15 years combined.
- Lending commitments under the CRA have increased 69-fold from the pre-1993 era -- from an average of \$2.6 billion per year between 1977 and 1992 to about \$180 billion per year in the past 5½ years.

FINANCIAL COMMITMENTS TO DISTRESSED COMMUNITIES UNDER CRA	
1977-1992:	\$42.3 billion
1992-1998:	\$991.7 billion
Total since 1977:	\$1.034 trillion
% Since 1992:	96%

FINANCIAL COMMITMENTS TO DISTRESSED COMMUNITIES UNDER CRA (Average Financial Commitments Per Year)	
1977-1992:	\$2.6 billion per year
1992-1998:	\$180 billion per year
Past 5 Years vs. Previous 15 Years	69-Fold Increase

NOTE: These numbers include financial commitments to distressed communities by financial institutions with merger approvals still pending.

If Only Approved Mergers Are Included:

- Under CRA, \$411 billion in financial commitments have been made to low-income communities with 90 percent -- \$369 billion -- coming since 1992.

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Energy

Divider Title: _____

November 5, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Gene Sperling
Elena Kagan
Sally Katzen

SUBJECT: State of the Union/Budget Ideas

This memorandum provides a brief description of new ideas we are considering for the State of the Union. Some work has been done on fleshing them out, but many need additional work and further vetting through the interagency process. Most of these ideas involve increased spending, and you will have to make choices among them and/or scale them back as you consider the FY 2000 budget. Although our offices have worked together on many, if not most, of the ideas in this memo, we have noted, where possible, which of our offices has the lead role with respect to each proposal. Options relating to Social Security are not included in this memo.

EDUCATION AND TRAINING (DPC/NEC as specified)

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(less). We are working on a comprehensive initiative that would include: (1) meeting the President's goal of 85 percent seatbelt compliance by the year 2000, which would save 4,000 lives and nearly \$7 billion; (2) promoting education initiatives like the Buckle-Up America campaign; (3) enforcing the TEA-21 requirement that states lower the legal blood alcohol content level from .10 to .08; and (4) pushing a new Administration initiative on children's safety that will target auto accidents, among other problems, by promoting the use of child safety seats, booster seats (for children ages 4-8), and bicycle helmets. (NEC/DPC)

3. Transportation Needs of the Aged. With the number of Americans over 65 expected to grow by half by 2020, we should begin addressing the need to ensure their continued mobility, independence and safety in their later years. We are only beginning to look at this issue with DOT, which plans to hold six town meetings soon with senior citizens, medical experts, transportation safety specialists, and others to discuss the problems and challenges and identify best practices. The U.S. will host an international conference on this topic next year, in connection with the United Nation's Year of Older Persons. This may be combined with the long-term care and the housing for the elderly initiatives. (NEC)

4. Sustainable Development and "Smart Growth." Sensible, flexible transportation initiatives can improve both our economy and our quality of life. First, we will continue investing in sustainable transportation. TEA-21 authorizes a record \$41 billion over the next six years for transit; increases tax-free transit benefits; and expands communities' ability to transfer funds from highway construction to transit, bicycle and pedestrian programs, telecommuting and other forms of transportation that reduce congestion and pollution. Second, we need to empower communities to make smart choices, choosing the right transportation investments for their needs. As result of a new policy DOT announced in April, communities can now use federal funds to clean and reuse "brownfields," preserving farms and forests for the future. Third, we need to make communities more livable, with support for low-cost projects with big quality-of-life benefits, such as bicycle paths and historic preservation. (NEC)

ENERGY (NEC)

1. Proposing the Comprehensive Electricity Competition Act. You could call on Congress to enact the electricity restructuring legislation Act, to make the electricity industry more competitive and to provide more choices for industrial, commercial and residential customers. The Administration's Comprehensive Electricity Competition Act will save consumers \$20 billion a year. Retail competition will not only improve efficiency, but also reduce the two-thirds waste of energy currently associated with fossil-fuel generation of electricity, thereby cutting greenhouse gas emissions.

2. Distributed Generation ("Micropower"). To increase the consumer savings and environmental benefits from electricity competition, the Administration will pursue legislation to eliminate obstacles to the use of small, clean efficient generation technologies (e.g., fuel cells and photovoltaics) that can be installed at or near the electricity user's site. Moving from large, central-

station generation of electricity to distributed generation by small, clean sources is analogous to the move from mainframe computers to personal computers.

PENSIONS (NEC)

- 1. Expanded Private Pension Plan Coverage:** Last year, you announced several initiatives to expand pension plan coverage which were not enacted, but which we continue to believe are important and have substantial support on the Hill. We should again call for legislation that: authorizes a simplified plan for small businesses that combines the best features of a defined benefit and defined contribution plan (SMART), costing \$313 million over five years; provides a three-year tax credit to encourage small businesses to set up retirement programs, costing \$508 million over five years; and authorizes payroll deductions for IRAs. We are exploring ways to expand coverage for moderate and lower-income workers. Consideration is also being given to ways of enabling multiple small businesses to pool together for pension plan administration.
- 2. Women's Retirement Security:** To underscore the importance of pensions for women's retirement security, you would call for legislation enacting the two initiatives you announced in late October -- namely, that time taken under FMLA should count toward retirement plan vesting requirements and mandating that employer plans offer an option that pays less while the retired employee is living but pays a survivor benefit equal to at least 75 percent of the benefit the couple received while both were alive.
- 3. Pension Portability:** You could renew your call for reducing vesting requirements from five years to three years for employer matching contributions to 401(k) and other plans to reflect an increasingly mobile workforce, and more workers moving in and out of the workforce over a lifetime. We are also exploring various options that would increase pension portability and facilitate the movement of retirement savings between plans, where this can be done without encouraging "leakage" or loss of worker protections -- e.g., providing that federal employees can roll over retirement savings from private sector qualified plans into the federal Thrift Savings Plan.
- 4. Expand Pension Right to Know Provisions:** You could call for a pension right to know package that provides for both workers and their spouses general information relating to retirement needs and their benefits under employer retirement plans. In addition, an employee's spouse should have the same rights to get information as the employee, before waiving the statutorily provided survivor protection. You should call for a Pension Right to Know package that provides information for both workers and their spouses. We are also working on an employee education program that would provide employees with the tools they need to work with their employers to provide pension plans, and are thinking about how to encourage courses in high schools on the importance of savings and other general investment education (which can be combined with the Consumer Literacy and Education campaign described below). Consideration is also being given to a savings stamp book program in the schools (sell savings stamps in very small amounts; when the book is full, turn it in for a U.S. savings bond) to help educate the young about how to reach savings goals.

THE WHITE HOUSE

WASHINGTON

November 6, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN 

SUBJECT: State of the Union -- Climate Change Ideas

Last year's State of the Union included a substantial section (16 lines) on climate change. Our specific announcement was your five-year, \$6 billion program of tax cuts and R&D to spur energy efficiency and the development of renewable energy. This year's environmental section of the speech should, of course, include climate change. Below are three specific deliverables that could be included in the speech.

Getting Energy Efficient Products into Our Homes. While R&D into new energy saving technologies is extremely important, economists also recognize that we could achieve enormous reductions of greenhouse gases if consumers took advantage of the energy saving products already in the marketplace. You could announce a new initiative to help move a designated list of several major Energy Star products (e.g., refrigerators, washing machines, air conditioners, furnaces) off the shelves and into consumers' homes. The initiative would consist of the following elements: (1) a partnership with major manufacturers to launch a campaign to inform consumers about the financial and environmental benefits of retiring older appliances early and replacing them with new, energy efficient models. (The retired products would be recycled, producing further energy savings.) DOE has been engaged in discussions with GE, Whirlpool, Maytag, Amana and White Consolidated, who are all prepared to participate; (2) rebates from the manufacturers and/or electric utilities; (3) federal financial incentives, which could take the form of tax incentives or rebates. Rough estimates suggest that for a cost of around \$1 billion annually, the federal government could provide an incentive equal to around 10% of the purchase price of selected Energy Star equipment. This program could save millions of tons of carbon emissions annually and save consumers hundreds of dollars a year on their energy bills.

Bioenergy -- Growing an Alternative to Fossil Fuels. Biomass represents a major potential resource for our energy future. It can be used to make fuel, burned directly to produce electricity, and used for the production of chemicals. By growing products like switch grass on idle cropland and putting agricultural and wood waste to good use, some experts predict we could eventually produce energy equivalent to more than half of our current annual crude oil imports. You could launch a partnership with farmers, the forest products industry, power companies, chemical companies and others to develop a clean, biomass-based energy industry. Such an initiative would not only be good energy policy, but would give farmers something to like about dealing with climate change. Senators Lugar and Harkin, among others, are very interested in biomass. DOE and USDA are already making substantial investments in bioenergy. We can do

this initiative with funding that fits within the total available for the second year of the five-year Climate Change Technology Initiative you announced last year.

Financing of Clean Energy Projects. The CEQ State of the Union memo includes an idea for a revolving fund to finance state and local infrastructure projects to reduce air pollution or greenhouse gases. The idea would be to fund projects achieving early reductions that wouldn't otherwise be made. For a full discussion of this idea, see the CEQ memo.

November 6, 1998

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: NEAL LANE

SUBJECT: Themes and Initiatives for the January 1999 State of the Union Address

Purpose

This memorandum makes recommendations for themes that underscore your vision for the 21st century and related initiatives to include in the 1999 State of the Union Address. The emphasis is on science, technology, and education.

Background

The 1999 State of the Union address provides an opportunity to amplify two themes that are integral to your commitment to strengthen our nation for the 21st century: **education and exploration**. You have been consistent and eloquent about your commitment to investing in America's future, including your recent statement that "we have to make the investments and decisions that we know will produce growth over the long run for the American economy. Whether it's in education, or science and technology, we have to do the things that send the signal that we understand how the world economy works and we intend to do well in it." Continued American leadership in the world and a better quality of life for all Americans depend on our enduring commitment to science, to technology, to learning, and to research.

RECOMMENDATION

That you approve the following themes and initiatives for use in the 1999 State of the Union Address:

1. **Theme: Education**

Amplify the bold agenda announced in your 1998 address. Commit to:

A. An expanded **Education Research Initiative** that will provide all citizens the math and science skills they need for full participation in an increasingly "knowledge-based" social and economic system. The National Science Foundation, the Department of Education, the National Institute of Child Health and Human Development, and the Domestic Policy Council are supportive of this initiative, which will fund an enhanced research effort to help determine the

most effective methods for teaching and learning based on the current state of knowledge and technological development.

B. An **Information Technology (IT) Workforce Initiative** to address the shortage of IT industry workers. Leaders in industry, academia, and government currently decry their inability to recruit qualified workers needed to undertake highly-skilled jobs from the assembly line to high-powered computations required to design new drugs. This initiative will establish partnerships among school boards, community colleges, universities, and corporate America to ensure this problem does not constrain the economic productivity growth we can expect as information technology pervades the economy.

C. A **Math and Science Teachers Initiative** to address the impending shortage of math and science teachers. Qualified teachers are increasingly hard to find as we move toward a requirement of 2,000,000 K-12 teachers. This initiative will emphasize enhanced teacher training and partnerships between school boards and local industries to ensure sufficient numbers of teachers trained (and retained) in math and science teaching.

2. **Theme: Exploration**

Amplify on the "gift to the millennium" you made in your 1998 address -- the 21st Century Research Fund for pathbreaking scientific inquiry. Commit to:

A. A **"Millennium Research Fund"** that ensures substantial, stable support for a balanced portfolio of civilian and university-based research, including DOD 6.1 and 6.2. Budgetary initiatives in a variety of areas, e.g., biomedical research, food safety, genome research, critical infrastructure protection, bioterrorism, biodiversity, clean water, clean energy, and climate change research could be used to amplify the exploration theme.

B. An **Information Technology Research Initiative** that includes a substantial increase in the budget for information technology, as recommended by your Information Technology Advisory Committee. This includes research to produce the next generation of information technology and computer scientists and engineers. It also includes the use of world-class information technology to advance research in all fields of science and engineering. IT is key to good jobs and a strong economy (it generated one-third of all economic growth between 1995 and 1997), key to good health (including telemedicine), key to security (to counter-terrorism and weapons systems), and key to environmental quality (for monitoring to modeling).

C. Remaining resolute in our work with our international partners (including Russia) to make a success of the **International Space Station**. John Glenn's mission has reinvigorated Americans' interest in space exploration, and we should capitalize on their enthusiasm to build Congressional support.

____ Approve ____ Disapprove ____ Approve as Amended ____ No Action

November 5, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Gene Sperling
Elena Kagan
Sally Katzen

SUBJECT: State of the Union/Budget Ideas

This memorandum provides a brief description of new ideas we are considering for the State of the Union. Some work has been done on fleshing them out, but many need additional work and further vetting through the interagency process. Most of these ideas involve increased spending, and you will have to make choices among them and/or scale them back as you consider the FY 2000 budget. Although our offices have worked together on many, if not most, of the ideas in this memo, we have noted, where possible, which of our offices has the lead role with respect to each proposal. Options relating to Social Security are not included in this memo.

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period of time. The cost of the program, which would be administered through the Unemployment Insurance System, varies according to the selected eligibility criteria. If we choose, for example, to give \$200 per week for four weeks to new parents with median income (about \$37,000) or below, the cost will be about \$875 million for FY 2000 (including start-up and administrative expenses). (DPC)

5. FMLA Expansion to Businesses with 25 Workers (old but unarticulated policy). Under current law, workers are eligible for FMLA coverage only if they work at a business with *50 or more* employees and if they have worked at least twelve months and 1,250 hours for the employer. In your last State of the Union, you called for covering more workers under the FMLA, but did not fully articulate how you would do so. We could now advance a specific proposal to lower the FMLA threshold to 25 or more workers, which would expand coverage for up to ten million more American workers. (DPC/NEC)

6. Parent Education and Support Fund. We are considering proposals to create a competitive grant program administered by HHS to fund parent education and support programs, including home visitation programs and "second chance maternity homes" to support teen mothers and teach parenting skills. This fund could cost about \$500 million over five years. (DPC)

7. Adoption Registry. We are working on plans to create an Internet-based adoption registry of foster care children waiting to be adopted, so that prospective adoptive parents can learn about these waiting children. Funding this registry would require very small increase in HHS's Adoption Opportunities Grant Program. (DPC)

COMMUNITY EMPOWERMENT (DPC/NEC for all)

1. CDFI Tax Credit. We are looking at a proposal to extend tax incentives to encourage investment in CDFIs, which would leverage additional private investment in distressed areas and stimulate the economic revitalization of those areas. Under the proposal, \$100 million in non-refundable tax credits would be made available to the CDFI Fund to allocate among equity investors in qualified CDFIs using a competitive process.

2. Microcredit Initiative. We are working to identify means to increase support for microenterprise finance, both domestically and internationally. We are examining whether to build on Senators Kennedy's and Domenici's PRIME legislation which would provide technical assistance to microenterprise. We are also looking at increased funding for CDFI initiatives specifically targeted to microenterprise, and CRA and other regulatory reform designed to enhance bank lending to microenterprise funds. On the international side, we are looking at whether we can increase microenterprise funding through USAID or MDBs, especially to countries hardest hit by the financial crisis.

3. Clean Water, Parks, and Communities Bonds. We are examining three proposals to encourage "green" infrastructure projects. The first model uses the same financing mechanism as

your school construction proposal for a menu of projects: protecting and improving water quality; cleanup of contaminated sediments; waterfront reclamation and revitalization; stormwater runoff control; purchasing of green spaces to prevent sprawl; park enhancements and revitalization, and brownfields cleanup. The second model, which provides a smaller incentive than the first model, would create new tax-exempt bond authority for these state and local areas to invest in clean water, parks, and communities. The advantage of this model is that it builds on the current system of bond finance. The final model would allocate tax credits (like the Low-Income Housing Tax Credit) to states and local areas to provide to the developers of these green infrastructure projects.

4. Employment Tax Credits. The Work Opportunity Tax Credit and the Welfare-To-Work Tax Credit encourage employers to hire and retain members of certain economically disadvantaged targeted groups. Both credits will expire on June 30, 1999. Under this proposal the two credits would be made permanent.

5. Re-Develop 10,000 Abandoned Buildings. Abandoned buildings are a symbol of urban blight, and an action plan to turn this around will be a powerful signal of change. We are examining different proposals to help re-develop 10,000 abandoned buildings, combining several existing programs or providing grants or tax incentives to spur private-sector redevelopment of these sites.

6. Low-Income Housing Tax Credit and Regional Affordable Housing Initiative. Last year, you proposed a 40-percent expansion of the Low-Income Housing Tax Credit to spur the private sector to develop more affordable rental housing for low-income Americans. We recommend that you again ask Congress to take this action, which would restore the value of the credit to its 1986 level and help develop an additional 150,000-180,000 affordable housing units over the next five years. This proposal would cost \$1.6 billion over five years. At the same time, you could propose a Regional Affordable Housing Initiative to increase the availability of affordable housing in areas with high growth in low-skilled jobs and inadequate supplies of housing for low-income workers. This proposal could be funded through HUD's HOME program and would cost \$125 million over five years.

7. Homeownership Tax Credit. We are examining two kinds of tax credits to promote homeownership among lower-income families, who generally do not benefit from the mortgage interest deduction. The first proposal would use the model of the Low-Income Housing Tax Credit to create a Low-Income Homeownership Tax Credit. Under this proposal, low-income families would receive a low- or zero-interest second mortgage, which would reduce their upfront costs (e.g., downpayment and closing costs) and investors would receive tax credits in return. The second proposal is a \$5,000 tax credit for first-time homebuyers in Empowerment Zones or Enterprise Communities.

8. Housing for the Elderly Initiative. This proposal is designed to improve housing for elderly people and thereby provide an alternative to nursing home care. In addition to providing capital to improve and modify such housing to meet the needs of elderly residents, the initiative would provide housing vouchers for low income elderly who live in housing developed through the Low-Income

Housing Tax Credit. Because the tax credit helps subsidize rent, this proposal would allow us to leverage our resources and provide more vouchers to the poor elderly.

9. Incremental Tenant-based Section 8 Vouchers. To build on our success in this past year's budget, we recommend seeking an additional 50,000 welfare-to-work housing vouchers and another 25,000 vouchers to meet the needs of the homeless, including elderly homeless and homeless veterans.

10. Homelessness. We are working on a three-part proposal that would: (1) assist the approximately 250,000 homeless veterans by increasing residential alternatives, community-based contracted care, job preparation activities, stand down activities (community-sponsored events that conduct one-stop service delivery programs for homeless veterans), the distribution of clothing, and long-term housing; (2) allow VA to sell surplus property with 10 percent of proceeds going to homeless veterans; and (3) start a demonstration project targeted to the chronically homeless to test the most promising models for moving the chronically homeless to self-sufficiency using a combination of permanent housing and links to mainstream services. Cost: \$105 million -- \$60 million for VA and \$45 million for HUD demonstration project.

RURAL/AGRICULTURE (NEC/DPC as specified)

1. Strengthening the Safety Net. To help farmers suffering from the depressed export markets and natural disasters, we are considering various reforms of the crop insurance program and closing gaps in the emergency loan program. We are paying special attention to programs that will help small family farms. (NEC)

2. Bringing the knowledge of land grant colleges to every rural American: The USDA spends \$1.6 billion on agricultural research, much of it at America's land grant colleges and universities. The government could provide grants to ensure that this information is available on the Internet and is well-organized --so that all rural Americans can easily access information on topics such as crops, livestock, rural development, natural resource conservation, and food safety. (NEC)

3. Emergency Medical Services in Rural Areas. The presence of viable emergency systems is critical for residents in rural areas, because of the high rates of injury associated with jobs in these areas and the long distances to health providers. This proposal, costing about \$50 million, would provide funds to States and local communities to improve access to 911 services or alternative emergency systems. It also would fund programs to help rural communities train local citizens in CPR and first responder techniques and to recruit and retain emergency personnel. (DPC)

TECHNOLOGY (NEC)

1. Curbscuts on the Information Highway. We are looking at several options that would make information technology usable by people with disabilities in a manner that improves their lives: (1) investing in R&D (e.g., text-to-speech, automatic captioning, speech recognition); (2) giving

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History

Divider Title: _____

Annual Messages of the Presidents: Major Themes of American History

by ARTHUR M. SCHLESINGER, JR.

He shall from time to time give to the Congress Information of the State of the Union, and recommend to their Consideration such Measures as he shall judge necessary and expedient . . .

The Constitution of the United States
Article II, Section 3

The provision enjoining the President to inform the Congress regarding the state of the American Union and to submit programs and policies to congressional consideration evidently struck the Constitutional Convention as entirely obvious and sensible. It provoked no recorded debate; as Hamilton wrote later in the 77th Federalist, "No objection has been made to this class of authorities; nor could they possibly admit of any." Yet these innocuous phrases conferred on the American President what has become, after vicissitudes, a basic tool in his management of Congress and a potent instrument of national leadership.

1

The Annual Message, as it was called through most of American history, or the State of the Union Message, as it has been known since 1945, owed its origin to the first President of the republic. Washington, indeed, had even directed his First Inaugural Address to his "Fellow-Citizens of the Senate and the House of Representatives" (all subsequent inaugural addresses were directed to the nation as a whole); and he followed this by the practice of appearing personally each year before the Congress and offering his account of national problems and prospects. The Houses of Congress made formal responses to the President, and each such response in due course received formal presidential acknowledgment.

This ritual derived from the British practice of opening Parlia-

147 10
SECTION
ON HISTORY

ment with "a speech from the throne"—a precedent which did not escape the notice of the zealously Republican party of Jefferson and Madison. When the Republicans won the Presidency after twelve years, Jefferson, coming to office in 1801, resolved to suppress what he considered a quasi-monarchical ceremony; he planned, as he liked to say, to "put the ship of state on its republican tack." The shift of the seat of government from Philadelphia to Washington seemed to provide a pretext, even if John Adams had been able to negotiate the muddy passage from the White House to the Capitol to deliver his Fourth Message in 1800. In any case, Jefferson a year later notified the President of the Senate, "The circumstances under which we find ourselves at this place rendering inconvenient the mode heretofore practiced of making, by personal address, the first communications between the legislative and executive branches, I have adopted that by message." In doing this, Jefferson explained, he had principal regard "to the convenience of the Legislature, to the economy of their time, to their relief from the embarrassment of immediate answers, on subjects not yet fully before them, and to the benefits thence resulting to the public affairs." He added other explanations privately. "By sending a message, instead of making a speech at the opening of the session," he told one friend, "I have prevented the bloody conflict which the making an answer would have committed them. They consequently were able to set into real business at once." Above all, he confided to another, his "great anxiety" was "to avail ourselves of our ascendancy to establish good principles and good practices; to fortify republicanism behind as many barriers as possible, that the outworks may give time to rally and save the citadel."

One inevitable effect of Jefferson's repudiation of Washington's precedent was to change the character of the Annual Message—and to set in motion its decay as a literary form. Under the first two Presidents the Message had been shaped and disciplined by the necessities of personal delivery. Though neither Washington nor Adams had pretensions as orators, their addresses nonetheless were composed with some care, were relatively coherent in structure and agreeably brief in text, and reflected and conveyed the presidential personalities. At the same time, they set the canon, passing on to future Presidents a set of standard genuflections: pious expressions of "profound gratitude to the Author of all Good for the numerous and extraordinary blessings we enjoy"; self-congratulatory statements about the national condition—"Is it too much to say that our country exhibits a spectacle of national happiness never surpassed, if ever equaled?"; and a methodical review of outstanding national issues. The next Presidents kept up the standards of the Messages for a while: Jefferson through literary grace and philo-

political campaigns, for a national divorce law and for capital punishment for rape; Taft's interest in giving cabinet members seats in each house of Congress and roles in congressional debates.

2

The day after Wilson's election in 1912 Oliver Newman, the chief editorial writer for the *Washington Times*, suggested to him that he restore the practice of the early republic and deliver his Annual Messages in person. Wilson at first rejected this idea; he feared it was too radical and would shock the Congress. Yet it was a logical development of his own philosophy of presidential leadership and, on reflection, he changed his mind. "Today I break another precedent by reading my message to Congress in person," he wrote a friend on April 8, 1913. "The town is agog about it. It seems I have been smashing precedents almost daily ever since I got here, chiefly no doubt because I did not know how it had been the custom to do and was not particularly careful to inquire, and proceeded to do it in the most simple and natural way—which is always and everywhere contrary to precedent. The President has not addressed Congress in person since John Adams's day—and yet what [could be] more natural and dignified? And a President is likely to read his own message rather better than a clerk would."

The announcement of this intention produced an excited senatorial reaction. "I am sorry to see revived the old Federalistic custom of speeches from the throne," said Senator John Sharp Williams of Mississippi. ". . . I regret this cheap and tawdry imitation of English royalty." Rather than risk debate over a resolution of unanimous consent for a joint session to hear the address, the Vice President quickly pronounced it a question of "high privilege on which unanimous consent was not required." When Wilson arrived in the Capitol, the atmosphere was tense. "Members of Congress," one cabinet member later wrote, "appeared to be a trifle nervous . . . Some . . . had a sullen look." Wilson began calmly:

I am very glad indeed to have this opportunity to address the two Houses directly and to verify for myself the impression that the President of the United States is a person, not a mere department of the Government hailing Congress from some isolated island of jealous power, sending messages, not speaking naturally and with his own voice—that he is a human being trying to cooperate with other human beings in a common service. After this pleasant experience I shall feel quite normal in all our dealings with one another.

in the presidential management of Congress, they tended to employ the rhetoric of consensus, seeking to minimize differences, to mollify opposition and to court support. Abrasive issues were often swathed and submerged; thus one will look in vain in Monroe's Message of 1819 for mention of the question which would dominate that session of Congress and result in the Missouri Compromise, any more than one can find in Eisenhower's Messages any clear statement of his administration's policy of massive nuclear retaliation.

Yet, though sometimes in a muted and fitful way, major themes of American history nevertheless emerge in these texts: the security of the republic; the internal development of the continent; the place of ethnic minorities; the evolution of presidential power; and the significance of the experiment in democratic government.

3

National security. The preservation of national independence was the first necessity. The new republic wished to live at peace; but "if we desire to secure peace," as Washington put it, ". . . it must be known that we are at all times ready for war." The American people, he warned, could not "indulge a persuasion that, contrary to the order of human events, they will forever keep at a distance those painful appeals to arms with which the history of every other nation abounds." Peace thus required a strong navy and a strong militia: "The safety of the United States under divine protection ought to rest on the basis of systematic and solid arrangements, exposed as little as possible to the hazards of fortuitous circumstances." Nor could "such arrangements, with such objects, be exposed to the censure or jealousy of the warmest friends of republic government"; there was no incompatibility between defense and democracy. The pacific Jefferson soon agreed; writing in his First Message about Tripoli's requisitions on American commerce, he laconically said, "The style of the demand admitted but one answer. I sent a small squadron of frigates into the Mediterranean. . . ."

Peace also required a purposeful foreign policy. Safety lay in keeping out of power conflicts abroad. Like new states of Asia and Africa struggling for survival two centuries later, the young American republic committed itself to the course of neutralism. "The connection of the United States with Europe has become extremely interesting," said Washington in a moment of understatement in his Fifth Message; and his successors found themselves involved in harsh struggles to preserve American nonalignment at a time when the Western world was split into warring blocs. "We have seen with sincere concern," said Jefferson in his Third Message, "the flames of war lighted up again in Europe,

tion of San Domingo (which Grant wanted as a home for the ex-slaves "where their civil rights would not be disputed").

But there were voices of caution. "Maintaining as I do," said Cleveland in his First Message, "the tenets of a line of precedents from Washington's day, which proscribe entangling alliances with foreign states, I do not favor a policy of acquisition of new and distant territory or the incorporation of remote interests with our own" or, indeed, even the assertion of national interest "outside of our own territory, when coupled with absolute and unlimited engagements to defend the territorial integrity of the state where such interests lie."

Yet the world swept on. In 1899 McKinley justified the annexation of the Philippines ("They are ours by every title of law and equity. They cannot be abandoned. If we desert them we leave them at once to anarchy and finally to barbarism"). Soon Theodore Roosevelt was explaining that "wars with barbarous or semi-barbarous peoples come in a different category [from wars between civilized powers], being merely a most regrettable but necessary international police duty which must be performed for the sake of the welfare of mankind." Recent events, Roosevelt declared, had "definitely decided that, for woe or for weal, our place must be great among the nations. We may either fail greatly or succeed greatly; but we cannot avoid the endeavor from which either great failure or great success must come."

The old isolationism thus gave way, in the first instance, to the new imperialism. "The diplomacy of the present administration," said Taft in his Fourth Message, ". . . is an effort frankly directed to the increase of American trade upon the axiomatic principle that the Government of the United States shall extend all proper support to every legitimate and beneficial American enterprise abroad." But the old isolationism was also beginning to be challenged by the new internationalism. The First World War led Wilson to his crusade for "a peace secure against the violence of irresponsible monarchs and ambitious military coteries and made ready for a new order, for new foundations of justice and fair dealing." "No policy of isolation," he said in his 1919 Message, "will satisfy the growing needs and opportunities of America. . . . The recent war has ended our isolation and thrown upon us a great duty and responsibility."

The debate nevertheless continued. "Our country," Coolidge announced in his First Message, "has one cardinal principle to maintain in its foreign policy. . . . We attend to our own affairs." But would this be enough? In a prescient Message thirteen years later Franklin Roosevelt begged "the people of the Americas" to "take cognizance of growing ill will, of marked trends toward aggression of increasing armaments, of shortening tempers—a situation which has in it many of the elements that lead to the tragedy of general war." What he then

National growth required the settlement of the public lands and the development of internal communications; it required the encouragement of manufactures; it required the promotion of education; and for all such purposes it seemed to require an active national government. One is particularly impressed by the immediate recognition by Presidents of the need for government support for the educational system. Thus Washington called for the "promotion of science and literature" and the establishment of a national university. Jefferson, Madison and John Quincy Adams repeated this recommendation. After the Civil War, Grant, pointing out that an ignorant electorate would inevitably be governed "by the demagogue or by priestcraft," declared, "The education of the masses becomes of the first necessity for the preservation of our institutions." In this spirit Hayes asked Congress for programs which would supplement "with national aid the local systems of education . . . in all the States"—a proposal renewed by Arthur and Benjamin Harrison. It was only in the 20th century in one of those curious moments of constitutional regression, that aid for education seemed for a season an improper policy for the general government.

This spacious view of the role of government received its classic statement from John Quincy Adams in his First Message. "The great object of the institution of civil government," Adams wrote

is the improvement of the condition of those who are parties to the social compact, and no government, in whatever form constituted, can accomplish the lawful ends of its institution but in proportion as it improves the condition of those over whom it is established. . . . For the fulfillment of those duties governments are invested with power, and to the attainment of the end—the progressive improvement of the condition of the governed—the exercise of delegated powers is a duty as sacred and indispensable as the usurpation of powers not granted is criminal and odious.

The conception of affirmative national action commanded increasing support, even among those who had begun as opponents of a strong central government. Though Jefferson had said in his First Message, "Agriculture, manufactures, commerce, and navigation, the four pillars of our prosperity, are then most thriving when left most free to individual enterprise," he had quickly added, "Protection from casual embarrassments, however, may sometimes be seasonably interposed." By his Sixth Message he was urging that the budgetary surplus be applied "to the great purposes of the public education, roads, rivers, canals and such other objects of public improvement as it may be thought proper

of corporate authorities," and in 1840 the rise of "a concentrated money power." Polk, another faithful Jacksonian, rejected the American System in 1848 as a program "to advance the interests of large capitalists and monopolists at the expense of the great mass of the people . . . [tending] to build up an aristocracy of wealth, to control the masses of society, and monopolize the political power of the country. . . . Its effect was 'to make the rich richer and the poor poorer.' . . . It was an organized money power, which resisted the popular will and sought to shape and control the public policy."

Andrew Johnson, still another old Jacksonian, resuscitated the theme after the Civil War: "Monopolies, perpetuities and class legislation are contrary to the genius of free government." By 1888 Cleveland was talking in agitated language about "the existence of trusts, combinations, and monopolies, while the citizen is struggling far in the rear or is trampled to death beneath an iron heel. Corporations, which should be the carefully restrained creatures of the law and the servants of the people, are fast becoming the people's masters." He turned a familiar epithet to unfamiliar use:

Communism is a hateful thing and a menace to peace and organized government; but the communism of combined wealth and capital, the outgrowth of overweening cupidity and selfishness, which insidiously undermines the justice and integrity of free institutions, is not less dangerous than the communism of oppressed poverty and toil, which, exasperated by injustice and discontent, attacks with wild disorder the citadel of rule.

Yet, like the old Jeffersonians and Jacksonians, Cleveland was caught in the dilemma between his social fears and his constitutional scruples. Ideology blocked him from acting against the situation he perceived with such vividness. "It is quite doubtful," he said in his final Message in 1896, "whether the evils of trusts and monopolies can be adequately treated through Federal action." He stuck to the same view of the limited federal role through the hard times of the Eighties and Nineties, brusquely dismissing the notion "that the General Government is the fountain of individual and private aid; that it may be expected to relieve with paternal care the distress of citizens and communities, and that from the fullness of its Treasury it should, upon the slightest possible pretext of promoting the general good, apply public funds to the benefit of localities and individuals." So too McKinley in his Third Message reinforced Adam Smith by Charles Darwin: "The doctrine of evolution and the rule of the survival of the fittest are as inexorable in their operation as they are positive in the results they bring about."

past. "In my opinion," said Coolidge in 1924, "the Government can do more to remedy the economic ills of the people by a system of rigid economy in public expenditure than can be accomplished through any other action." Confronted by the worst depression in the nation's history, Hoover in 1930 issued a declaration of governmental impotence: "Economic depression cannot be cured by legislative action or executive pronouncement. Economic wounds must be healed by the action of the cells of the economic body—the producers and consumers themselves." But Franklin Roosevelt, carrying forward the New Nationalism of Theodore Roosevelt and the New Freedom of Wilson, held out in his First Message the prospect of building "on the ruins of the past a new structure designed better to meet the present problems of modern civilization." In his next to last Message in 1944, reflecting on the inalienable political rights of the American people, "our rights to life and liberty," he said:

As our Nation has grown in size and stature . . . —as our industrial economy expanded—these political rights have proved inadequate to assure us equality in the pursuit of happiness.

We have come to a clear realization of the fact that true individual freedom cannot exist without economic security and independence. 'Necessitous men are not free men.'

He then set forth an "economic bill of rights," thereby preparing a great part of the agenda for Truman's Fair Deal, Kennedy's New Frontier and Johnson's Great Society.

To the economic bill of rights Kennedy added a new concern with "the quality of American life"—"This country cannot afford to be materially rich and spiritually desperately poor"—and restated the national interest declared by Washington and Jefferson in the promotions of the arts and sciences. "The Great Society," said Johnson in his Second Message, "asks not only how much, but how good; not only how to create wealth, but how to use it; not only how fast we are going but where we are headed. It proposes as the first test for a nation: the quality of its people." And so the National Government continued in a changing world to discharge its responsibility to what John Quincy Adams had described as its "great object"—"the progressive improvement of the condition of the governed."

The place of ethnic minorities. The Constitution was written, in the main, by a group of white Anglo-Saxon Protestants. But it was

the Indians. "Professing a desire to civilize and settle them," as Jackson said, "we have at the same time lost no opportunity to purchase their lands and thrust them farther into the wilderness. By this means they have not only been kept in a wandering state, but been led to look upon us as unjust and indifferent to their fate. Thus, though lavish in its expenditures upon the subject, Government has constantly defeated its own policy." They were a "much-injured race." "One by one have many powerful tribes disappeared from the earth. . . . The fate of the Mohegan, the Narragansett, and the Delaware is fast overtaking the Choctaw, the Cherokee and the Creek." Yet Jackson, a son of the frontier, was philosophical about this prospect: "True philanthropy reconciles the mind to these vicissitudes as it does to the extinction of one generation to make room for another." Their only hope for survival, as he saw it, was to set apart territory west of the Mississippi, "to be guaranteed to the Indian tribes" under "governments of their own choice," and "to send them to a land where their existence may be prolonged and perhaps made perpetual."

And so, as the white man moved inexorably to the west, he drove the Indians before him. "From the foundation of the Government to the present," said Grant forty years after Jackson, "the management of the original inhabitants of this continent—the Indians—has been a subject of embarrassment and expense, and has been attended with continuous robberies, murders and wars." The white man was partly at fault; "the past, however, cannot be undone, and the question must be met as we now find it." In 1877 Hayes strengthened the indictment of the whites:

Many, if not most, of our Indian wars have had their origin in broken promises and acts of injustice upon our part, and the advance of the Indians in civilization has been slow because the treatment they received did not permit it to be faster and more general. We cannot expect them to improve and to follow our guidance unless we keep faith with them in respecting the rights they possess. . . . We owe it to them as a moral duty to help them in attaining at least that degree of civilization which they may be able to reach.

To this day the debt remains unredeemed.

The Constitution, while avoiding all mention of Negro slavery, tacitly acquiesced in its existence where sanctioned by state law. It did, however, require the abolition of the slave trade by 1808, withdrawing, as Jefferson said in his Sixth Message, American citizens "from all further participation in those violations of human rights which have been so long continued on the unoffending inhabitants of Africa, and which

Wherever they have been left to their own devices they have shown a constant tendency to relapse into barbarism."

Johnson was unquestionably speaking the mood of the white South. By 1874 Grant noted "decided indications" of a "determination, by acts of violence and intimidation, to deprive citizens of the freedom of the ballot." Without federal intervention, he said, "the whole scheme of colored enfranchisement is worse than a mockery and little better than a crime." He appealed to the South: "Treat the negro as a citizen and a voter, as he is and must remain, and soon parties will be divided, not on the color line, but on principle." Two years later, Hayes, announcing the end of military occupation, urged southern whites to respect "the civil and political rights of the colored people." But only a year after he was obliged to say that, in certain southern states, "the records of the elections seem to compel the conclusion that the rights of the colored voters have been overridden and their participation in the elections not permitted to be either general or free." It was the executive duty, Hayes went on, "to inquire into and punish violations" of the law: "It is the right of every citizen possessing the qualifications prescribed by law to cast one unintimidated ballot and to have his ballot honestly counted." In another year he called for "a more general and complete establishment, at whatever cost, of universal security and freedom in the exercise of the elective franchise" so that "all over our wide territory the name and character of citizen of the United States shall mean one and the same thing." In his Fourth Message Hayes once again condemned the southern states for their success "in defeating the exercise of the right preservative of all rights—the right of suffrage—which the Constitution expressly confers upon our enfranchised citizens."

But the question was receding from the national conscience and consciousness. Arthur hardly mentioned it; Cleveland ignored it; and it was not till a decade after Hayes when Benjamin Harrison reopened the issue with striking moral fervor.

The colored people did not intrude themselves upon us. They were brought here in chains and held in the communities where they are now chiefly found by a cruel slave code. Happily for both races, they are now free. They have from a standpoint of ignorance and poverty—which was our shame, not theirs—made remarkable advances in education and in the acquisition of property. . . .

But notwithstanding all this, in many parts of our country where the colored population is large the people of that race are by various devices deprived of any effective exercise of their political rights and of many of their civil

must abolish not some but all racial discrimination. For this is not merely an economic issue—or a social, political, or international issue. It is a moral issue."

If Indians and Negroes were people of a different color, the course of immigration in the 19th century, bringing in members of white ethnic minorities created another range of problems. "Shall oppressed humanity find no asylum on this globe?" Jefferson had asked in his First Message in recommending a shortening of the time required for naturalization. As the rate of entry increased, Polk could say proudly in his Third Message in 1847:

Numerous emigrants, of every lineage and language, attracted by the civil and religious freedom we enjoy and by our happy condition, annually crowd to our shores, and transfer their heart, not less than their allegiance, to the country whose dominion belong alone to the people.

"I regard our immigrants" said Lincoln, urging new measures for the "encouragement" of immigration in his last Message, "as one of the principal replenishing streams which are appointed by Providence to repair the ravages of internal war and its wastes of national strength and health."

But the national mood was beginning to change. The first casualties were the Chinese streaming into the Pacific states. In 1874 Grant asked for legislation against the import of Chinese contract labor. In his Third Message Benjamin Harrison, noting the rush of Russian Jews into the United States because of anti-Semitism in their homeland, observed, "The sudden transfer of such a multitude under conditions that tend to strip them of their small accumulations and to depress their energies and courage is neither good for them nor for us." A year later he suggested that "admission to our country and to the high privilege of its citizenship should be more restricted and more careful"; we have a duty "not only to keep out the vicious, the ignorant, the civil disturber, the pauper, and the contract laborer, but to check the too great flow of immigration now coming by further limitations." Theodore Roosevelt proposed educational and economic tests as well as the absolute exclusion of anarchists: "We cannot have too much immigration of the right kind, and we should have none at all of the wrong kind." (He added, however, "Let us remember that the question of being a good American has nothing whatever to do with a man's birthplace any more than it has to do with his creed," and he wanted to change the Chinese exclusion laws to "admit all Chinese, except Chinese of the coolie class.")

Wilson stood against the campaign for restriction. But by the

Twenties the struggle appeared lost. Harding called for alien registration, and Coolidge in his First Message crisply summed up the post-war attitude: "New arrivals should be limited to our capacity to absorb them into the ranks of good citizenship. America must be kept American." It took the Second World War to bring back the views of Jefferson and Lincoln. "Our democratic ideals," said Truman in his Fifth Message, "as well as our own best interests, require that we do our fair share in providing homes for the unfortunate victims of war and tyranny." Eisenhower and Kennedy moved steadily to reaffirm the earlier traditions of the republic—the policy defined by Lyndon Johnson in his Second Message as "an immigration law based on the work a man can do and not where he was born or how he spells his name."

6

The evolution of presidential power. The Annual Message, as an appointed medium of communication from President to Congress, became both an instrument and an index of presidential leadership. When Jefferson ended the practice of personal delivery of the Message, he was making a symbolic demonstration of his party's distrust of a strong executive. "Nothing shall be wanting on my part," he assured Congress in his own First Message, "to inform as far as in my power the legislative judgment, nor to carry that judgment into faithful execution." This deferential language actually concealed an astute executive purpose, but Jefferson's Virginia successors soon subsided into a more passive conception of the presidential responsibility.

Then with Jackson the Presidency suddenly acquired new vigor; and the Jacksonian theory of the Presidency as the tribune of the people received its ablest contemporary vindication by Polk in his last Message. Defending the most conspicuous form of Executive aggression against the congressional will—the veto power—Polk wrote:

If at any time Congress shall, after apparently full deliberation, resolve on measures which he deems subversive of the Constitution or of the vital interests of the country, it is his solemn duty to stand in the breach and resist them. . . . Any attempt to coerce the President to yield his sanction to measures which he cannot approve would be a violation of the spirit of the Constitution, palpable and flagrant, and if successful would break down the independence of the executive department and make the President, elected by the people and clothed by the Constitution with power to defend their rights, the mere instrument of a majority of Congress.

Polk had no patience for the argument that Congress was more representative of the people than the President. "The President," he replied briskly, "represents in the executive department the whole people of the United States, as each member of the legislative department represents portions of them." Indeed, "the mere passage of a bill by Congress is no conclusive evidence that those who passed it represent the majority of the people of the United States or truly reflect their will."

Such statements could not, of course, settle the issue; and the cold war between the President and the Congress has remained a central (and wholesome) feature of American political history. It only rarely, however, reached the point it did in 1855 when Pierce waited a month for notification from Congress that it was ready to hear from him and, when no signal was forthcoming, sent his Message over anyway. The Presidency reached its nadir a few years later with Buchanan. "Without the authority of Congress," Buchanan said in his Third Message, "the President cannot fire a hostile gun in any case except to repel the attacks of an enemy." "After all," he added the next year, with the country on the verge of civil war, "he is no more than the chief executive officer of the Government. His province is not to make but to execute the laws." And, while he agreed that the southern states had no constitutional right to secede from the Union ("secession is neither more nor less than revolution"), he saw nothing that the President could do about it:

Apart from the execution of the laws, so far as this may be practicable, the Executive has no authority to decide what shall be the relations between the Federal Government and South Carolina. . . . It is therefore my duty to submit to Congress the whole question in all its bearings.

Buchanan's successor, recoiling from this theory of executive and national impotence, returned to the Jacksonian theory of the Presidency. Lincoln, indeed, found in the idea of "the war power," as invoked in his Third Message, an apparently inexhaustible excuse for enlarging the presidential authority. After the war Congress struck back by passing the tenure-of-office act, requiring senatorial consent to the removal of all appointees who had senatorial confirmation—an act of legislative aggression against which Andrew Johnson vainly protested in his Third Message. Accepting the new mood, Grant told the Congress in the midst of the Depression of 1873, "It is the duty of Congress to devise the method of correcting the evils which are acknowledged to exist, and not mine."

The Buchanan-Grant conception of the Presidency could not easily survive the challenges placed on national leadership by the coun-

try's growth into an industrial society and a world power. In the 20th century, Theodore Roosevelt, Wilson and Franklin Roosevelt resumed the path of Jackson and Lincoln. Truman, admonishing his successor in his last Message, summed up this evolution:

The President-elect is about to take up the greatest burdens, the most compelling responsibilities, given to any man. . . .

What are these tasks? The President is Chief of State, elected representative of all the people. He is Commander in Chief of our Armed Forces. He is charged with the conduct of our foreign relations. He is Chief Executive of the Nation's largest civilian organization. He must select and nominate all top officials of the executive branch and all Federal judges. And, on the legislative side, he has the obligation and the opportunity to recommend and to approve or veto legislation. Besides all this, it is to him that a great political party turns naturally for leadership, and that, too, he must provide as President.

This bundle of burdens is unique; there is nothing like it on the face of the earth.

Eisenhower, more attracted by the Buchanan-Grant thesis, responded in his own last Message: "Earnest and persistent attempts have been made to strengthen the position of State and local governments and thereby to stop the dangerous drift toward centralization of governmental power in Washington." His successors, however, restored the presidential tradition of Jackson and Lincoln.

Though the Message remained formally an epistle from the President to Congress, it was a communication which the rest of the nation was bound to overhear, and this, of course, was one of its points. Washington in his Second Message thus stressed the proposition that the Chief Executive must give "the fullest evidence of a disposition as far as may be practicable to consult the wishes of every part of the community and to lay the foundations of the public administration in the affections of the people." To do this, as Monroe argued thirty years later,

the people being with us exclusively the sovereign, it is indispensable that full information be laid before them on all important subjects, to enable them to exercise that high power with complete effect. If kept in the dark, they must be incompetent to it. We are all liable to error, and those who are engaged in the management of public affairs are more subject to excitement and to be led astray by their par-

ticular interests and passions than the great body of our constituents, who, living at home in the pursuit of their ordinary avocations, are calm but deeply interested spectators of events and of the conduct of those who are parties to them. To the people every department of the Government and every individual in each are responsible, and the more full their information the better they can judge of the wisdom of the policy pursued and of the conduct of each in regard to it.

This act of presidential communication was not to be exercised lightly. "In times like the present," said Lincoln in his Second Message, "men should utter nothing for which they would not willingly be responsible through time and in eternity."

Nor, in a democracy, could it be a one-way process. The people through their representatives, their newspapers and their right of petition had to be free to send back their own state-of-the-union messages to the President. Thus Washington, noting that provisions in the postal law might hold up the transmission of newspapers, observed, "A full conviction of the importance of facilitating the circulation of political intelligence and information will, I doubt not, lead to the application of a remedy." In spite of this early presidential concern, it must be conceded, the Bill of Rights as such came in for surprisingly perfunctory attention in Annual Messages until recent times. Some Presidents even seemed to feel that liberty might too easily become license—not only Jackson trying to suppress abolitionist propaganda in the South, but even the great libertarian Jefferson himself. The law, Jefferson said in his Sixth Message, provided for the punishment of crimes against the public peace or authority once they were committed.

But would it not be salutary to give also the means of preventing their commission? Where an enterprise is meditated by private individuals against a foreign nation in amity with the United States, powers of prevention to a certain extent are given by the laws. Would they not be as reasonable and useful where the enterprise preparing is against the United States?

He had in mind, of course, the Burr conspiracy; but he seemed to be calling for the prosecution of thoughts, in advance of overt acts. The next year he returned to the theme: "The framers of our Constitution certainly supposed they had guarded as well their Government against destruction by treason as their citizens against oppression under pre-

tense of it, and if these ends are not attained it is of importance to inquire by what means more effectual they may be secured."

Still another progressive President, Wilson, could in 1919 blame "the widespread condition of political restlessness in our body politic" in part on "the transfusion of radical theories from seething European centers" and "the machinations of passionate and malevolent agitators." Yet, except for wartime, Presidents have been on the whole reluctant to abridge the freedoms of expression and conscience pledged in the First Amendment. And the crusade waged by modern totalitarianism against individual freedom in the 20th century compelled an increasing recognition of the place of the Bill of Rights in the American system. So Franklin Roosevelt made "freedom of speech and expression everywhere in the world" the first of his Four Freedoms. "We must take our stand on the Bill of Rights," said Truman in his last Message. "The inquisition, the star chamber, have no place in a free society." Eisenhower saw the problem differently. "Our national security demands that the investigation of new employees and the evaluation of derogatory information respecting present employees be expedited," he said in his Second Message. ". . . We are dealing here with actions akin to treason." Like Jefferson, he sought "additional legal weapons with which to combat subversion." Kennedy, on the other hand, in his First Message returned to the spirit of the Bill of Rights: "Let it be clear that this Administration recognizes the value of dissent and daring—that we greet healthy controversy as the hallmark of healthy change."

7

The national experiment. "The preservation of the sacred fire of liberty and the destiny of the republican model of government," Washington said in his Inaugural Address, "are justly considered, perhaps, as *deeply*, as *finally* staked on the experiment intrusted to the hands of the American people."

His successors watched the progress of this experiment with anxiety and hope. In his last Message Madison permitted himself to "indulge the proud reflection that the American people have reached in safety and success their fortieth year as an independent nation." This, the Presidents knew, had more than local significance. "Our institutions," said Monroe in his own last Message, "form an important epoch in the history of the civilized world. On their preservation and in their utmost purity everything will depend." "The present year," added Van Buren in 1838, "closes the first half century of our Federal institutions. . . . It was reserved for the American Union to test the advantages of a government entirely dependent on the continual exercise of the popu-

lar will, and our experience has shown that it is as beneficent in practice as it is just in theory." Polk made the point even more strongly in his Third Message:

After an existence of near three-fourths of a century as a free and independent Republic, the problem no longer remains to be solved whether man is capable of self-government. The success of our admirable system is a conclusive refutation of the theories of those in other countries who maintain that a 'favored few' are born to rule and that the mass of mankind must be governed by force.

The successful prosecution of the Mexican War, Polk added in his last Message, "evinces beyond all doubt that a popular representative government is equal to any emergency which is likely to arise in the affairs of a nation." Sixty years after the Constitution, Taylor in his First Message pronounced the United States of America "the most stable and permanent Government on earth."

Stability hardly seemed the most prominent feature of the American polity in the next years. But the nation survived the test of civil war; and Andrew Johnson could say of the American form of government after the three-quarter of a century mark, "Experience has proved its sufficiency in peace and in war; it has vindicated its authority through dangers and afflictions, and sudden and terrible emergencies. . . . The experience of centuries has been crowded into a few generations, and has created an intense, indestructible nationality. . . . The latent conviction that our form of government is the best ever known to the world has enabled us to emerge from civil war within four years with a complete vindication of the constitutional authority of the General Government and with our local liberties and State institutions unimpaired."

"Where in past history," Johnson concluded, "does a parallel exist to the public happiness which is within the reach of the people of the United States?" Still, the quest for national contentment remained elusive. A century after the Constitution, Cleveland expressed gloomy forebodings, reminiscent of nothing so much as Walt Whitman in *Democratic Vistas*. The early years of the republic, Cleveland said, had been marked by the sobriety of "the plain people who, side by side, in friendly competition wrought for the ennoblement and dignity of man, for the solution of the problem of free government, and for the achievement of the grand destiny awaiting the land which God had given them." Now a century had passed.

Our cities are the abiding places of wealth and luxury; our manufactories yield fortunes never dreamed of by the fathers

of the Republic; our business men are madly striving in the race for riches, and immense aggregations of capital outrun the imagination in the magnitude of their undertakings.

We view with pride and satisfaction this bright picture of our country's growth and prosperity, while only a closer scrutiny develops a somber shading. Upon more careful inspection we find the wealth and luxury of our cities mingled with poverty and wretchedness and unremunerative toil. A crowded and constantly increasing urban population suggests the impoverishment of rural sections and discontent with agricultural pursuits. The farmer's son, not satisfied with his father's simple and laborious life, joins the eager chase for easily acquired wealth. . . . The gulf between employers and the employed is constantly widening, the classes are rapidly forming, one comprising the very rich and powerful, while in another are found the toiling poor. . . . The existing situation is injurious to the health of our entire body politic. . . . It appears in the sordid disregard of all but personal interests, in the refusal to abate for the benefit of others one iota of selfish advantage, and in combinations to perpetuate such advantages through efforts to control legislation and improperly influence the suffrages of the people. . . . The beneficent purposes of our Government, dependent upon the patriotism and contentment of our people, are endangered.

Not everyone shared Cleveland's pessimism. "Popular government," said McKinley in his last Message, "has demonstrated in its one hundred and twenty-four years of trial here its stability and security, and its efficiency as the best instrument of national development and the best safeguard to human rights. . . . Education, religion, and morality have kept pace with our advancement in other directions. . . . A nation so preserved and blessed gives reverent thanks to God." But Theodore Roosevelt, less complacent, urged his countrymen to strive for moral betterment.

We have plenty of sins of our own to war against, and under ordinary circumstances we can do more for the general uplifting of humanity by striving with heart and soul to put a stop to civic corruption, to brutal lawlessness and violent race prejudices here at home than by passing resolutions about wrongdoing elsewhere.

The great Presidents of the 20th century agreed much more with Theodore Roosevelt than with McKinley. As Franklin Roosevelt put

it in his Fourth Message, the Depression of 1929 meant something more than the breakdown of the visible economic mechanism. It was a supreme test of the democratic system. It meant that

long neglect of the needs of the underprivileged had brought too many of our people to the verge of doubt as to the successful adaptation of our historic traditions to the complex modern world. In that lay a challenge to our democratic form of government itself. Ours was the task to prove that democracy could be made to function in the world of today as effectively as in the simpler world of a hundred years ago.

Nor was this simply a domestic challenge. "Dictatorships—and the philosophy of force which justifies and accompanies dictatorships—," Roosevelt said three years later, "have originated in almost every case in the necessity for drastic action to improve internal conditions where democratic action for one reason or another has failed to respond to modern needs and modern demands." The republic now faced "a set of world-wide forces of disintegration." Survival required purpose. "We have learned by bitter experience," said Truman, combating McKinley's Darwinism in his Fifth Message, "that progress is not automatic—that wrong policies lead to depression and disaster." Truman's last Message stated the issue with quiet eloquence:

Let all of us pause now, think back, consider carefully the meaning of our national experience. Let us draw comfort from it and faith and confidence in our future as Americans.

The Nation's business is never finished. The basic questions we have been dealing with, these eight years past, present themselves anew. That is the way of our society. Circumstances change and current questions take on different forms, new complications, year by year. But underneath the great issues remain the same—prosperity, welfare, human rights, effective democracy, and, above all, peace.

So the long labor of liberty continued. Kennedy in his First Message asked "whether a nation organized and governed such as ours can endure" and replied: "The outcome is by no means certain." And in his Second Message Lyndon Johnson pointed out that the American people were entering their third century in pursuit of union. In 1765 nine British colonies first joined together to affirm the first continental union of democracy. In 1865, "following a terrible test of blood and fire, the compact of union was finally sealed." In the second century Americans labored to establish a unity of interest and purpose among the diverse groups making up the national community.

Now, in 1965, we begin a new quest for union. We seek the unity of man with the world he has built—with the knowledge that can save or destroy him—with the cities which can stimulate or stifle him—with the wealth and machines which can enrich or menace his spirit. We seek to establish a harmony between man and society which will allow each of us to enlarge the meaning of his life and all of us to elevate the quality of our civilization.

The nation's business, as Truman said, is never finished. And in the unending quest Americans will always be guided by the most profound and beautiful passage in all the Annual Messages—the conclusion of Lincoln's Second Message in 1862:

The dogma of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise to the occasion. As our case is new, so we must think anew and act anew. We must disenthrall ourselves, and then we shall save our country.

Fellow-citizens, we cannot escape history. . . . The fiery trial through which we pass will light us down in honor or dishonor to the latest generation. In giving freedom to the slave we assure freedom to the free—honorable alike in what we give and what we preserve. We shall nobly save or meanly lose the last best hope of earth. Other means may succeed; this could not fail. The way is plain, peaceful, generous, just—a way which if followed the world will forever applaud and God must forever bless.

PRINCETON, NEW JERSEY
APRIL, 1966

Clinton Presidential Records Digital Records Marker

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Immigration

Divider Title: _____

United States Senate

WASHINGTON, DC 20510-2101

December 1, 1998

CC: KT/c.wu
Maria
Waldman

John Podesta
The White House
Washington, D.C. 20500

Dear John:

I'm writing to bring your attention to an outstanding Cuban-American businessman and civic leader, Carlos Portes, who has had an exemplary career in this country since his immigration from Cuba in 1961. I thought his story might be of interest to the President as he prepares for his State of the Union address.

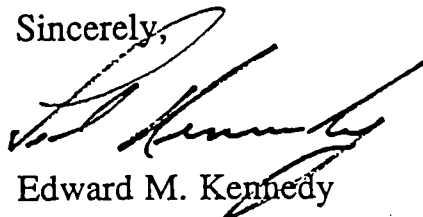
Carlos' success in life is truly a remarkable story. He came to this country from Cuba at the age of 9 -- alone, with no money and he spoke no English. Through the assistance of the Catholic Church, he was relocated to Iowa where he was raised by a foster family. After six years of separation from his family, he had saved enough money shoveling snow and gardening to bring his parents to the United States.

Carlos and his family settled in New York where he worked 20 hours a day, 7 days a week to support his family and make ends meet. He quickly completed high school and at the age of 20, began working for an insurance company and soon became involved in politics. President Carter appointed Carlos to serve as Special Ambassador for Latin American Affairs. In 1979, Carlos established his own company, an insurance brokerage firm, which continues to thrive.

In May of 1997, Carlos was awarded the Ellis Island Medal of Honor Award given to selected immigrants for their outstanding humanitarian, civic and business contributions to the United States.

I've attached some additional background on Carlos Portes and I'm sure you'll find his story as intriguing as I did.

Sincerely,



Edward M. Kennedy

Carlos P. Portas

Chairman, Chief Executive Officer
The Portes Group
5041 Broadway

New York City, NY 10034
(212) 567-0001
Fax (212) 567-0144

Business Data

The Portes Group is an insurance, telemarketing and financial services provider, that specializes in life, health, property & casualty insurance, mutual funds, construction and construction bonding, telemarketing services, real estate/mortgage services, import/export of commodities, consultant, management and investment services, medical equipment, various others and financing. The firm serves clients from all economic backgrounds, ranging from low income clients, to major investors. As the Chairman and Chief Executive Officer of The Portes Group for the past 24 years, Mr. Portes is responsible for overseeing all aspects of the group's services. Our staff is comprised of 50 people. Mr. Portes was born in Cuba, and came to the United States alone at the age of 9, in 1961. He spoke no English, and of course had no money. His parents were trapped in Cuba. Through the assistance of the Catholic Church "Operation Peter Pan" (Pedro Pan) he was relocated to Marshalltown, Iowa, where he was raised by the Hockett family, and by shoveling snow and gardening, saved enough money to bring his parents to the U.S., after 6 anxious years of separation. The family decided to settle in New York, where Mr. Portes worked 20 hours a day, 7 days a week to support his family, and make ends meet. Achieving marginal financial stability, Mr. Portes returned to high school to complete his diploma. At the age of 20, he began to work for Allstate Insurance Company, after overcoming adversity in a crippling injury. He began his climb to success as an insurance broker, and soon entered into economics and politics. He was appointed Special Ambassador for Latin American Affairs by former President Carter. He would travel through Latin America with First Lady Rosalyn Carter. In 1979, Mr. Portes established his own company, an insurance brokerage firm, in commercial insurance and construction bonding, with the same diligence and drive for success that he had applied in his previous endeavors. The Portes Group was established in 1979, and currently employs over 300 agents.

Mr. Portes is an excellent speaker and was selected as the Key Note addressee by the Horatio Alger Foundation for the Annual Recipient High School Award Nominee in the State of New York.

On May 4, 1997, Mr. Portes was awarded the prestigious Ellis Island Medal of Honor award, given once a year to very few and selected immigrants for their outstanding humanitarian, civic and business contribution to the United States of America.

Over the past 20 years Mr. Portes has been an outspoken leader of Cuban politics in exile, highly respected for his moderate views and vast knowledge of Cuban issues. Mr. Portes ranks in the top five Cuban-American leaders in the U.S. and has debated publicly with numerous elected officials and Cuban Public Officials regarding the past, present and future of Cuba/U.S. Relations.

Mr. Portes is accredited by numerous institutions, as well as the U.S. Government as an expert in the Hispanic and Afro-American Communities, his keen knowledge of the various cultures, their histories, and economic presence in the U.S. has given his companies and associates a real advantage in addressing these multi cultures nationally and internationally.

Employment History

Employed with The Portes Group since 1979

Employed with Allstate 1972-1979

Employed with Merrill Lynch, Pierce, Fenner & Smith 1971-1972

Extra Curriculum Activities

Special Ambassador Latin America, President Carter Administration, Founder, Washington Heights Inwood Lions Club, Founder, Latin American Chamber of Commerce, Member, Advisory Committee Columbian Mutual Life Insurance Company, Member, Silver Panel, Unity Mutual Life Insurance Company, Chairman, Legislative Committee, New York For the Economic Restructure of a Free Cuba, Past Director, Archdiocese of New York Education System, All Hallows High School, Chairman, Economic Development of Free Cuba Task Force, State of New Jersey.

Member, Democratic National Committee Business Leadership Forum.

Member, National Association of Surety Bond Producers.

Chief Policy Advisor, Cuban Affairs, DNC.

President Bill Clinton's White House Committee on Budget Reform, Health Care Reform, Affirmative Action.

Trustee Democratic National Committee.

Director of the Board, Universal Bonding Insurance Company.

Director of the Board, American Red Cross Greater New York.

Chairman of New Frontiers Mutual Fund

Presidential Delegate for the White House Conference on Small Business 1995.

Chairman, Hispanic Leadership Forum/Democratic National Committee.

U.S. Delegate for the Department of Commerce Trade Mission to Brazil - 1994.

U.S. Delegate for the Department of Commerce Trade Mission to Haiti - 1995.

U.S. Delegate for the Department of Commerce Trade Mission to Ecuador and Chile - 1996.

Member Executive Committee Democratic Congressional Campaign Committee.

Member Advisory Committee to Congressman Robert Menendez, NJ.

Member Advisory Committee Minority Leader Congressman Richard A. Gephardt, MO.

Member Advisory Committee to Senator Ted Kennedy.

Member Advisory Committee to Congressman William Pascrell

Member Advisory Committee to Senator Robert G. Torricelli

Recipient of the 1997 Ellis Island Medal of Honor.

Educational History

Studied with Allstate Insurance Company as a broker, George Washington High School, Manhattan (1968), La Salle Extension University.

Personal Data

Married to Maria, 25 years. Children: Monica Maria (21) and Melissa Maria (19).

The Record

994

Friend of the People It Serves

Newspaper of the People

LONG JOURNEY



AL PAGLIONE/STAFF PHOTOGRAPHER

Carlos Portes came to the United States from Cuba in 1960 in an airlift of 14,000 children.

Refugee found path to success

By BOB GROVES
Staff Writer

Earlier this month, President Clinton announced that 90 Cuban children, who were stranded at the U.S. Naval base in Guantanamo Bay without their parents, were to be "paroled" to cities in the United States under the sponsorship of relatives or foster parents.

The children either lost their parents at sea or left Cuba without them during the most recent exodus.

The placement of the children, ages 14 and under, followed weeks of behind-the-scenes work with the White House and the National Security Council by a North Jersey Cuban-American who escaped from Cuba 34 years ago under similar circumstances.

Carlos Portes was 9 years old when he and thousands of other children fled the island in 1960 with the aid of an American priest and an airlift plan called Peter Pan.

The recent airlift "struck a very sentimental

chord that state of limbo, not knowing what the future holds," said Portes, a businessman and Democratic Party leader. "I know what it is like being among strangers and not knowing if you're going to see your parents again. That's why I am so adamant about the reunification of families."

Portes, 43, is vice chairman of the Democratic National Committee. He also runs an insurance business based in Washington Heights and North Bergen, and serves the Clinton administration as an adviser on health-care reform and Cuban affairs.

The walls of his North Bergen office are covered with photographs of him posing with Bill and Hillary Rodham Clinton, Jimmy Carter, Al Gore, Mario Cuomo, Ted Kennedy, Bill Bradley, Daniel Patrick Moynihan, Robert G. Torricelli, and other politicians; as well as portraits of his two teenage daughters, and his wife, Maria.

"Carlos has been a devoted advocate of freedom for the Cuban people and a loyal work-

See PORTES Page A-7

PORTES: Journey from child refugee to presidential adviser

From Page A-1

er for the Democratic Party," said Torricelli, D-Englewood, a friend of Portes' for the past 20 years.

Portes "is somebody whose advice we value," said a senior official with the National Security Council in Washington, who spoke on the condition of anonymity.

"His efforts played an important role in the process" of releasing the Cuban children, as well as a number of elderly and chronically ill refugees at Guantanamo, the official said.

In 1960, Portes was among 14,000 Cuban children whose parents sent them to the United States with visas obtained through the Peter Pan program operated by Father Bryan Walsh, a Miami priest.

From Florida, they were placed in foster homes around the country. Portes, an only child, was sent to live with Kay and Leon Hockett, a childless couple in the farming community of Marshalltown, Iowa, about 60 miles south of Des Moines.

He arrived lonely, penniless, and with no knowledge of English. He and the Hocketts had to use sign language to communicate.

"I was blessed, and maybe more

fortunate than others to have known such generosity. There was an outpouring of love and generosity to this boy with no family, and unable to communicate. Everybody wanted me to succeed."

The Kiwanis Club, the Lions Club, the Optimists, the Toastmasters, and all the neighbors turned out to bring him cakes, clothes, boots, and mittens.

"I was the only kid with black hair and brown eyes. I was sort of a novelty. I was absorbed easily because I was the kid who couldn't speak English. Everybody said, 'Let's teach Carlos how to ice skate and toboggan.'"

In his wallet, Portes carries a faded newspaper clipping about his freshman high school basketball team in Iowa, where he is pictured surrounded by players with names like Smith, Sullivan, Oelker, and Banzhaf.

The Hocketts gave him his own room with a desk, a lamp, and a stereo. But he had to pull weeds, wash cars, and take care of the horses to earn an allowance.

"They taught me values, and that nothing came for free, that you had to sacrifice in order to achieve."

But there were lonely times. While living with the Hocketts, he

spoke to his real parents, Plinio and Haydes, only once and received a handful of letters from them.

By 1967, the Porteses made their own escape, and Carlos was able to join them in New York. His father found a job painting refrigerators; his mother worked in a doll factory in Brooklyn.

After graduating from George Washington High School in Washington Heights, Carlos worked as a stock boy at Sears, Roebuck and Co., then sold insurance for Allstate.

He formed a local Latin American Chamber of Commerce, and campaigned for Jimmy Carter, who later appointed him the national coordinator for minority affairs. With Henry Cisneros and Federico Pena — now members of Clinton's Cabinet — Portes founded the Hispanic-American Democrats.

The first phone call that Carlos Portes made aboard Air Force One while working for President Jimmy Carter in the mid-1970s was to the Hocketts in Iowa.

"I felt that if I owed anything to anyone, it was to the people who gave this young man love and support, and worked with him to speak English," he recalled.

"Who could have known that this little kid would one day be riding on Air Force One as Special Ambassador for Latin American Affairs?" he said.

He also is proud of his relationship with Carter, a political mentor whom he compares to Harry S. Truman.

"I always said history would vindicate Jimmy Carter. I always loved the man, and his ability to negotiate. He was a man of peace, compassion and spiritual commitment, and maybe ahead of his times," he said.

He has no fondness, however, for Fidel Castro, and believes the United States should maintain its economic sanctions against the island until Castro institutes democratic reforms.

"He has been given every opportunity, and asked by every friend, to reform and democratize. So Castro has to make some changes. Then we're willing to lift the embargo."

Portes doubts that many in the Cuban-American community will return to the island after Castro's reign to help in the rebuilding effort.

"I don't think you'll see people who have comforts in Florida and New Jersey going down to Cuba



CARLOS PORTES

- Occupation: CEO of his own insurance firm.
- Born: January 22, 1950, in Englewood, N.J.
- Residence: North Bergen, N.J.
- Accomplishments: Member of the Democratic National Committee, adviser to Jimmy Carter and Bill Clinton on Cuba policy and on health care.
- Most recent and notable achievement: Arranged for the release and placement of 90 Cuban children who were stranded at the military base in Guantanamo Bay as a result of the recent boat lift. He was himself a Cuban foster child who was placed with an Iowa family under a special program called the Peter Pan program.
- Quote: "For me, it struck a very sentimental chord, because I was someone who experienced that state of limbo, not knowing what the future holds."

and waiting for running water and air conditioning. I think they will invest and provide technology and knowledge of the democratic process. But the ones in Cuba should govern themselves.

"It's not for Cuban-Americans to be involved in Cuban politics. If

we have taken refuge in this country and grown up under the educational system here, it should not be for us to govern, but to assist the process," he said.

Portes, who started his own insurance company in 1978, is now president and CEO of an insurance consortium with 30 employees and 300 agents. As such, he contributed his expertise to the Clintons' health-care reform campaign, and participated in Hillary Clinton's planning sessions.

Portes believes health-care reform failed simply because of the complexity of the issue.

"Perhaps we started off on the wrong foot. After we analyze why it failed, maybe we'll attempt to tackle one little piece at a time, starting with welfare reform," he said.

Portes says he has no political aspirations other than working behind the scenes as an adviser.

"I'm very proud of being a Cuban-American. But I'm also very grateful to this country for the opportunities and privileges it offers. I'm living proof you can go from nothing and be able to prosper," said Portes.



Mr. Carlos P. Portes
President & CEO
The Portes Group
5041 Broadway
New York, NY 10034

Congratulations! The National Ethnic Coalition of Organizations (NECO) is delighted to advise you of your selection by the Board of Directors as a **1997 Ellis Island Medal of Honor** recipient. The medal will be presented to you at a special ceremony on Ellis Island on Sunday, May 4th.

You are invited, as a Medal recipient, to bring your guests to both the Ecumenical Celebration at St. Patrick's Cathedral and the outdoor ceremony on Ellis Island. However, due to limited seating, only guests who have purchased dinner tickets prior to the event may accompany the medalists into the Great Hall for the Black-Tie Gala. Tickets are available on a first come, first served basis.

Special chartered bus arrangements from midtown Manhattan to the Ferry and Ellis Island will be provided for the Medalists and their guests, but reservations must be made in advance. Information on dinner tickets, as well as advertisement and tribute pages in our handsome commemorative journal, is enclosed.

Sincerely,

Richard A. Grace
President

NECO, representing the largest ethnic and heritage organizations in the United States, with over five million family members, is dedicated to universal brotherhood and to the advancement, protection and encouragement of all ethnic groups and races.

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 Seymour Q. Coffey
 Mrs. Richard M. Dudley
 Robert P. Egan
 George Follen
 E. A. Fox
 Alexander G. Gifford-Sandwich
 Maurice E. Greenberg
 Mrs. Alexander M. Hoag, Jr.
 Stanley Hill
 Burton Kilham
 H. E. Archibishop Ingham
 Dr. Varnum Johnson
 Captain Saml King
 Murray Koppelman
 Louis G. Montmarion, Jr.
 Jay Messer
 Dr. Russell Moore
 Mrs. Guy Mallory
 H. E. John Cardinal O'Connor
 Alfred Pines
 Rudolph Rosenberg
 Howard J. Rubenstein
 Louis Rubin
 Dr. Murray W. Schiller
 James J. Seinfeld
 Edward S. Shuman
 William E. Simon
 Alan Sporn
 George M. Steinbrenner, III
 Mrs. Virginia S. Stone
 Dr. Peter Sturdy
 Elie Wiesel
 Mrs. Peter F. Wilkins
 Theodore Van Arsdale
 Mrs. Guy A. Walker
 Lillian Warren

It — in a move that her supporters hope will shape Indian politics for years to come, Sonia Gandhi, widow of one assassinated Prime Minister and daughter-in-law of another, today made an emotional entry into public life.

"The time has come when I feel compelled to put aside my personal feelings and step forward," the Italian-born Mrs. Gandhi told tens of thousands of jubilant supporters at a rally in this south Indian town, where her husband was slain. "My devotion for our country and her people is unwavering and absolute."

Although she did not say that she

"Prime Minister Sonia"

Mrs. Gandhi's decision to join the political fray upset all calculations about the outcome of the national election that is to be held on four successive weekends in February and March. It electrified the long-dominant Congress Party, which her family has run for more than half a century but which has recently suffered humiliating defections and other setbacks.

Today's speech was also a statement by the Gandhi family that it is determined not to fade from the forefront of Indian politics. There was widespread speculation not only that Mrs. Gandhi would seek the Prime Minister's job but also that her daughter Priyanka, who sat beside her as she spoke today, and perhaps also her son, Rahul, might run for Parliament.

The Gandhis have been one of the 20th century's most resilient political dynasties. They are not related to Mohandas K. Gandhi, the founder of modern India, but trace their political lineage back to the country's first Prime Minister, Jawaharlal Nehru, who took office in 1947 and served until his death in 1964.

Mr. Nehru's daughter, Indira Gan-

Continued on Page A12

History-Making Ride For Winning Golfer

By winning a minor league event in Florida yesterday, a 25-year-old golfer gave cheer to champions of the Americans With Disabilities Act while further complicating a debate over a modest mode of transportation — the golf cart.

Casey Martin, who suffers from a circulatory disease that makes walking difficult, obtained a court order to compete in PGA Tour-sanctioned events while using a golf cart. The PGA Tour, which considers walking the course an intrinsic part of the game, will plead its case in court.

SportsMonday, page C1

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the \$5 trillion in debt the nation has accumulated, most of it in the last 15 years.

They can cut taxes.

Or they can increase spending on any one of a number of popular and pet programs.

Article, page A12

the charter embodies a moral and political commitment to the independence, sovereignty and territorial integrity of the three tiny lands, whose quest for independence sped the disintegration of the Soviet Union.

President Clinton will be joined at a White House signing ceremony by

concerns, but also of those of skeptical NATO allies and American Senators.

"The Russian response so far," one senior Administration official said, "has been surprisingly quiet and matter-of-fact." American offi-

Continued on Page A12

Cubans Face Past as Stranded Youths in U.S.

By MIRTHA OSITO

Raquelín Mendileta cannot cry. María de los Angeles Torres cannot send her daughters alone in a plane anywhere. And Antonio García, married for 31 years, cannot stand to be apart from his wife for even one night.

They are grappling with the legacy of the darkest period in their lives, the time in the early 1960's when, as children, they were sent alone from Cuba to the United States by parents who feared Communism.

The 3 were among 14,000 children who in the span of 21 months — from December 1960 to October 1962 — were flown out of Cuba under a plan developed by the Roman Catholic Church in Miami and the United States Government. Under the plan, which for a time was kept secret from the Cuban Government as well as the American public, the State Department gave a young Miami priest the extraordinary authority to allow entry, without a visa, to Cuban children age 6 to 16.

Some of the parents who sent their children away were underground fighters seeking to topple the Government of Fidel Castro, who took power in January 1959. Others feared that Mr. Castro, who had closed all Catholic schools and confiscated church property, planned to indoctrinate children in special schools. And other parents simply thought that having children living in the United States would guarantee them a quick visa later.

Known as Operation Pedro Pan, in a bilingual reference to the boy who never grew up, it is the largest child rescue ever recorded in the Western hemisphere. It is also one of the saddest chapters in the history of Cuban immigration to the United States.

The family separations were to



A Cuban child lands in Miami under Operation Pedro Pan, one of 14,000 who came to the United States in 1960-62 after Castro took power.

have lasted only a few months — whenever the parents obtained visas to travel to the United States or Mr. Castro was ousted, as many Cubans at the time expected. But the Cuban missile crisis of October 1962 abruptly ended flights to and from the island, leaving the children stranded on the other side of the Straits of

Florida.

Many remained under the care of the Catholic Church for years. They were sent to foster homes, orphanages and even homes for delinquents in 35 states. By the time they saw their parents again, they were grown

Continued on Page A16

der charges if a Federal plea was overturned.

The person at the Justice Department, who spoke on the condition of anonymity, also said Mr. Kaczynski had made certain demands about the terms of his confinement, but would not specify what those demands were. Prosecutors are typically wary of conditional plea offers and the Justice Department would undoubtedly be exasperated if there was even a remote chance that Mr. Kaczynski would ever be released.

Prosecutors appeared to be divided over whether to accept any plea offer from Mr. Kaczynski. One person with ties to the defense said prosecutors seeking the death penalty were obliged to assure themselves that there were no grounds

Continued on Page A15

INSIDE

Ice-Bound Region Digs Out

Emergency workers and utility crews slowly began restoring normality to upstate New York counties and other areas paralyzed by last week's ice storm. Pages B1 and B4

Hong Kong Bank Collapses

Asia's largest investment bank on side Japan, Peregrine Investments Holdings, was forced to shut down the first major casualty of the Asian economic crisis. Page A8

Ulster Force Kills Again

Another killing by a Protestant paramilitary force set off new fears of tit-for-tat violence could send peace talks over Northern Ireland into turmoil. Page A1

News Summary

Arts	E
Business Day	D
Editorial, Op-Ed	A2
International	A
Metro	I
National	A1
SportsMonday	C

Obituaries B14 Weather

Classified Ads B14 Jobs Exchange

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Cubans Face Past as Stranded Youths in U.S., Separated From Parents

Continued From Page A1

Women and men, already married and with children. Some of the families were never reunited.

The children of Pedro Pan, as they call themselves, now live quiet lives all over the United States. Most are successful men and women who managed to put painful memories behind as they learned English, became United States citizens, got an education, started families and worked hard. They are bankers and hairdressers, writers and teachers, artists and builders.

Only recently, with their children as old as they were during the operation, and as they have reached the age of their parents when such decisions were made, they have begun dealing openly with the memories of their lonely childhoods.

Some, particularly those who were separated for a long time, say they paid a very high price for their freedom and resent their parents' actions. Others say they are forever grateful for their parents' sacrifice. But however they view the decisions made long ago, the children of Pedro Pan are united today in a fraternity of shared pain. They all carry the scars of a truncated childhood.

"Over all, it was a good thing because it saved us from Communism," said Mr. Garcia, who is now 50 and a car washer in Miami. "But I have told my mother, and I know it pains her, that I would never do to my own children, if I had them, what my parents did to me."

Ms. Torres, a political science professor at DePaul University in Chicago, came to the United States alone when she was 8. She has spent six years researching the operation and is particularly interested in the role of the United States Government. Ms. Torres said she believed that people in the Government viewed the children of Pedro Pan as a perfect cold war propaganda tool.

"There were people involved who had their own sinister motives," said Ms. Torres, who is now 42 and the mother of two girls. "They wanted to create panic, to scare the middle class into disaffection from the revolution."

Ms. Torres wants the Central Intelligence Agency to allow her to see the files that she is sure hold details of the operation. So far, the C.I.A. has

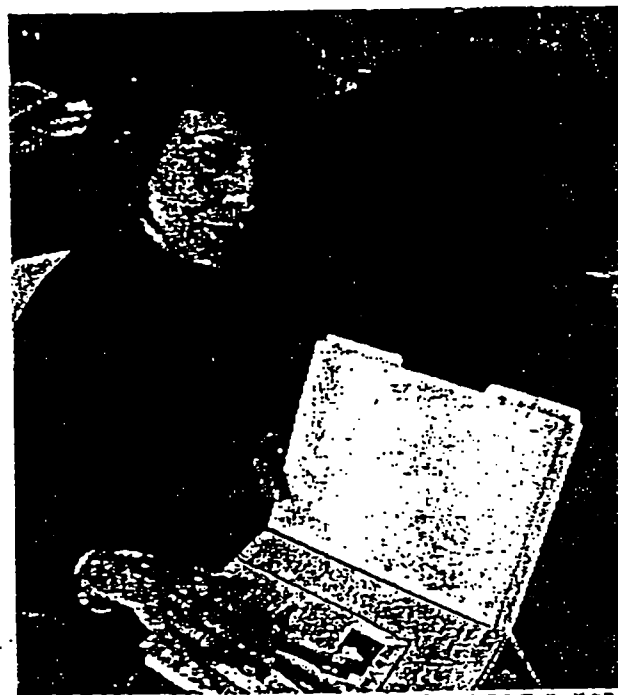


Quentin Jones for The New York Times



In the early 1960's, the United States allowed the special entry of 14,000 Cuban children. But the Cuban missile crisis in October 1962 left them stranded. Now adults and mostly living successful lives in the United States, they are now coming to terms with their experiences. One, Maria de los Angeles Torres, 42, of Chicago, top left, with her daughters.

The operation started in December 1960, parents in Cuba were concerned



Quentin Jones for The New York Times



Alejandra Piers-Torres, 11, left, Paola Piers-Torres, 8, asserts that the operation was used as a propaganda tool of the cold war. Yvonne Conde, 47, of New York, top right, is writing a book about the program. Ms. Torres, above left, left front, at age 6 just before leaving Cuba. Ms. Conde, above right, at age 10, after arriving in Miami in October 1961.

When the embassy closed shortly

Garcia, now 11, sobbed on the telephone as she recalled that day.

"I sent a boy, a nice child who never spent a night outside his home and I found a man with a mustache and a girlfriend," Mrs. Garcia said, adding that in the years she was away from her son, she contemplated suicide every time she went to the docks.

"I would look to the water, I think. 'This water that separates us can bring us together.' But my faith in God did not allow me to do anything foolish."

Mr. Garcia, who married in Miami, said that although he lived with a kind family while he waited for his parents, he would always miss the time they could have spent together. Fifteen years ago, he said, he suffered a nervous breakdown and memories of his adolescence came rushing in. He cried all the time.

Others have had different reactions. Emma Baron, a 53-year-old perfectly composed and impeccably coliced wine importer in Manhattan, begins to cry at the mere mention of the five years — from 17 to 22 years — lived without her parents. Ms. Baron calls them "the dark ages" and refuses to discuss them. When her parents immigrated to the United States, her mother had become mentally ill and her father, a doctor, was crippled and could not work.

Ms. Mendelsta, who left when she was 15, was sent to a home for juvenile delinquents in Dubuque, Iowa. She was accompanied by her sister Ana, then 12.

She told of living a nightmare surrounded by violent girls who committed crimes. Ms. Mendelsta said she had forbidden her and her sister to speak Spanish, but when they misbehaved and she locked her in a dark closet when she cried hard. Ms. Mendelsta, now 51, accomplished sculptor and the mother of five who said she had a large family, in part, in an attempt to replicate the family she lost.

Mr. Viera, the banker, refused to go to Cuba to see his only brother because to see him would open up wounds, he said.

"I have healed — I have grown on," Mr. Viera said. "It would be painful."

And Luis Ramirez, a childless contractor in New York who is 64, regretted a chance to become a father because he decided to not

Monsignor Walsh, now 67 and di-

class into disaffection from the revolution."

Ms. Torres wants the Central Intelligence Agency to allow her to see the files that she is sure hold details of Pedro Pan. So far, the C.I.A. has denied knowing of the operation. Today, Ms. Torres plans to file suit to force the agency to release whatever information it has. Anya Gushkes, a spokeswoman for the C.I.A., said the agency had no comment about Operation Pedro Pan.

Cuban children. But the Cuban missile crisis in October 1962 left them stranded. Now adults and mostly living successful lives in the United States, they are now coming to terms with their experiences. One, Maria de los Angeles Torres, 42, of Chicago, top left, with her daughters.

The operation started in December 1960, when James Baker, the headmaster of an American school in Havana who has since died, met with the Rev. Bryan D. Walsh, a Miami priest with the church's social service agency, and told him that

parents in Cuba were concerned about their children's welfare. The two agreed that if Mr. Baker could get children out of Cuba with student visas issued by the United States Embassy in Havana, the Catholic Church would take care of them.

operation was used as a propaganda tool of the cold war. Yvonne Conde, 47, of New York, top right, is writing a book about the program. Ms. Torres, above left, left front, at age 6 just before leaving Cuba. Ms. Conde, above right, at age 10, after arriving in Miami in October 1961.

When the embassy closed shortly thereafter, in January 1961, Father Walsh turned to the State Department, which gave him blanket authority to issue visa waivers to children 6 to 18. Older children had to undergo security clearances before they could travel.

Father Walsh sent the waiver forms to Cuba, often in diplomatic pouches. The forms were filled out for the children, who were then allowed to travel to the United States. When the organizers in Cuba ran out of forms, they falsified them.

With some exceptions, the children of Pedro Pan say they are grateful to have grown up in this country, but they also wonder what their lives would have been like if they had not been separated from their parents.

"It is not all as rose-colored as one may think — we carry around a lot of pain," said Eilly Vilano-Chavez, a 50-year-old real estate broker in Miami and a founder of the Operation Pedro Pan Group, which was created in 1981 to help children who are orphans and refugees.

What frustrates so many Pedro Pan children is the twist of fate of 1962, when the flights were canceled, leaving a trail of broken families and troubled lives.

"That is the irony of it," said Ms. Torres, who began her research when her eldest daughter turned 6 and she started to question what could possibly have driven her parents to send her abroad at such a young age. "This operation was conceived to avoid the destruction of the Cuban family and ended up creating so much suffering."

Monsignor Walsh, now 67 and director emeritus of Catholic Charities, says he knew the children were lonely and sad without parents. But he said the church had tried to make them happy and keep them safe. In all these years, Monsignor Walsh said, he has heard of no child who was mistreated.

"I know it was sad for them, but I have no regrets," said Monsignor Walsh, who still lives in Miami. "How can I? All I did was to take care of children who were alone. Ultimately, the decision to send them was made by the parents, who assumed the separation would be short-lived."

Ms. Torres, who was separated from her family for four months, considers herself lucky. Others, like Jorge Viera, a 50-year-old banker in Miami, had a much tougher time. Mr. Viera, who was sent when he was 14, did not see his parents for 25 years and then only briefly, when his parents visited him in Miami. They returned to Cuba, where they died two years ago.

"Basically, I lost my parents when I was 14 — the family, as I knew it, ceased to exist then," Mr. Viera said, adding that he understands why his parents sent him alone and feels only admiration for their courage.

In Mr. Garcia's case, his parents feared for his life because he had started to rebel against the Government. He was sent at 15 and was separated from his parents for five years. When they finally arrived in 1967, he stood in front of his mother and she did not recognize him. Mr. Garcia's mother, Maria del Carmen

"I have healed — I have moved on," Mr. Viera said. "It would be so painful."

And Luis Ramirez, a childless contractor in New York who is 46, recently lost a chance to become a foster parent because he decided to return a little girl to her mother after 17 months.

"In the end, children belong with their parents," said Mr. Ramirez who was sent alone when he was years old and did not see his parents for two years. "Ultimately, it would have held it against us."

Yet, despite the pain, many Pedro Pan children say they would do what their parents did, given the same circumstances. Although their parents' worst fears never materialized — children were not taken from the homes by the Government in Cuba growing up there in the 60's and 70's would not have been easy for them would have meant not being able openly practice their Catholic faith and for children of people who posed the Cuban Government, a lot of ostracism.

"Our parents gave us choices life," said Yvonne Conde, a 47-year-old freelance writer in Manhattan who was separated from her parents for eight months when she was sent and is now writing a book about the program. "Over all, I think it has positive effect in our lives."

But even Ms. Conde said she is somewhat weary of people who say that the operation was good because so many of the Pedro Pan children are now leading productive successful lives.

"Those are the ones we know about, the ones who want to be known," she said from her apartment on the Upper East Side. "I send their business cards and their résumés. But I often wonder about the ones we don't know about. What are their lives like?"

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National News Briefs

G.M. Says Write-downs May Reach \$4 Billion

CHICAGO, Jan. 11 (Reuters) — The General Motors Corporation is expecting plant closings to depress its earnings much more than it had

had in our simulations," said Scott Hubbard, mission manager here at the Ames Research Center.

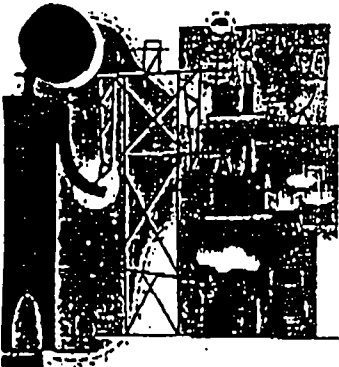
The Prospector carries instruments to scan for evidence of frozen water at the Moon's poles, as well signs of minerals and gases. It was launched on Tuesday from Cape Ca-

Hospital

Several days after Emory birth on Sept. 28, the boy's pair Oliver Lazarevski and Nana Yezep, 25, were told that their son born with a fatal underdevelopment of the left side of the heart.

Now came here on Oct. 13

THE POWER TO CHOOSE

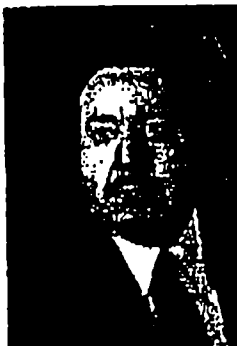


MARKETING

Ethnic marketing: a big part of utility industry's future

In the coming deregulated utility world, experts say every customer will be up for grabs and every utility will need a sophisticated marketing strategy to retain existing customers and attract new ones.

Enter Carlos P. Portes, the first of what is likely to be a number of ethnic marketing specialists who partner with utilities specifically to go after Hispanic, Asian and other minority groups.



Carlos P. Portes

Mr. Portes is chairman and chief executive officer of the Portes Group, a New York-based insurance, bonding, financial services and communications firm that deals extensively with the Latino community. Earlier this year, an affiliated firm, Portes Energy Services Inc., teamed up with PSEG Energy Technologies Inc., formerly Energis Resources, a unit of New Jersey-based Public Service Enterprise Group Inc., to market energy to Hispanic businesses and individuals from Maine to Maryland.

"When you have a data base as large as ours, energy marketing makes so much sense," Mr. Portes said in a recent interview in his upper Manhattan office.

PART OF BROADER TREND

What Public Service Enterprise Group is doing by using Portes Energy Services as its authorized agent mirrors the more general

trend of U.S. businesses reaching out to Hispanic consumers. The New York Times recently reported that advertisers spent \$1.4 billion last year trying to reach Hispanic consumers, more than double what it spent in 1990. Mr. Portes is quick to note that there is hundreds of billions of dollars of purchasing power in the Hispanic community.

Ironically, Portes Energy Services' strength might be considered a weakness if its target audience wasn't the Latino community. During the first phase of Consolidated Edison Company of New York's customer choice program last spring, the firm reached out to thousands of New Yorkers through telemarketing and direct mail solicitation. While utilities generally worry that such tactics will anger consumers because they are already besieged by unsolicited pitches, Mr. Portes says Latinos get far fewer solicitations, thus they are more receptive.

Which isn't to say that selling energy to the Hispanic community is easy. As PSEG Energy Technologies' authorized agent, Portes Energy Services uses seven different kinds of Spanish-speaking representatives in order to capture the different colloquialisms of the Spanish language as it is spoken in Mexico, Puerto Rico, Cuba, the Dominican Republic and other countries represented in the U.S. Hispanic community. The Portes-PSEG partnership also came up with a monthly bill that's all in Spanish. In addition, those who signed up could receive a maximum 105 minutes on a pre-paid phone card if they recommended a friend who then also signed up.

BIGGEST COUP

Despite all that, Portes Energy Services ran into the same fundamental problem other power marketers have been running into: convincing would-be customers that their service and reliability won't be affected if they switch to another power provider. In all, Portes Energy Services signed up approximately 1,200 customers during the first phase of Con Ed's customer choice program — 800 residential and 400 small business.

Interestingly, Portes Energy Services' biggest coup wasn't in the Hispanic community. Rather, it was the signing of a Fortune 500 corporation, specifically, International Paper Co.'s corporate headquarters in Purchase, N.Y. "International

Paper has a strong commitment to minority business development, and we welcome this opportunity to expand our minority community purchases into electricity," Robert Ayerst, International Paper's senior buyer of electric power, was quoted as saying in a Public Service Enterprise Group press release announcing the deal last May.

Mr. Portes says he'll be back for phase two of the Con Ed program next year, and he'll be in New Jersey when that state's program eventually gets underway. Currently, Portes Energy Services is active in Pennsylvania's choice program, having recently sent out some 7,000 letters in Spanish to small businesses in that state.

While Portes Energy Services plans to concentrate on the northeast U.S., Mr. Portes said he expects other Latino marketing efforts to spring up in Florida, California,



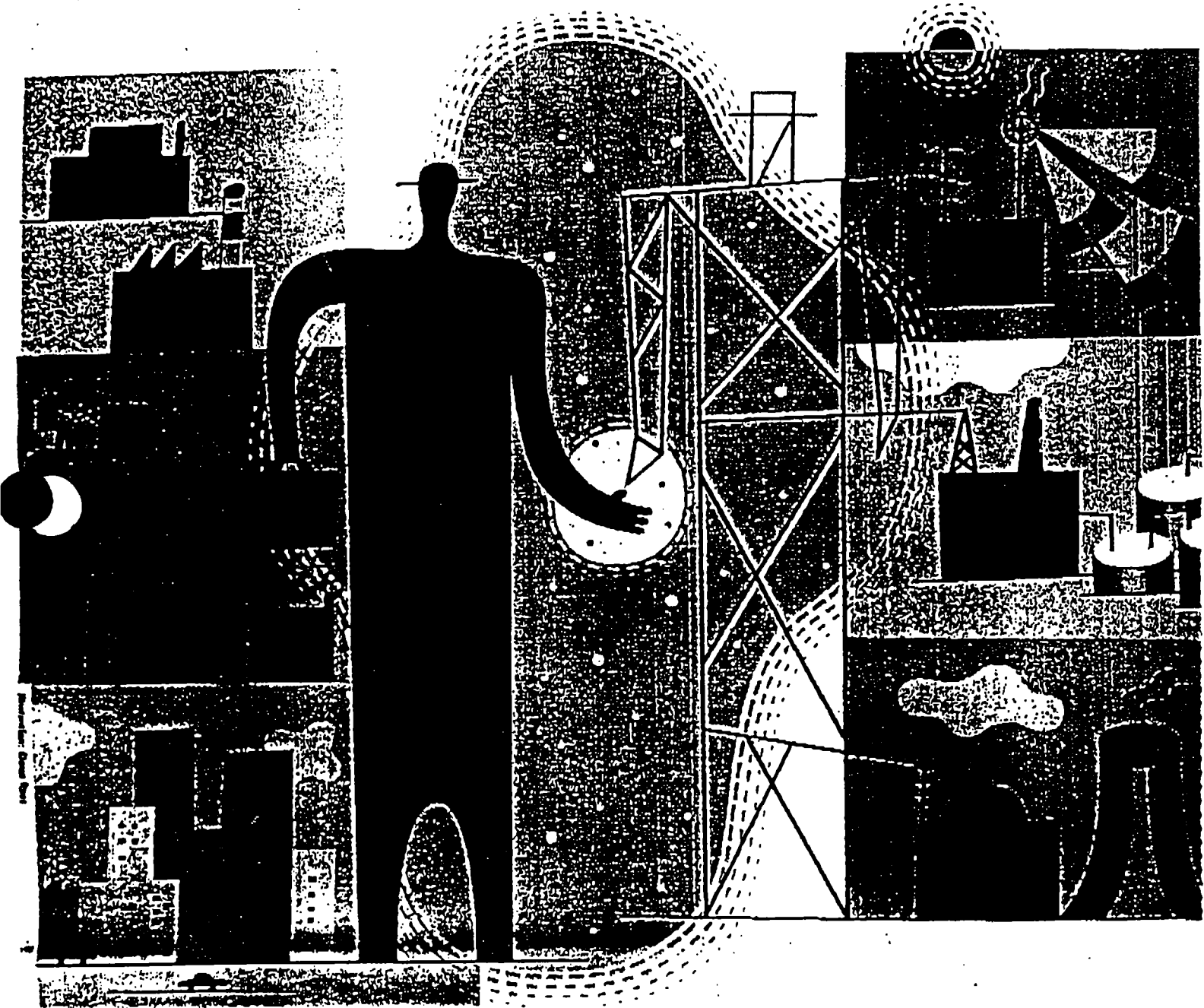
Texas and the Chicago area, among other places. He adds that while an Asian market for energy hasn't yet emerged, he expects it will soon.

As for Portes Energy Services, it plans to start offering energy management services, including financing, consulting and engineering expertise, Mr. Portes said. In addition, it's working with Public Service Enterprise Group's existing customers, providing communications and other services.

Also, Mr. Portes recently signed an agreement with Qwest Communications International Inc. under which his firm will market Qwest's full range of telecommunications services, targeting the Hispanic marketplace on a nationwide basis.

This year alone, more than

ENERGY: THE POWER TO CHOOSE



Clinton Presidential Records Digital Records Marker

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This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Millennium

Divider Title: _____

9 November, 1998

CC: Michael Waldman
Capricia Marshall
Ellen Lovell
Betsy Monkman
NOV 16 1998

John Podesta
Chief of Staff
Office of the Chief of Staff
The White House
Washington, D.C. 20500

312 South Main Street
Harrisburg, Illinois 62946
PHONE: 618/252-1897

Dear Chief of Staff Podesta:

I was highly gratified to have received a "personal" letter from the President in June, with much appreciation to Ms. Nancy Hernreich, Director, Oval Office Operations. The Letter focused on comments concerning my award-winning ["EDITOR'S CHOICE"] Poem, "Conversation With The Master Of Mount Vernon." Chief of Staff Podesta, I serve as a Communications Consultant [MSJ / Medill / Northwestern University]. I have four [4] proposals, for your consideration, to wit:

VOLUNTEER SPEECHWRITING

Please inform Director of the Speechwriting Office of my availability ... from afar ... via the mails... to provide "tidbits" [newsbites / caricatures, etc.], upon minimal direction, which, in turn, can be woven into the President's speeches by The White House Staff.

WHITE HOUSE READING OF "CONVERSATION WITH THE MASTER OF MOUNT VERNON"

Please inform Ms. Ann Stock, White House Social Secretary that reading of the award-winning Poem by Honorable John Warner, Senior Senator, State of Virginia would prove most poignant... on or about February 22, 1999, anniversary of Washington's birthday.

NEH'S MILLENIUM MINUTES PROJECT

Please inform NEH's Director of Communications Policy, Gary Krull that my award-winning Poem, or, in the interest of brevity, portion thereof, be available for NEH's series of nationally-televised Public Service Announcements that are to highlight a truly American hero, for all times: President George Washington.

Mr. John Podesta

-2-

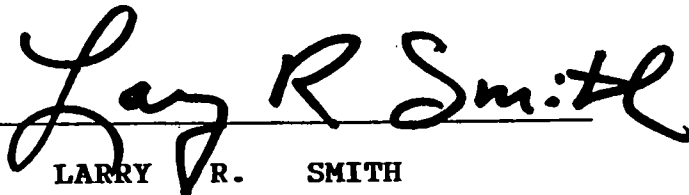
9 November, 1998

PLAQUE TO BE ADDED TO STUART'S PORTRAIT OF
WASHINGTON NOW HANGING IN WHITE HOUSE'S
RECEPTION ROOM

Gilbert Stuart's illustrious portrait of President Washington in The East Room of The White House could be made even more poignant by emblazoning the text of my award-winning Poem at its foot. Please so inform White House Curator, Ms. Betty C. Monkman.

Appreciative of your consideration of the foregoing proposals, I remain

Sincerely yours,


LARRY R. SMITH

THE WHITE HOUSE

WASHINGTON

June 16, 1998

PERSONAL

Mr. Larry R. Smith
312 South Main Street
Harrisburg, Illinois 62946

Dear Larry:

Thank you very much for the framed copy of
Conversation With The Master of Mount Vernon.
It was kind of you to share your poetry with me.

I appreciate your thoughtfulness and send
my best wishes.

Sincerely,

Bill Clinton



National Trust for Historic Preservation

1785 Massachusetts Avenue, N.W.
Washington, D.C. 20036
(202) 588-6000 / FAX (202) 588-6038 / TTY (202) 588-6200

- Maria
- Ann Lewis
- M. Waldman

November 19, 1998

Mr. John Podesta
Chief of Staff to the President
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20500

Dear John:

As President Clinton prepares to make his address on the State of the Union, I want to urge that he champion a legislative proposal that will complement the excellent leadership of the President and First Lady in celebrating the new millennium through the Save America's Treasures initiative.

The National Trust is proud to be a partner in the Millennium initiative and to lead the private efforts to preserve our national treasures. We have also been deeply involved in a legislative effort to secure a 20 percent income tax credit for the rehabilitation of historic homes and homes in historic neighborhoods. These, too, are America's treasures--the heritage of our urban, small town, and rural communities, the shared territories of our citizens that nurture our public memory. But just as such significant treasures as the Charters of Freedom are at risk, so too are the hundreds of older communities around the country that have suffered decline and disinvestment. If we lose these neighborhoods, we will lose the physical fabric of our nation--where Americans have worked, played, learned, and participated in the civic life of America. This proposal is entirely consistent with the kind of carefully targeted, cost-effective initiatives that the President has championed in the past to bring new vitality to our older communities.

A historic homeowner tax credit would provide a much needed boost to older neighborhoods in our cities and small towns, where once vibrant communities decline for want of adequate incentives for reinvestment. This tax credit would be a tool both for do-it-yourself homeowners and community development corporations that are trying to turn around depressed areas. The Historic Homeownership Assistance Act has had extraordinarily broad, bi-partisan support in Congress: as the 105th Congress adjourned, 129 members of the House of Representatives and 26 members of the Senate had cosponsored this legislation, which was introduced by Senators John Chafee and Bob Graham and Representatives Clay Shaw and John Lewis. A significant proportion of the tax writing committees' members were cosponsors. The legislation's sponsors have worked hard to secure its passage, and their enthusiasm remains very

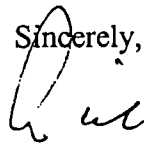
high. We are increasingly confident that this idea can be enacted in 1999, but the prospects will be greatly enhanced with the President's support.

I know that the President is deeply committed to galvanizing America's interest in the approaching millennium to preserve for our future the physical representations of our American life. I hope that you and he will consider how a modest incentive such as the historic homeowner tax credit can play a key role in this effort.

I'm enclosing some information on the credit which I hope you will share with your colleagues. I would be eager to discuss this issue further with you or anyone you designate.

Thank you for your consideration. With warmest regards.

Sincerely,

A handwritten signature in dark ink, appearing to read 'R Moe', written over the word 'Sincerely,'.

Richard Moe
President

RM:tlo

cc: First Lady Hillary Rodham Clinton

AN ACT TO REVIVE HISTORIC URBAN NEIGHBORHOODS

by Tamar Osterman

After decades of hand-wringing, fresh interest in attacking the problems of urban America has burst forth both from within government and from communities and academics around the country. Citizens and policy makers of all ideologies are facing urban problems of crime, poor schools, blight, and economic disinvestment with creativity and vigor.

To preservationists, this refocused attention is long overdue and very much welcome. The rebuilding of historic communities cannot flourish in environments defined by fear and despair. The problems of cities also undermine the quality of life in streetcar suburbs and small towns as middle-class families abandon older areas to populate new developments on what was formerly green, open countryside.

It is easy to despair of making an impact on the seemingly intractable problems facing urban America. But the fact is, people in hundreds of communities around the country are tackling these problems—and winning incremental but important victories. Whether stopping vandalism, running after-school reading programs, or developing affordable housing one building at a time, citizens, nonprofits, and local governments have adopted what could be called the Nike strategy: just do it. In a gentler view, the strategy might be summarized by the enduring philosophy, “better to light a single candle than to curse the darkness.” While it may seem counterintuitive to suggest that structural problems can best be addressed through a variety of incremental solutions, that is precisely how many cities are successfully attacking urban ills.

But while the marquee theme for urban strategies of the 1990s is, and should be, “bottom up, locally based,” the federal government certainly has a role to play in helping cities find their way back. It can reinforce innovations and support efforts to attract capital into urban centers, which have endured 30 years of a hemorrhaging tax base. Ask any mayor of an older city, and you will hear that reinvestment by businesses and middle-class residents is not one strategy—it's the only strategy. Solutions to such benchmark problems



Quaker Hill, Wilmington, Delaware

as bad schools, crime, and poor services flow from reinvigorated commercial and residential tax bases and related economic activities. In their glory days, cities were supported by a variety of enterprises and households of all income levels. To seek to redevelop these core elements is not wishful thinking, nostalgia, or disrespect for the poorer residents who have remained in the city. It is an essential step toward revival.

Preservationists learned this lesson many years ago. Preservation is, after all, about real estate development and economic viability, and historic buildings must be used in order to be preserved. Since 1976, when Congress first created tax incentives for the rehabilitation of historic commercial properties, preservationists have had a significant investment tool to help fulfill their mission of weaving historic preservation into urban and small-town revitalization strategies. The commercial rehabilitation tax credit enacted in 1981 has helped bring new life to historic hotels, train stations, warehouses, and downtown

continued...



Quaker Hill, Wilmington, Delaware

shopping districts. Entertainment spaces, rental apartments, and retail enterprises have been created, revived, and sustained, marrying preservation's celebration of history and aesthetics with motivated investors. The result: real estate development that is unique, marketable, and, ultimately, catalytic. And after a significant falloff in use by individual investors as a result of tax law changes in the mid-1980s, the commercial rehab tax credit is currently enjoying a resurgence due largely to corporate investment.

In all this time, however, a gap has remained. Missing has been an incentive that would attract middle-class homeowners—not just investors—to older neighborhoods, thereby achieving in historic residential communities what has been accomplished so effectively in commercial areas. An incentive that makes the saving and restoration of older houses and apartment units economically feasible would draw new homeowners into ailing communities and would encourage long-time residents to remain. The benefits are obvious: the preservation and maintenance of historic neighborhoods, community stability through pride of homeownership, reinforcement of the urban tax base, and the economic revitalization that attends an infusion of new households.

To answer this need, Congressional Representatives Shaw (R-Fla.), Kennelly (D-Conn.), and John Lewis (D-Ga.) and Senators Chafee (R-R.I.) and Graham (D-Fla.) have introduced the Historic Homeownership Assistance Act (H.R. 1134/S. 496). This legislation would create a 20 percent federal income tax credit for rehabilitation

expenditures for an owner-occupied home listed in the National Register of Historic Places or in a federally certified state or local historic register or for a contributing home in a National Register Historic District or in a certified state or local historic district. The credit, which would have a maximum value of \$50,000, could be used by a do-it-yourself rehabber or by someone who has purchased a home newly rehabilitated by a developer. The credit would be limited, however, to persons who make the rehabilitated home their principal residence. Homes would have to be substantially rehabilitated (not just cosmetically improved) according to the Secretary's Standards for Historic Rehabilitation. They could be single-family dwellings, condominiums, or cooperatives.

The Historic Homeownership Assistance Act also addresses a problem common in the real-world use of tax incentives: many lower-income homeowners may not have sufficient federal income tax liability to make effective use of the tax credit. The proposed legislation would allow, as an alternative to the tax credit, a Historic Rehabilitation Mortgage Credit Certificate, which would enable the buyer of a newly rehabbed home to use the value of the credit toward a reduced interest rate on his or her mortgage. In certain distressed areas, home buyers could use the value of the credit toward their down payment at purchase. In both cases, the lending institution would take the credit against its own federal income tax.

With these additional options, a historic home rehab tax credit would be a powerful tool for nonprofit housing developers working to make homeownership a reality for families of modest means. Most historic districts do not comprise grand mansions and wealthy neighborhoods. Many are modest, older communities tarnished by age and disinvestment. Yet they possess a character and a potential for neighborliness that can be a major incentive for luring taxpayers back to the cities—and for keeping those already in residence. A residential historic rehab tax credit will not lead to the displacement of poorer residents in the path of speculation. Rather, it is an incentive that makes it easier for current residents to restore their homes and far more economically feasible for new residents to become their neighbors.

A look at two modest, but historic urban neighborhoods illustrates the potential usefulness of the historic home rehab tax credit.

QUAKER HILL HISTORIC DISTRICT WILMINGTON, DELAWARE

The Quaker Hill area has been an important residential community within the city of Wilmington since the mid-1700s. Early on, Quaker Hill was closely allied with the industrial development of the Christina River and the extensive flour and grain milling operations on the Brandywine Creek. The neighborhood became an adjunct to one of the most important ports on the East Coast.

A number of ethnic and religious groups joined the Quakers in Wilmington early in the 19th century. By 1860, heavy industry had located on the narrow strip of land between the Christina River and the newly laid tracks of the Philadelphia, Wilmington, and Baltimore Railroad. By the end of the century, Quaker Hill was populated mainly by skilled professionals, lending a middle-class aura to the neighborhood. As transportation improved, however, these professionals migrated to the city's outlying areas and suburbs.

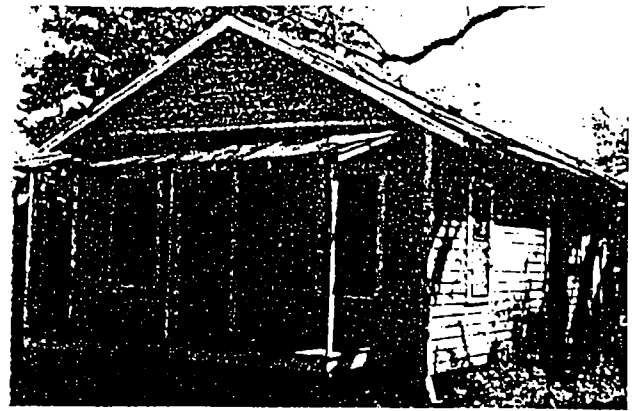
Quaker Hill entered a period of decline during the first half of this century. As more residents moved away, the working poor represented an increasingly large proportion of the population. During this transition, large single-family residences were subdivided into apartments.

Quaker Hill boasts a rich mix of architectural styles, including Federal, Greek Revival, Queen Anne, and Italianate. While only two important residences survive from the 1700s, the district contains many high-style, as well as ordinary, townhouses constructed during the 19th century. There are also three low-rise apartment buildings that date to the early 20th century.

In 1995, Marquosa Haley and his family purchased a three-story, red brick home at 401 Washington Street in Quaker Hill. Built in the late 19th century in a mix of Italianate and Queen Anne styles, it had been



*St. Peter's Cathedral
Quaker Hill, Wilmington,
Delaware*



Gainesville, Florida

converted to apartments in the 1970s. Having re-established the property as a single-family home, Mr. Haley now hopes to rehab it in a manner that emphasizes its unique features. But major deterioration has taken a heavy toll. The Haley home has suffered from years of water infiltration, and the damage is compounded by the complexity of the roof, the height of the structure, and the close proximity of another residence. If this historic home is to survive, the roof must be stabilized and repaired.

Mr. Haley is working with the Quaker Hill Historic Preservation Foundation to find ways and means to restore his property in a manner compatible with the city of Wilmington's goals for the historic district. Passage of the Historic Homeownership Assistance Act would help make it possible for Mr. Haley to restore his home and could spur the rehabilitation of other threatened homes in the Quaker Hill Historic District.

PLEASANT STREET HISTORIC DISTRICT GAINESVILLE, FLORIDA

The Pleasant Street section of Gainesville was developed to house poor black and white laborers in simple wood frame houses. Freed slaves from nearby plantations first moved there seeking work in Gainesville's lumber mills. They were joined by tailors, blacksmiths, carpenters, and other skilled workers. Soon, African-Americans from Georgia and South Carolina traveled south to teach school and spread the Gospel. The neighborhood was home to both poor and middle-class African-Americans, including community leaders, doctors, grocers, barbers, and undertakers, who served the black community's needs in segregated Gainesville. Over time, the demographics of the neighborhood have changed little, with African-Americans comprising 85 percent of the



Gainesville, Florida

population. Today, however, poverty is a significant problem: the median household income in Pleasant Street is \$7,000.

Pleasant Street housing styles range from basic three-room houses to large Queen Anne-style houses. But most are humble shotgun, hall-and-parlor, or bungalow style. Most have one story and contain only a few rooms. Twenty percent of the historic district's 200 buildings are unoccupied.

The city of Gainesville wants to promote homeownership in the Pleasant Street neighborhood. Together, the city and a local nonprofit developer, the Neighborhood Housing and Development Corporation, have rehabilitated and sold once boarded-up homes using a combination of Community Development Block Grants and other public monies. Current funding, however, cannot sustain the level of rehabilitation that Pleasant Street needs.

One abandoned bungalow, for example, requires \$25,000 worth of repairs, including new wiring, mechanical work, bathroom repairs, structural reinforcement required by new wind codes, new flooring, and new windows. But there is no market for homes worth \$10,000 to \$25,000 before rehabilitation. The only potential buyer is the Neighborhood Housing and Development Corporation, whose homes are worth approximately \$40,000 after rehabilitation.

With the proposed federal homeowner's tax credit, the Neighborhood Housing and Development Corporation could make the neglected bungalow, and other homes, attractive for purchase. After rehabbing the home, the organization could pass the credit on to the home buyer,

who could use the \$5,000 credit (20 percent of the \$25,000 rehab costs) on his or her federal income tax. A buyer with a negligible tax liability could reduce his or her mortgage interest rate through a \$5,000 mortgage credit certificate.

Pleasant Street lacks the grandeur of other historic districts, but it is rich in history. Since small shotgun, parlor-and-hall, and bungalow-style homes occupy little land, their cost is relatively low. As an incentive to purchase and rehabilitate these houses, the Historic Homeownership Assistance Act would advance the city of Gainesville's effort to reintroduce families and homeowners into the neighborhood.

Tamar Osterman is the director of government affairs at the National Trust. For more information on the Historic Homeownership Assistance Act, contact the National Trust Department of Law and Public Policy at (202) 588-6254 or send an e-mail to policy@nthp.org.

Help Secure Passage of the Historic Homeownership Assistance Act!

**Call or Write Your Representative and
Senators and Ask Them to Cosponsor
H.R. 1134/S. 496!**

Capitol Switchboard: (202)224-3121

The Honorable _____
U.S. House of Representatives
Washington, DC 20515

The Honorable _____
U.S. Senate
Washington, DC 20510



National Trust for Historic Preservation

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FEBRUARY 1998

The Historic Homeownership Assistance Act H.R. 1134 and S. 496

(Sponsored by Representatives Shaw, Kennelly and Lewis, and Senators Chafee and Graham)

Benefits of the Historic Homeownership Assistance Act:

- Direct a federal tax credit toward the housing stock in deteriorating neighborhoods and communities where the goals of **historic preservation, community revitalization, and homeownership** can be pursued concurrently.
- Help both large cities and small towns rebuild their core neighborhoods and strengthen their entire economic, social, and natural environments.
- Help control unchecked sprawl by providing an incentive to capitalize on a community's historic resources and attract reinvestment in older areas, bringing abandoned properties back onto the tax rolls.

Background:

- H.R. 1134/S. 496 would establish a 20 percent historic rehabilitation tax credit to homeowners who rehabilitate or purchase a newly rehabilitated eligible home and occupy it as a principal residence.
- Qualifying properties would be those listed individually on the National Register of Historic Places, or contributing structures within historic districts listed on the Register, or within certified state or local historic districts. Many historic districts are in small towns working to strengthen and diversify their economic base and to make their communities attractive places to visit and live.
- Developers could rehabilitate properties, sell them, and pass the credit on to the home buyers. In this way, non-profit housing providers could utilize historic preservation as a way to further affordable home ownership.
- This credit can be used by residents of diverse income levels who are living in or wish to live in historic neighborhoods. Home buyers who do not have sufficient tax liability to utilize the credit would be eligible for a Historic Home Mortgage Credit Certificate, which can be used to buy down the interest rate on their home mortgage, or in distressed areas, could be put toward the down payment at closing.

For more information: contact the National Trust for Historic Preservation, Department of Law and Public Policy, at 202-588-6254 (e-mail: policy@nthp.org).

The National Trust for Historic Preservation provides leadership, education, and advocacy to save America's diverse historic places and revitalize our communities.

105TH CONGRESS
1ST SESSION

S. 496

To amend the Internal Revenue Code of 1986 to provide a credit against income tax to individuals who rehabilitate historic homes or who are the first purchasers of rehabilitated historic homes for use as a principal residence.

IN THE SENATE OF THE UNITED STATES

MARCH 20, 1997

Mr. CILAFEN (for himself, Mr. GRAHAM, and Mr. JEFFORDS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide a credit against income tax to individuals who rehabilitate historic homes or who are the first purchasers of rehabilitated historic homes for use as a principal residence.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Historic Homeowner-
5 ship Assistance Act".

1 **SEC. 2. HISTORIC HOMEOWNERSHIP REHABILITATION**
 2 **CREDIT.**

3 (a) **IN GENERAL.**—Subpart A of part IV of sub-
 4 chapter A of chapter 1 of the Internal Revenue Code of
 5 1986 (relating to nonrefundable personal credits) is
 6 amended by inserting after section 23 the following new
 7 section:

8 **"SEC. 24. HISTORIC HOMEOWNERSHIP REHABILITATION**
 9 **CREDIT.**

10 "(a) **GENERAL RULE.**—In the case of an individual,
 11 there shall be allowed as a credit against the tax imposed
 12 by this chapter for the taxable year an amount equal to
 13 20 percent of the qualified rehabilitation expenditures
 14 made by the taxpayer with respect to a qualified historic
 15 home.

16 "(b) **DOLLAR LIMITATION.**—

17 "(1) **IN GENERAL.**—The credit allowed by sub-
 18 section (a) with respect to any residence of a tax-
 19 payer shall not exceed \$50,000 (\$25,000 in the case
 20 of a married individual filing a separate return).

21 "(2) **CARRYFORWARD OF CREDIT UNUSED BY**
 22 **REASON OF LIMITATION BASED ON TAX LIABIL-**
 23 **ITY.**—If the credit allowable under subsection (a) for
 24 any taxable year exceeds the limitation imposed by
 25 section 26(a) for such taxable year reduced by the
 26 sum of the credits allowable under this subpart

1 (other than this section), such excess shall be carried
 2 to the succeeding taxable year and added to the
 3 credit allowable under subsection (a) for such suc-
 4 ceeding taxable year.

5 **"(c) QUALIFIED REHABILITATION EXPENDITURE.**—

6 For purposes of this section:

7 "(1) **IN GENERAL.**—The term 'qualified reha-
 8 bilitation expenditure' means any amount properly
 9 chargeable to capital account—

10 "(A) in connection with the certified reha-
 11 bilitation of a qualified historic home, and

12 "(B) for property for which depreciation
 13 would be allowable under section 168 if the
 14 qualified historic home were used in a trade or
 15 business.

16 **"(2) CERTAIN EXPENDITURES NOT IN-**
 17 **CLUDED.**—

18 "(A) **EXTERIOR.**—Such term shall not in-
 19 clude any expenditure in connection with the re-
 20 habilitation of a building unless at least 5 per-
 21 cent of the total expenditures made in the reha-
 22 bilitation process are allocable to the rehabilita-
 23 tion of the exterior of such building.

“(B) OTHER RULES TO APPLY.—Rules similar to the rules of clauses (ii) and (iii) of section 47(c)(2)(B) shall apply.

“(3) MIXED USE OR MULTIFAMILY BUILDING.—

If only a portion of a building is used as the principal residence of the taxpayer, only qualified rehabilitation expenditures which are properly allocable to such portion shall be taken into account under this section.

“(d) CERTIFIED REHABILITATION.—For purposes of this section:

“(1) IN GENERAL.—Except as otherwise provided in this subsection, the term ‘certified rehabilitation’ has the meaning given such term by section 47(c)(2)(C).

“(2) FACTORS TO BE CONSIDERED IN THE CASE OF TARGETED AREA RESIDENCES, ETC.—

“(A) IN GENERAL.—For purposes of applying section 47(c)(2)(C) under this section with respect to the rehabilitation of a building to which this paragraph applies, consideration shall be given to—

“(i) the feasibility of preserving existing architectural and design elements of the interior of such building,

“(ii) the risk of further deterioration or demolition of such building in the event that certification is denied because of the failure to preserve such interior elements, and

“(iii) the effects of such deterioration or demolition on neighboring historic properties.

“(B) BUILDINGS TO WHICH THIS PARAGRAPH APPLIES.—This paragraph shall apply with respect to any building—

“(i) any part of which is a targeted area residence within the meaning of section 143(j)(1), or

“(ii) which is located within an enterprise or empowerment zone, but shall not apply with respect to any building which is listed in the National Register.

“(3) APPROVED STATE PROGRAM.—The term ‘certified rehabilitation’ includes a certification made by—

“(A) a State Historic Preservation Officer who administers a State Historic Preservation Program approved by the Secretary of the Inte-

rior pursuant to section 101(b)(1) of the National Historic Preservation Act, or

“(B) a local government, certified pursuant to section 101(c)(1) of the National Historic Preservation Act and authorized by a State Historic Preservation Officer, or the Secretary of the Interior where there is no approved State program,

subject to such terms and conditions as may be specified by the Secretary of the Interior for the rehabilitation of buildings within the jurisdiction of such officer (or local government) for purposes of this section.

“(e) DEFINITIONS AND SPECIAL RULES.—For purposes of this section:

“(1) QUALIFIED HISTORIC HOME.—The term ‘qualified historic home’ means a certified historic structure—

“(A) which has been substantially rehabilitated, and

“(B) which (or any portion of which)—

“(i) is owned by the taxpayer, and

“(ii) is used (or will, within a reasonable period, be used) by such taxpayer as his principal residence.

“(2) SUBSTANTIALLY REHABILITATED.—The term ‘substantially rehabilitated’ has the meaning given such term by section 47(c)(1)(C); except that, in the case of any building described in subsection (d)(2), clause (i)(I) thereof shall not apply.

“(3) PRINCIPAL RESIDENCE.—The term ‘principal residence’ has the same meaning as when used in section 1034.

“(4) CERTIFIED HISTORIC STRUCTURE.—

“(A) IN GENERAL.—The term ‘certified historic structure’ has the meaning given such term by section 47(c)(3).

“(B) CERTAIN STRUCTURES INCLUDED.—

Such term includes any building (and its structural components) which is designated as being of historic significance under a statute of a State or local government, if such statute is certified by the Secretary of the Interior to the Secretary as containing criteria which will substantially achieve the purpose of preserving and rehabilitating buildings of historic significance.

“(5) ENTERPRISE OR EMPOWERMENT ZONE.—

The term ‘enterprise or empowerment zone’ means any area designated under section 1391 as an enterprise community or an empowerment zone.

1 “(6) REHABILITATION NOT COMPLETE BEFORE
2 CERTIFICATION.—A rehabilitation shall not be treat-
3 ed as complete before the date of the certification re-
4 ferred to in subsection (d).

5 “(7) LESSEES.—A taxpayer who leases his
6 principal residence shall, for purposes of this section,
7 be treated as the owner thereof if the remaining
8 term of the lease (as of the date determined under
9 regulations prescribed by the Secretary) is not less
10 than such minimum period as the regulations re-
11 quire.

12 “(8) TENANT-STOCKHOLDER IN COOPERATIVE
13 HOUSING CORPORATION.—If the taxpayer holds
14 stock as a tenant-stockholder (as defined in section
15 216) in a cooperative housing corporation (as de-
16 fined in such section), such stockholder shall be
17 treated as owning the house or apartment which the
18 taxpayer is entitled to occupy as such stockholder.

19 “(f) WHEN EXPENDITURES TAKEN INTO AC-
20 COUNT.—In the case of a building other than a building
21 to which subsection (g) applies, qualified rehabilitation ex-
22 penditures shall be treated for purposes of this section as
23 made—

24 “(1) on the date the rehabilitation is completed,
25 or

1 “(2) to the extent provided by the Secretary by
2 regulation, when such expenditures are properly
3 chargeable to capital account.

4 Regulations under paragraph (2) shall include a rule simi-
5 lar to the rule under section 50(a)(2) (relating to recap-
6 ture if property ceases to qualify for progress expendi-
7 tures).

8 “(g) ALLOWANCE OF CREDIT FOR PURCHASE OF RE-
9 HABILITATED HISTORIC HOME.—

10 “(1) IN GENERAL.—In the case of a qualified
11 purchased historic home, the taxpayer shall be treat-
12 ed as having made (on the date of purchase) the
13 qualified rehabilitation expenditures made by the
14 seller of such home.

15 “(2) QUALIFIED PURCHASED HISTORIC
16 HOME.—For purposes of this subsection, the term
17 ‘qualified purchased historic home’ means any sub-
18 stantially rehabilitated certified historic structure
19 purchased by the taxpayer if—

20 “(A) the taxpayer is the first purchaser of
21 such structure after the date rehabilitation is
22 completed, and the purchase occurs within 5
23 years after such date,

1 equivalent on a present value basis to the
2 face amount of such certificate, or

3 “(ii) if the taxpayer so elects with re-
4 spect to a specified amount of the face
5 amount of such a certificate relating to a
6 building—

7 “(I) which is a targeted area res-
8 idence within the meaning of section
9 143(j)(1), or

10 “(II) which is located in an en-
11 terprise or empowerment zone,
12 a payment which is substantially equivalent
13 to such specified amount to be used to re-
14 duce the taxpayer’s cost of purchasing the
15 building (and only the remainder of such
16 face amount shall be taken into account
17 under clause (i)).

18 “(3) USE OF CERTIFICATE BY LENDER.—The
19 amount of the credit specified in the certificate shall
20 be allowed to the lender only to offset the regular
21 tax (as defined in section 55(c)) of such lender. The
22 lender may carry forward all unused amounts under
23 this subsection until exhausted.

24 “(i) RECAPTURE.—

1 “(1) IN GENERAL.—If, before the end of the 5-
2 year period beginning on the date on which the reha-
3 bilitation of the building is completed (or, if sub-
4 section (g) applies, the date of purchase of such
5 building by the taxpayer)—

6 “(A) the taxpayer disposes of such tax-
7 payer’s interest in such building, or

8 “(B) such building ceases to be used as the
9 principal residence of the taxpayer,
10 the taxpayer’s tax imposed by this chapter for the
11 taxable year in which such disposition or cessation
12 occurs shall be increased by the recapture percent-
13 age of the credit allowed under this section for all
14 prior taxable years with respect to such rehabilita-
15 tion.

16 “(2) RECAPTURE PERCENTAGE.—For purposes
17 of paragraph (1), the recapture percentage shall be
18 determined in accordance with the table under sec-
19 tion 50(a)(1)(B), deeming such table to be amend-
20 ed—

21 “(A) by striking ‘If the property ceases to
22 be investment credit property within—’ and in-
23 serting ‘If the disposition or cessation occurs
24 within—’, and

1 “(B) in clause (i) by striking ‘One full year
2 after placed in service’ and inserting ‘One full
3 year after the taxpayer becomes entitled to the
4 credit’.

5 “(j) BASIS ADJUSTMENTS.—For purposes of this
6 subtitle, if a credit is allowed under this section for any
7 expenditure with respect to any property (including any
8 purchase under subsection (g) and any transfer under sub-
9 section (h)), the increase in the basis of such property
10 which would (but for this subsection) result from such ex-
11 penditure shall be reduced by the amount of the credit
12 so allowed.

13 “(k) PROCESSING FEES.—Any State may impose a
14 fee for the processing of applications for the certification
15 of any rehabilitation under this section provided that the
16 amount of such fee is used only to defray expenses associ-
17 ated with the processing of such applications.

18 “(l) DENIAL OF DOUBLE BENEFIT.—No credit shall
19 be allowed under this section for any amount for which
20 credit is allowed under section 47.

21 “(m) REGULATIONS.—The Secretary shall prescribe
22 such regulations as may be appropriate to carry out the
23 purposes of this section, including regulations where less
24 than all of a building is used as a principal residence and

1 where more than 1 taxpayer use the same dwelling unit
2 as their principal residence.”

3 (b) CONFORMING AMENDMENT.—Subsection (a) of
4 section 1016 of such Code is amended by striking “and”
5 at the end of paragraph (25), by striking the period at
6 the end of paragraph (26) and inserting “, and”, and by
7 adding at the end the following new item:

8 “(27) to the extent provided in section 24(j).”

9 (c) CLERICAL AMENDMENT.—The table of sections
10 for subpart A of part IV of subchapter A of chapter 1
11 of such Code is amended by inserting after the item relat-
12 ing to section 23 the following new item:

“Sec. 24. Historic homeownership rehabilitation credit.”

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply with respect to rehabilitations the
15 physical work on which begins after the date of enactment
16 of this Act.



National Trust for Historic Preservation

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Historic Homeownership Assistance Act Cosponsors List

H.R. 1134/S. 496

105th Congress, Second Session

* = indicates membership on the House Ways and Means Committee or Senate Finance Committee

H.R. 1134

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Lazio, Rick (R-NY)
Lewis, John (D-GA) *
Lewis, Ron (R-KY)
Livingston, Bob (R-LA)
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Matsui, Robert T. (D-CA) *
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McCollum, Bill (R-FL)
McCrery, Jim (R-LA) *
McDermott, Jim (D-WA) *
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Mica, John (R-FL)
Moakley, Joe (D-MA)
Mollohan, Alan B. (D-WV)
Murtha, John P. (D-PA)
Nadler, Jerrold (D-NY)
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Olver, John W. (D-MA)
Owens, Major R. (D-NY)
Parker, Mike (R-MS)
Pascrell, William (D-NJ)
Payne, Donald M. (D-NJ)
Pease, Ed (R-IN)
Peterson, Collin C. (D-MN)
Peterson, John E. (R-PA)
Pickering, Charles (R-MS)
Pitts, Joseph R. (R-PA)
Price, David E. (D-NC)
Pryce, Deborah (R-OH)
Rogers, Harold (R-KY)
Ros-Lehtinen, Ileana (R-FL)
Rush, Bobby (D-IL)
Sabo, Martin Olav (D-MN)
Sanders, Bernard (I-VT)
Sandlin, Max A. (D-TX)
Shays, Christopher (R-CT)
Skaggs, David E. (D-CO)
Slaughter, Louise M. (D-NY)
Smith, Christopher H. (R-NJ)
Smith, Nick (R-MI)
Snyder, Vic F. (D-AR)

Solomon, Gerald B.H. (R-NY)
Stark, Fortney H. (D-CA) *
Tauzin, W.J. "Billy" (R-LA)
Thompson, Bennie G. (D-MS)
Thurman, Karen (D-FL) *
Traficant, James Jr. (D-OH)
Underwood, Robert (D-GU)
Velazquez, Nydia (D-NY)
Vento, Bruce F. (D-MN)
Walsh, James T. (R-NY)
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S. 496

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Ford, Wendell H. (D-KY)
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Rockefeller, John D. (D-WV) *
Specter, Arlen (R-PA)
Torrice, Robert G. (D-NJ)

- October 5, 1998

MEMORANDUM

TO: Paul Begala
Sandy Berger
Sidney Blumenthal
George Frampton
Elena Kagan
Sally Katzen
Neal Lane
Jack Lew
Ann Lewis
Sylvia Mathews
Minyon Moore
Mark Penn
Karen Tramontano
Bruce Reed
Doug Sosnick
Gene Sperling
Todd Stern
Michael Waldman

CC: John Podesta

FROM: Maria Echaveste

DATE: November 6, 1998

SUBJECT: State of the Union Ideas Memos

As promised, please find attached draft State of the Union ideas memos from CEQ, OSTP, DPC, NEC, and the Special Projects Office. We will be meeting to discuss these memos on Monday at 5:30 in the Roosevelt Room. If you have any questions in the meantime, please do not hesitate to contact me or Clara Shin at 6-5506. Thank you.