THE TRIP

of

THE PRESIDENT

to

DETROIT, MICHIGAN

January 8, 1999

Staff Copy

Table of Contents

Friday, January 8, 1999

DETROIT, MICHIGAN

Table of Contents

Friday, January 8, 1999

Michigan Background

SCHEDULE OF THE PRESIDENT
FOR
FRIDAY, JANUARY 8, 1999

Draft Schedule

SCHEDULING DIRECTOR:	STEPHANIE STREETT	
	HOME:	202-332-5651
	OFFICE:	202-456-2823
	WHCA PAGER:	4824
PRESS DESK:	ANNE EDWARDS	
	HOME:	301-565-3101
	OFFICE:	202-456-2921
	WHCA PAGER:	4208
TRIP COORDINATOR:	LAURA GRAHAM	
	HOME:	703-212-7642
	OFFICE:	202-456-2349
	WHCA PAGER:	4809
ADVANCE LEAD:	MITCHELL SCHWARTZ	
	STAFF OFFICE:	44-220
	CELL PHONE:	202-757-9176
	WHCA PAGER:	5775

WEATHER:

WASHINGTON, D.C.
Mostly cloudy, becoming cloudy with a wintry mix by early evening. Winds west to southwest at 6 to 12 knots. Low 27 to 32. High 36 to 41.

DETROIT, MICHIGAN
Mostly cloudy with light snow. Winds east to northeast at 10 to 15 knots. Low 19 to 24. High 28 to 33.

Schedule of the President
for
Friday, January 8, 1999
Draft Schedule

7:00 am		**THE PRESIDENT** departs The White House via Marine One en route Andrews Air Force Base [flight time: 10 minutes]
7:10 am		**THE PRESIDENT** arrives Andrews Air Force Base
7:25 am		**THE PRESIDENT** departs Andrews Air Force Base via Air Force One en route Detroit Metro Airport [flight time: 1 hour, 20 minutes]
8:45 am		**THE PRESIDENT** arrives Detroit Metro Airport
	Greeters:	Attorney General Jennifer Granholm Mayor Dennis Archer Wayne County Executive Edward McNamara Representative Kwame Kilpatrick
9:00 am		**THE PRESIDENT** departs Detroit, Michigan Airport via motorcade en route Cobo Conference Center [drive time: approximatley 35 minutes]
9:35 am		**THE PRESIDENT** arrives Cobo Conference Center
	Greeters:	

9:40 am- 10:40 am		**DROP-BY INTERNATIONAL AUTO SHOW** EXHIBITION HALL Cobo Conference Center Staff Contact: Ben Johnson Event Coordinator: Laura Graham **POOL PRESS (AT THE BOTTOM)**

-- **The President**, accompanied by Auto Show Representative TBD, Steve Yokich, President, United Auto Workers, and Elected Officials TBD and their spouses, tours three exhibits.
CLOSED PRESS

Note: **The President will be greeted by a CEO TBD** and a Worker **TBD at each exhibit.**

-- Upon conclusion of the tour, **the President** pauses for two photographs with United Auto Workers members and elected officials.
POOL PRESS

10:45 am- 10:55 am

MEET AND GREET WITH AUTO SUPPLIER LEADERSHIP
ROOM 154
Cobo Conference Center
Staff Contact: Ben Johnson
Event Coordinator: Laura Graham
CLOSED PRESS

Note: There will approximately 30 guests in attendance.

11:00 am- 11:15 am

MEET AND GREET
ROOM TBD
Cobo Conference Center
Staff Contact: Ben Johnson
Event Coordinator: Laura Graham
CLOSED PRESS

11:20 am- 11:30 am

POLICE AND DRIVER PHOTOGRAPHS
ROOM 154

Note: The President will greet the families of White House staff **at this time.**

11:35 am- 12:20 pm

LUNCH/SPEECH PREPARATION
ROOM 153/ROOM 154

12:25 pm

THE PRESIDENT proceeds to Grand Ballroom

12:30	pm-	**ADDRESS TO THE ECONOMIC CLUB OF DETROIT**
1:45	pm	GRAND BALLROOM Cobo Conference Center Remarks: Michael Waldman, Jeff Shesol Staff Contact: Gene Sperling Event Coordinator: Laura Graham **OPEN PRESS**

Note: There will be approximately 1800 people in attendance.

-- William Halling, President, Economic Club of Detroit, makes brief remarks and introduces Mayor Dennis Archer.

-- Mayor Dennis Archer makes brief remarks and introduces the **President**.

-- **The President** makes remarks.

-- Mayor Dennis Archer opens the floor to questions.

-- **The President** answers approximately four questions.

-- Upon conclusion of questions, **the President** works a ropeline and departs.

1:55	pm	**THE PRESIDENT** departs Cobo Conference Center via motorcade en route Solidarity House [drive time: 10 minutes]
2:05	pm	**THE PRESIDENT** arrives Solidarity House Greeters:
2:10	pm-	**BRIEFING**
2:15	pm	PRESIDENTIAL HOLD Solidarity House Staff Contact: Ann Lewis, Megan Moloney
2:20	pm-	**TAPE RADIO ADDRESS**
3:05	pm	AUDITORIUM Solidarity House Remarks: June Shih Staff Contact: Ann Lewis, Megan Moloney **CLOSED PRESS**

Note: There will be 200 guests in attendance.

3:10	pm-	**MEET AND GREET WITH AMERICORPS AND FOCUS HOPE**
3:20	pm	SCANDINAVIAN ROOM Solidarity House Staff Contact: Larry Stein, Thurgood Marshall, Jr. Event Coordinator: Laura Graham **CLOSED PRESS**
3:25	pm-	**MEET AND GREET WITH M.O.S.E.S MINISTERS**
3:50	pm	ROOM TBD Solidarity House Staff Contact: Larry Stein Event Coordinator: Laura Graham **CLOSED PRESS**
3:55	pm-	**MEET AND GREET WITH MAYOR DENNIS ARCHER'S MINISTER**
4:20	pm	ROOM TBD Solidarity House Staff Contact: Mickey Ibarra Event Coordinator: Laura Graham **CLOSED PRESS**
4:30	pm	**THE PRESIDENT** departs Solidarity House via motorcade en route Detroit Metro Airport [drive time: approximately 40 minutes]
5:10	pm	**THE PRESIDENT** arrives Detroit Metro Airport
5:25	pm	**THE PRESIDENT** departs Detroit MetroAirport via Air Force One en route Andrews Air Force Base [flight time: 1 hour, 10 minutes] **Note: If it is necessary to de-ice Air Force One it will require 45 minutes prior to departure. The President and staff will hold on Air Force One.**
6:35	pm	**THE PRESIDENT** arrives Andrews Air Force Bse
6:50	pm	**THE PRESIDENT** departs Andrews Air Force Base via Marine One en route The White House [flight time: 10 minutes]
7:10	pm	**THE PRESIDENT** arrives The White House

7:20 pm- 7:25 pm		**PHOTO OPPORTUNITY WITH SPACE SHUTTLE DISCOVERY CREW** OVAL OFFICE Staff Contact: Dr. Neal Lane Event Coordinator: Laura Schwartz **WHITE HOUSE PHOTO ONLY**

EVENING OFF

BC/HRC RON	**THE WHITE HOUSE** **WASHINGTON, DC**

A

THE WHITE HOUSE

WASHINGTON

'99 JAN 7 PM8:09

January 7, 1999

DROP-BY INTERNATIONAL AUTO SHOW

DATE: Friday, January 8, 1999
LOCATION: Cobo Convention Center
TIME: 9:30 a.m.
FROM: Ben Johnson, Deputy Assistant to the President and Acting Director of Public Liaison

I. PURPOSE

To see first hand the new line of automobiles and automobile technology displayed by the automobile manufacturers at the North American International Auto Show.

II. BACKGROUND

The North American International Auto Show, commonly called the Detroit Auto Show, is one of the largest exhibition of automobiles and automobile technology in the world. Sponsored by the Detroit Auto Dealers Association, the Auto Show provides the forum for automobile manufacturers to display the new year's models and concept cars to the media and the general public. The Auto Show officially opens on Saturday, January 9 and will continue until Monday, January 18.

During your visit, you will tour a General Motors exhibit, a DaimlerChrysler exhibit and a Ford Motor Company exhibit with the respective senior corporate officials and senior labor officials from each company. At each exhibit, you will see a selection of product cars and concept cars, some of which have been designed to meet the standards established by your Partnership for a New Generation of Vehicles.

III. PARTICIPANTS

The following individuals will tour each exhibit with you:

Dennis Archer	Mayor, City of Detroit
Edward McNamara	Wayne County Executive
Steve Yokich	President, United Auto Workers
TBD	Chairman, North American International Auto Show
TBD	Chairman, North American International Auto Show

John Conyers	US Representative
Mr. John Conyers III	Son of Representative Conyers
Carolyn Kilpatrick	US Representative
Sander Levin	US Representative
James Barcia	US Representative
Bart Stupak	US Representative
Ms. Laurie Stupak	Spouse of Representative Stupak
Ms. Vicki Barcia	Spouse of Representative Barcia
Debbie Stabenow	US Representative
David Bonior	US Representative
John Dingell	US Representative
Ms. Debbie Dingell	Spouse of Representative Dingell

The following individuals will greet you at the **DaimlerChrysler** exhibit:

Bob Eaton	Co-Chairman of the Board, DaimlerChrysler
Jurgen Schrempp	Co-Chairman of the Board, DaimlerChrysler
Bernard Robertson	Senior Vice President for Engineering
Rob Liberatore	Vice President, Government Relations

The following individuals will greet you at the **General Motors** exhibit:

Jack Smith	Chairman of the Board & CEO, General Motors
Rick Wagoner	President and Chief Operating Officer, General Motors
Gary Cowger	Vice President and Group Executive, GM Labor Relations
George Peeples	Senior Vice President, Government Relations

The following individuals will greet you at the **Ford Motor Company** exhibit:

Bill Ford, Jr	Chairman of the Board, Ford Motor Company
Jacques Nasser	President and CEO, Ford Motor Company
Peter Pestillo	Vice Chairman & Chief of Staff, Ford Labor Relations
Janet Mullins	Vice President, Government Relations

IV. PRESS PLAN

The tours of the Ford, General Motors and DaimlerChrysler exhibits are closed press. There will be a photo availability upon the conclusion of the tour with the corporate executives and representatives from the UAW.

V. SEQUENCE OF EVENTS

- You will be accompanied by representatives of the North American International Auto Show, Steve Yokich, president of the UAW, Mayor Dennis Archer and County Executive McNamara as you tour three exhibits.

Note: At each exhibit, you will be greeted by its CEO, its senior executives and its executive vice president for labor relations.

- Upon conclusion of the tour, you will pause for two photographs with senior corporate executives, United Auto Workers members and elected officials.

VI. REMARKS

No prepared remarks required.

B

THE WHITE HOUSE

WASHINGTON

'99 JAN 7 PM 8:59

January 7, 1999

MEET AND GREET WITH AUTO SUPPLIER LEADERSHIP

DATE: Friday, January 8, 1999
LOCATION: Cobo Convention Center, Room 154
TIME: 10:45 am
FROM: Ben Johnson, Deputy Assistant to the President
Acting Director of Public Liaison

I. PURPOSE

To meet briefly with executives from leading auto supplier companies.

II. BACKGROUND

These executives were displaced from their scheduled meeting space to allow for Friday's tour of the auto show. They were very understanding and cooperative.

III. PRESS PLAN

This event is closed press.

IV. REMARKS

No prepared remarks required.

C

THE WHITE HOUSE

WASHINGTON

'99 JAN 7 PM 7:56

ADDRESS TO THE ECONOMIC CLUB OF DETROIT

DATE:	January 8, 1998
TIME:	11:15 a.m. - 12:15 p.m. (Lunch and Speech Prep)
	12:30 p.m. - 1:45 p.m. (Address)
LOCATION:	Cobo Conference Center
FROM:	Gene Sperling

I. PURPOSE:

To highlight good economic news and announce that we have now reached the longest peacetime expansion in American history.

II. BACKGROUND:

You will announce the new job numbers and explain that we have officially attained the longest peacetime expansion in history. At the same time, you will outline the economic strategy that got us here and highlight the importance of staying on the path of strong economic growth. After you speak, Mayor Archer will open the floor to questions from audience members which the Mayor will screen and ask you himself. You should expect the questions to focus on the following issues: steel, the auto industry, and climate change.

III. PARTICIPANTS:

Pre-Brief

- The President
- Doug Sosnik
- Gene Sperling
- Michael Waldman
- Karen Tramontano

Event

- 1800 audience members including Members of Congress, members of the Detroit Economic Club.

IV. SEQUENCE OF EVENTS

- William Halling, President, Economic Club of Detroit, makes brief remarks and introduces Mayor Dennis Archer

- Mayor Archer makes brief remarks and introduces **YOU**.

- **YOU** make remarks

- Mayor Dennis Archer opens the floor to questions

- **YOU** answer approximately four questions

- Upon conclusions of questions, the **YOU** works a ropeline and departs

V. PRESS COVERAGE

Open

VI. REMARKS

Prepared by speech writing.

D

'99 JAN 7 PM4:45

Final 01/07/99 4:00pm
Waldman/Shesol

PRESIDENT WILLIAM J. CLINTON
REMARKS TO THE ECONOMIC CLUB OF DETROIT
DETROIT, MICHIGAN
January 8, 1999

Acknowledgments: Mayor Dennis Archer; William Halling, President, Economic Club of Detroit; former Gov. & former Ambassador Jim Blanchard; members of Congress TBD

It's a pleasure to be back here in Detroit. I want to thank Mayor Archer in advance, if I may, for hosting a National Town Meeting here in May, when citizens and leaders from across the country will meet to discuss ways to protect the environment while growing our economy.

It was here in Detroit, in our industrial heartland, that workers and managers built the great economic engine of this American Century -- and generated the great American middle class. Today I want to talk to you about what we are doing - and must continue to do -- to build the economic engine of the next American Century, the 21st Century, and fuel the expansion of the middle class for a new millennium.

It was here in Detroit, nearly a century ago, that Henry Ford set in motion that very first assembly line -- building not only the Model T but a new model for doing business. He said he was looking for leaders and thinkers and workers with "an infinite capacity to not know what can't be done." People like that came together in Detroit, and across America, forging the transition from farm to factory. Detroit led the way -- and America led the world.

Detroit still leads the way. America continues to lead the world. Indeed, we gather today at a time of American economic renaissance. Our budget is balanced, for the first time in a generation, and we are now entering the second year of an era of surpluses. This week, I announced that our economists project we will close out the year 1999 -- and the 20th Century -- with a surplus of no less than $76 billion. Like this year's, it will be the largest in the history of the United States. And today, we received more evidence that our economic strategy is working: [unemployment numbers TK].

We can now say with confidence: our peacetime economic expansion is the longest in history. And it is different than most past expansions. This time, the expansion is inclusive, not exclusive. This time, our prosperity belongs to the many, not merely to the few. This time, a rising tide truly does lift all boats.

The longer this expansion goes, the more businesses reach out to find new talent and give their workers new skills to master new techniques. All income groups, from the richest to the poorest, have seen their incomes rise since 1993. The income of the typical family is up more than $3,500 during the same period, adjusted for inflation. We have seen big gains for African-American and Hispanic households.

Think how far we have all come. I will never forget the last time I spoke here, just seven years ago, when it seemed America had lost its way. We were walking into strong headwinds of economic change, and we failed to move forward; we stalled; we stumbled. When I spoke to the Economic Club in August 1992, I said we had a choice to make: "to create a high-growth, smart-work, high-wage economy, or . . . to continue to drift into a low-growth, hard-work, low-wage future."

In August 1992 the unemployment rate for the Detroit area was 8.8 percent, and the same in the state as a whole. In August 1992, Michigan had lost more than 60,000 jobs in the previous two years. In August 1992, businesses were folding; residents were losing jobs and hope; crime and poverty were hitting record levels. The new world of high technology, of greater global competition, threatened to bypass the heartland. Foreign competitors described America as just another great power in a state of inevitable, irreversible decline. On our own bestseller lists was a book that asked the question: "America, what went wrong?"

When I took office several months later I said: "there is nothing wrong with America that can't be cured by what is right with America." And today, we ask with pride: "America, what went right?"

The answer is a lot of things -- in fact, most things -- are going right for America. Our real recovery began when we returned to a principle as old as our republic: "We the people." Throughout our proud history, at critical junctures, Americans have seized control of their own destiny -- empowering themselves, taking the initiative to make change. The result, since 1993, has been the creation of a new economy -- with more than [17] million new jobs -- nearly 600,000 right here in Michigan -- wages rising at twice the rate of inflation, the highest home ownership ever, and unemployment and inflation at their lowest levels in a quarter century.

And closer to home for many of you, we learned this week what a remarkable year 1998 was for U.S. automakers: 15.5 million cars and light trucks sold last year, the most in 12 years. Ford had its best year since 1978, and sales of the former Chrysler Corporation brands hit a record high: 2.5 million vehicles. GM ended the year on a strong note, with great momentum for 1999.

How did all this happen? It was not inevitable. It was certainly no accident. It demanded of us a new economic vision, a new philosophy of how to make our economy work for our people. It required a rejection of the old, contentious debates between left and right, Democrats and Republicans, that had paralyzed our politics for too long. Last May at the Economic Club, you heard about our economic strategy from Vice President Gore, who has played such a vital role these six years in making it a success.

We said in 1992 and we have said many times since: No nation can resist the strong currents of economic change. No nation can stem those powerful tides. And no nation should simply leave its people to sink or swim. Instead, we determined to channel the currents of change, energizing the world, riding those tides to greater heights.

To make this happen we needed a different kind of government -- progressive and creative, flexible and attuned to the information age. And smaller. In fact, today we have the smallest government since John Glenn first orbited the Earth. We also wanted to end the war between business and government. Not by regulatory fiat, not by command and control, but by challenging the private sector to meet our national goals and giving them the flexibility to do so. Under the Vice President's leadership we have cut, for example, more than 16,000 pages of federal regulations, and streamlined or simplified 31,000 more. And we are committed that, in writing any future regulation, we will work with those who bear the burden as well as those who receive the benefit.

We called this way of thinking the "Third Way." In my own party, its advocates were known as "New Democrats." Today, this philosophy has found rhetorical support, at least, among a growing number of Republicans. And it has modernized progressive political parties and brought them to power all through the industrial world. We have created, across old lines of division, a new American consensus -- making the "vital center" once again a source of energy and action. That is the only way for an advanced industrial nation to thrive in the new global economy.

Our new economic strategy was rooted, first, in fiscal discipline. In an era of worldwide capital markets, no longer can any nation purchase prosperity on the cheap by running big deficits. We cut the deficit; we balanced the budget. And by doing so, by making the hard choices required of us, we sent interest rates down -- helping more young people to buy homes, helping more entrepreneurs to start businesses. We also freed up more than $1 trillion in capital for private-sector investment. Unlike past expansions, where government bought more and spent more to drive the economy, during this expansion government spending as a share of the economy has actually fallen. America's economic success has been fueled by the greatest private-sector investment in decades.

The second part of our strategy has been to invest in our people. In 1992 I said that there were two kinds of deficits -- not just the budget gap but also an investment gap. A high-tech economy places ever greater demands on skills. That is why we are continuing to make critical investments in our people and our future:

Even as we have balanced the budget, we have nearly doubled our annual investment in education and training.

Even as we closed the budget gap, we have expanded the Earned Income Tax Credit for 15 million low-income working families, giving them hope and helping lift them out of poverty.

Even as we cut government spending, we have raised investments in our welfare-to-work jobs initiative and invested $24 billion in our children's health initiative.

Third, building a new American economy has meant making the world economy work for us. Until last year, fully one third of the strong economic growth America enjoyed in the 1990s came from trade. For every country engaged in trade, for every market open to our exports, the base of customers for American goods and services expands dramatically. That is why it matters to all Americans that we signed more than [240] trade agreements during the past 6 years. [In 1995, we signed an auto trade agreement with Japan. We have made some progress since then. But with Japan's economy under duress, we will never make the kind of progress we intended to make, and the progress that you know we should make. And that is why we have pressed the Japanese government to take the steps necessary to stimulate and open their economy and reform their banking system -- so that the Japanese people can have the benefits of buying Detroit's autos.]

We have created a truly new, global, high-tech economy. Today, more than 7 million Americans work in technology-related industries, earning two thirds more than average workers. Technology has not just built the computer industry but has transformed existing industries: high-tech research and development are remaking real estate, construction, and, as I have seen today, transportation. I used to think there was nothing I would rather drive than my old Mustang, but I might reconsider after what I saw this morning at the Auto Show. Consider this: The Ford Taurus Americans drive to the supermarket today has more computer power than Neil Armstrong had to steer Apollo 11 to the Moon. It's an interesting time.

In all this, the American economy that once seemed anemic is now robust, a leader for growth in the world. But common sense, experience, and the example of our competitors abroad show us the perils of resting on our laurels. Now, as ever, is the time to press ahead. Now, at this moment of great plenty, is precisely the time to face the challenges of the 21st Century.

Even as we bask in our historic economic expansion, we must do more to stabilize the world economy, to spur growth, and to spread more widely its benefits.

<u>First</u>, in the next year and beyond, we must remain vigilant and maintain our hard-won fiscal discipline. That means one thing, and let me state it plainly: that means no tax cuts, and no spending programs, no matter how attractive, that would put our prosperity at risk. I will say again that in this new year and in this new Congress, I will veto any tax plan that imperils our fiscal discipline. But let me be equally clear: we should have tax cuts, but they should be targeted at the middle class, and they should be paid for line by line and dime by dime.

Our fiscal responsibility gives us an unparalleled opportunity to address the challenge of an aging nation. Soon the number of elderly Americans will double, a seismic demographic shift with great consequences for our nation. I am glad the Congress set aside the surplus until we saved Social Security -- now, it's time to actually do it, and to save Social Security for the 21st Century. We must, also, honor the great legacy of Rep. Dingell's father, who fought for Medicare for so many decades, by strengthening and securing that program into the new century.

Second, we must do more to invest in our people. Today the income gap is above all a skills gap. In my upcoming State of the Union Address, I will advance a new training agenda to give the American people the skills they need to compete in the growing global economy.

Third, at this time of continued turmoil in the international economy, we must do more to make the world economy work for our people.

I want to press forward with open trade. It would be a terrible mistake, at this time of economic fragility in so many regions, for the United States to build walls of protectionism that could set off a chain reaction around the world, imperiling the growth upon which we depend. An open, fair, rules-based trade system is essential to American prosperity. My administration will bring the full force of our trade laws to bear upon any and all unfair trade practices. At the same time, we must do more to make sure that working people are lifted up by trade. We must do more to ensure that spirited economic competition among nations never becomes a race to the bottom -- in environmental protections, consumer protections, or labor standards. We should be leveling up, not leveling down.

Strengthening the foundations of trade means stabilizing the architecture of international finance. The global financial crisis has hit our farmers, ranchers, and manufacturers -- particularly the steel industry, as you know -- very hard. When the nations of Asia descend into economic disruption, consigning an entire generation to poverty, it hurts them and it hurts us. These nations are our trading partners; they buy our products and can ship low-cost products to American consumers. In September, at the Council on Foreign Relations, I set out a strategy to contain financial contagion before it spreads.

I am pleased that our approach has been taken up around the world: interest rates are being cut here and abroad, America is meeting its obligations to the International Monetary Fund, there is a new facility at the World Bank to strengthen the social safety net in Asia. And there is now a new precautionary line of credit so nations with strong economic policies can quickly get the help they need -- before financial problems mushroom from concerns to crises to calamities.

Fourth, we must do more to renew our greatest untapped markets -- our underserved urban and rural communities. My administration has pursued a new strategy, based on empowerment and investment, and here in Detroit we see its success. With the critical assistance of our Empowerment Zone, the unemployment rate here has been cut in half. But we still have more work to do to bring the spark of private enterprise to neighborhoods that have too long been without hope. Next week, at the Wall Street Project convened by Reverend Jackson, I will talk about how we can bring growth to emerging markets within our own cities and rural communities.

Finally, we must do more to protect the environment while promoting economic growth. As Vice President Gore pointed out last May, here at the Economic Club, we can indeed pursue greater growth while having cleaner air and cleaner water, and while tackling challenges like global climate change. Our administration has worked closely with auto makers as we face the challenge of climate change. That is the idea behind the PNGV, the Partnership for a New Generation of Vehicles that we started six years ago -- the government joining forces with auto makers to develop cleaner, more fuel-efficient cars and to make American car companies even more competitive in global markets. I was pleased to see some of the fruits of that partnership at the Auto Show today, and I'm looking forward to seeing the first Concept Cars from each of the companies in about a year's time.

Henry Ford said it best: "Coming together is a beginning; keeping together is progress; working together is a success." At the turn of the last century, Ford spoke with all the optimism and ambition of a young man and a young nation. The innovators and business leaders of his generation knew they would succeed; they marched boldly through the doors of opportunity and helped shape a new nation. Now, on the verge of another American Century, our economy is at a pinnacle of power and success. Will Americans have the courage to move forward? I believe we will. Will we renew our ideas and institutions to meet new challenges? I believe we will. I am every bit as confident as Henry Ford that "working together is success," and that there are no limits to the world we can create, together, in the century to come. Thank you.

E

'99 JAN 7 PM 7:50

STEEL REPORT
January 8, 1998

Q: What are you doing to help the steel industry?

A: Just yesterday, I sent an action plan to Congress outlining my comprehensive action plan to respond to the increase in steel imports into the United States.

I am deeply concerned about the recent surge in low-priced steel imports and its impact on America's steel industry and the workers, families and communities that depend on it. There is no more important challenge than to ensure the strength of the U.S. economy and to minimize the impact of the global financial crisis on all Americans.

Free and fair rules-based trade is essential for both global economic recovery and for U.S. prosperity. We are committed to providing a comprehensive response to the steel import situation. The report I outlined yesterday takes concrete steps to address the import surge: forceful steps with our trading partners to end unfair trade practices; strong enforcement of our laws against unfair trade practices, new tax incentives and assistance to help steelworkers, the industry and their communities; and a comprehensive effort to restore global growth.

We will continue to monitor developments and consult with industry and labor representatives, members of Congress, as well as our trading partners, and will take additional action as circumstances warrant.

Q: Is the U.S. Government seeking an agreement with Russia to limit steel exports to the United States?

I am firmly committed to strong enforcement of our trade laws, and we have raised concerns about unfair steel trade with Russia's leadership.

There is currently an ongoing antidumping investigation on hot-rolled steel imports from Russia. Our trade laws allow us to negotiate agreements -- suspension agreements -- that limit imports of products covered by pending dumping cases with non-market economies, such as Russia. In some circumstances, such suspension agreements can be the best and most effective way to enforce our law.

So, the Commerce Department is exploring whether a possible suspension agreement could provide early, effective, relief from the surge of Russian steel imports consistent with statutory requirements. My administration is also working with Russia and the IMF to stabilize the Russian economy, promote market reforms and help Russia move toward economic growth.

Q: What have you done to limit imports from Japan?

A: Japan has been a key focus of our efforts, since Japan has been the single largest contributor to the current pressures faced by the American steel industry, alone accounting for almost half of the entire U.S. import surge. When I was in Tokyo last year, I expressed strong concern about the extraordinary increase in Japan's steel exports to the United States and its impact on our market. We also made clear that we need fair, rules-based trade, full enforcement of trade commitments and greater market opening. At the same time, Japan must move quickly to adopt and implement effective economic stimulus and reform measures.

We have told the Japanese government that we expect Japan's exports to return to appropriate pre-crisis levels in order to restore stability to the United States steel market. The Japanese government has informed us that Japanese steel exports would return close to 1997 levels in 1999. Therefore, my Administration's Steel Task Force will monitor steel imports from Japan on a monthly basis. We are ready to take appropriate WTO-consistent actions under our trade laws to ensure that imports from Japan return to pre-crisis levels, including, if necessary, self-initiated actions under Section 201 and our antidumping laws.

Mergers and Consolidation
January 7, 1998

Q: Does the White House have a view on the recent wave of mergers, particularly in the auto industry? Do you think that there's something troubling about all these recent mergers?

A: We are very limited in what we can say about ongoing reviews of particular mergers or consolidation in an industry.

In general though, if mergers or consolidation protect competition, enhance efficiency so that consumers benefit from lower prices and higher quality, and help our businesses become more competitive, then they are a welcome development and a part of American tradition. If, however, they stifle competition to the detriment of consumers and communities, then they are problematic.

Our economy is tremendously dynamic, the most competitive in the world, and we will do everything we can to maintain that leadership role. That's why I have asked my economic team to study and report on the consolidation we have seen this year so that we can gain a deeper, more comprehensive understanding of what is happening in the economy. We need to make sure that we are preserving competition and consumer protections as our companies become more globally competitive.

Q: Was this review prompted by any particular merger?

A: Not at all.

Q: Will the report recommend any legislative changes?

A: It is to soon to tell, but it is highly unlikely that they will recommend changes to the antitrust laws per se.

STEEL REPORT
January 8, 1998

Q: What are you doing to help the steel industry?

A: Just yesterday, I sent an action plan to Congress outlining my comprehensive action plan to respond to the increase in steel imports into the United States.

I am deeply concerned about the recent surge in low-priced steel imports and its impact on America's steel industry and the workers, families and communities that depend on it. There is no more important challenge than to ensure the strength of the U.S. economy and to minimize the impact of the global financial crisis on all Americans.

Free and fair rules-based trade is essential for both global economic recovery and for U.S. prosperity. We are committed to providing a comprehensive response to the steel import situation. The report I outlined yesterday takes concrete steps to address the import surge: forceful steps with our trading partners to end unfair trade practices; strong enforcement of our laws against unfair trade practices, new tax incentives and assistance to help steelworkers, the industry and their communities; and a comprehensive effort to restore global growth.

We will continue to monitor developments and consult with industry and labor representatives, members of Congress, as well as our trading partners, and will take additional action as circumstances warrant.

Q: Is the U.S. Government seeking an agreement with Russia to limit steel exports to the United States?

I am firmly committed to strong enforcement of our trade laws, and we have raised about unfair steel trade with Russia's leadership.

There is currently an ongoing antidumping investigation on hot-rolled steel imports from Russia. Our trade laws allow us to negotiate agreements -- suspension agreements -- that limit imports of products covered by pending dumping cases with non-market economies, such as Russia. In some circumstances, such suspension agreements can be the best and most effective way to enforce our law.

So, the Commerce Department is exploring whether a possible suspension agreement could provide early, effective, relief from the surge of Russian steel imports consistent with statutory requirements. My administration is also working with Russia and the IMF to stabilize the Russian economy, promote market reforms and help Russia move toward economic growth.

Q: What have you done to limit imports from Japan?

A: Japan has been a key focus of our efforts, since Japan has been the single largest contributor to the current pressures faced by the American steel industry, alone accounting for almost half of the entire U.S. import surge. When I was in Tokyo last year, I expressed strong concern about the extraordinary increase in Japan's steel exports to the United States and its impact on our market. We also made clear that we need fair, rules-based trade, full enforcement of trade commitments and greater market opening. At the same time, Japan must move quickly to adopt and implement effective economic stimulus and reform measures.

We have told the Japanese government that we expect Japan's exports to return to appropriate pre-crisis levels in order to restore stability to the United States steel market. The Japanese government has informed us that Japanese steel exports would return close to 1997 levels in 1999. Therefore, my Administration's Steel Task Force will monitor steel imports from Japan on a monthly basis. We are ready to take appropriate WTO-consistent actions under our trade laws to ensure that imports from Japan return to pre-crisis levels, including, if necessary, self-initiated actions under Section 201 and our antidumping laws.

TRADE
January 7, 1998

Q: The Asia crisis has had a severe impact on American manufacturing. What are you doing about it?

A: **Global turmoil is having an impact on America**. As I warned in last year's State of the Union, there is no doubt that the Asian crisis is having an impact on our economy. For while our economy continues to grow and create new opportunity, we know that the shocks abroad can reverberate in important sectors of our own economy. The steel industry has been overwhelmed by imports at fire-sale prices, and Boeing has announced that it will lay workers off because Asian airlines can't pay for the planes they've ordered.

That's why we are working to contain the crisis. And that's why, for more than a year now, we have worked so hard to limit the spread of the financial contagion, reverse conditions in Asia, and restore economic growth around the world. Our efforts are yielding positive results.

-- Countries around the world are cutting interest rates to spur global growth.
-- Working with Congress, we have strengthened the International Monetary Fund.
-- The leaders of the world's major economies have agreed to create a precautionary line of credit to help countries with sound economic policies ward off the global crisis before it reaches their shores.
-- Together with Japan we have launched an initiative to help relieve crushing debt burdens in Asia and revive the private sector there.
-- In countries like South Korea and Thailand there are signs of progress as reforms take hold. And our efforts will continue.
-- Brazil's President Cardoso is pushing hard to implement an ambitious economic agenda -- and we encourage Brazil to follow through.

We simply must continue to lead the world in restoring growth and in building a strong finance and trade system for the 21st Century.

Critical that Japan take swift action to restore growth. Japan, the world's second largest economy, and by far the largest in Asia, faces the most important task of all. The health of Asia's economy ultimately depends upon Japan. That's why it must spur economic growth, open and deregulate its economy, and take immediate steps to strengthen its financial system.

Q: Will the President push for fast track next year?

A: When Congress returns next year, we should do the hard work of building a bipartisan coalition for traditional negotiating authority so that we can build on our successful record of expanding markets for American goods, services, and agricultural exports.

I hope that we can restore fast track authority this year, and we will consult with Congress on the best way to build bipartisan support for its passage.

Congress should also advance our international economic leadership next session by passing the Africa trade bill, and paying our arrears to the UN.

Social Security
January 8, 1998

Q: Are you considering creating individual retirement account that would function like a 401(K) and supplement Social Security. Is that true?

A: At the same time that we conduct our review of Social Security, we are also looking at ways to increase savings among lower- and moderate-income families.

No one should assume that consideration of various ways to increase savings and expand pensions is automatically related to whatever Social Security reforms we are considering.

Q: But are you discussing retirement accounts?

A: We have spent considerable time studying all of the options that could form the elements of a comprehensive plan to save Social Security. I will continue to work with my economic team and consult with Congress on what could make up a plan that meets the principles I have laid out and receive bipartisan support.

Q: Republicans say they are planning to cut taxes by $500 billion over the next 10 years and that non-Social Security surpluses could fund that kind of a tax cut. Will you consider that type of tax cut?

A: My position is perfectly clear. First things first. We should reserve the entire surplus until we have saved Social Security. Thanks to that kind of discipline, we are now expecting to see two years of budget surplus in a row for the first time in 40 years. But we face long-term financial challenges, and we can't go out and spend the surplus today. We have to plan for the future.

Q: Have you decided that some form of privatization is critical to saving Social Security?

A: What I have said in meetings with Congress and with my economic team is that we ought to look for ways to get higher returns into Social Security. What the mechanism is for doing that, obviously, remains a controversial issue, but there is a growing consensus that we do need the type of investment options that would bring higher returns to Social Security.

<u>State of the Union</u>

Q: Will you put forward a plan in the State of the Union address this year?

A: The State of the Union speech is clearly an important vehicle for addressing crucial issues facing the country.

I hope to use the opportunity provided by the State of the Union in whatever is the most effective way for advancing the debate on Social Security.

Individual Accounts

Q: Will you support a plan that includes individual accounts?

A: I will examine any proposal in the context of comprehensive reform that is consistent with my five principles. Rather than ruling in or out specific elements, we should consider whether a comprehensive package meets his principles.

The Budget Surplus

Q: The surpluses seem to be growing very quickly. Could we use them to solve the long-range solvency problem facing Social Security?

A: When I took office, the budget deficit was projected to grow to $357 billion in the most recent fiscal year. Because of the 1993 and 1997 deficit reduction plans and the hard work of the American people, the balance sheet has improved by $427 billion -- so that we had a surplus of $70 billion in 1998. And this week, we announced that next year's surplus should be at least $76 billion.

With $1.5 trillion in surpluses projected over the next 10 years, we have put our fiscal house in order. That means that we are in better shape to fix our generational deficit.

The projected surpluses provide another possible mechanism to prefund the Social Security system. Our fiscal discipline has opened up new possibilities and opportunities for Social Security reform. We must "save Social Security first" -- preserving the budget surpluses until we know what role they should play in reform.

Detroit Qs & As --Climate Change

Q: What do you see happening on the climate change front this year?

A: On the domestic side, we will press forward in our efforts to spur the development and deployment of new technologies that will save energy, make us more competitive, and strengthen our economy. In last year's budget, we secured over $1 billion in funding for these programs -- a 25% increase. In the budget we announce in a few weeks, we'll be seeking additional funds for these "win-win" programs.

The Partnership for a New Generation of Vehicles is an excellent example of the kind of high-tech collaboration we have been engaged in with business. Under PNGV, we are working with Detroit's automakers to develop high-efficiency cars. These efforts will help us put the brakes on global warming, create jobs and improve our competitiveness.

In addition, we look forward to working closely with industry and Congress to support legislation to reward companies who have already taken or are ready to take action now to start reducing their greenhouse gas emissions.

One great local example of voluntary action is Detroit Edison. They have sponsored an impressive solar program, launched a company to capture methane from landfills and turn it into useful energy, formed a joint venture to develop fuel cells for homes and small businesses, and cosponsored and a project to protect the Rio Bravo rain forest in Belize.

On the international front, we will be working hard to flesh out key details of the Kyoto treaty and to secure greater participation by developing countries in this fight.

Q: Why should the United States jeopardize its economy taking steps to address global warming when the scientists still don't agree that there's anything to worry about and developing countries like China and India aren't doing anything?

A: First of all, there is a consensus among the world's leading climate scientists that the earth is getting hotter and that manmade greenhouse gas emissions are contributing to that process. We know that this is the hottest century since at least 1400, that the 1990s are the hottest decade on record, and that 1997 was the hottest year on record until 1998, which was even hotter.

On developing countries, I have made it clear that I will not submit the Kyoto treaty to the Senate for its approval until there is meaningful participation on the part of key developing countries in combating global warming. Participation by the developing countries in this fight is an environmental necessity -- early in the next century emissions from the developing world will surpass those from developed nations. At the same time, we all have a responsibility to pass on a healthy, liveable planet to our children and our grandchildren, and the United States has a responsibility to act and to lead.

Our approach on climate change at home is to pursue win-win efforts to spur the development and deployment of new technologies that will save energy, make us more competitive, and strengthen our economy. I have always rejected the false choice between a strong economy and a healthy environment. We have shown for the past 25 years --whether in efforts to clean our air and water, eliminate acid rain, or close the ozone hole --that economic growth and environmental protection go hand in hand.

Additional Q & A for Detroit
January 8, 1998

Environmental Justice

Q: Mayor Archer has been very vocal in saying that EPA's policies on environmental justice are a threat to redeveloping our cities. Do you support that policy?

A: One of my Administration's highest priorities has been to bring new investment, development, and jobs to low-income, minority, and other economically distressed communities. Our success is visible throughout Detroit, through initiatives ranging from empowerment zones to brownfields redevelopment efforts. EPA has been a partner in this effort, because environmental protection is an essential component of economic development. Redevelopment must take into account the special public health threats and related concerns about environmental justice that distressed communities have raised. I support EPA's efforts to do that.

Q: Do you endorse the recent EPA guidance that has raised some concerns in Detroit?

A: I am aware of the strong concerns raised about the most recent EPA guidance on environmental justice. At my request, Administrator Browner came to Detroit and is working closely with Mayor Archer to understand and address the concerns he and others have raised. EPA also has convened a Federal advisory committee that includes many critics of the policy --including Michigan's Director of Environmental Quality, Russ Harding --to propose revisions to the guidance this year. I am confident that with Mayor Archer's help and the input of the advisory committee, we will address the concerns that have been raised and strengthen our effort to bring both jobs and a cleaner environment to our distressed communities.

Q: The current EPA guidance nearly cost us the new Select Steel mill near Flint --an area already hard-hit by job losses. Why not withdraw the guidance?

A: As you know, EPA dismissed the Title VI challenge to the Select Steel permit in October, under the very guidance that has been the subject of debate. This decision ensures that the Select Steel plant will proceed, and makes clear that our environmental justice policies are not an obstacle to economic development. We see no reason to withdraw the guidance, but we do hope that EPA will further improve its approach when the advisory committee completes its work.

[**Background:** EPA's environmental justice program was directed by a guidance document that was never sent to the White House for review, and was never reviewed outside of EPA. As a result, it was not received favorably, and there was a nationwide outcry against the policy. The

Federal advisor committee noted above was created in response to the outcry. Mayor Archer and other critics were active in the committee, which should issue a report within the next few months. The Vice President has been caught between the environmentalists and other supporters of the environmental justice policy and those who believe that it has strangled economic growth.]

PM-Ozone Guidelines

Q: The administration's guidelines on ozone and particulate matter have been very controversial here? Are you sure that it's the right approach

A: Two summers ago, we issued guidelines to help protect the air for our children and for future generations.

Although the standards were tight, we plan to implement the standards in as cost-effective and least burdensome manner as is possible. This issue will be addressed over time in a series of actions. We expect that by implementing the standards in a flexible and reasonable manner, we can achieve a balance and protect our health and that of our children in a manner that has the least economic impact.

For example, in October, 1997, EPA issued a new strategy that allows for the reduction of nitrogen oxides (a major contributor to smog) in 22 states. The strategy was developed to take advantage of the most cost-effective reductions, by focusing on power plants. Such reductions can be achieved for as little as $1,700 a ton, whereas similar reductions from cars could cost close to $3,100 a ton. The strategy did not mandate which facilities must achieve the reductions, but left flexibility to the states. We expect that EPA will continue to take cost-effectiveness into account as it continues in the implementation of its ozone/pm strategy.

[Background: There has been significant local opposition to the Ozone/PM rules in Michigan. Russ Harding, the Director of the Michigan Department of Environmental Quality has criticized that lack of science supporting the rules and their cost. George Wolff of General Motors, Chairman of the Clean Air Scientific Advisory Committee has questioned the scientific support for the rules. Both houses of the state legislature have passed resolutions opposing the rules. Mayor Archer has criticized the rules because of their expense and their hindrance of economic development within the city.

Michigan is at the heart of this issue. Michigan is one of the states that emits a significant amount of pollutants from power plants, and it also produces cars that are responsible for a large amount of pollution. This is admittedly a difficult issue in Michigan because of the effect it will have on the state, but because of the important benefits of reducing such pollution, we must keep working on it and taking reasonable and cost-effective steps to reduce pollution.]

New Emissions Standards

Q: New emissions and fuel standards could be very expensive. Are you prepared to go ahead with those standards?

A: Those new emission standards and the limits on sulfur in gasoline are the subject of EPA rulemakings that are still in progress. EPA is currently drafting rules which it anticipates publishing in the near future.

We recognize that there is significant concern about the EPA's forthcoming proposal. We understand, however, that Administrator Browner is meeting with the car companies and the oil companies to discuss a range of possibilities -- both with respect to the tailpipe standards and the fuel standards -- and expect that EPA will issue practical and workable standards.

Once EPA finishes drafting the rules they will be submitted to the Office of Management and Budget for an Executive Order review. There will then be opportunity for further input.

[**Background:** In July, 1997, EPA published stringent new Ozone/Particulate Matter standards to help achieve cleaner air. Tailpipe emissions are a major contributor this pollution -- responsible for about one third of the total emissions. In order to help meet the new tight standards, states want EPA to issue tight tailpipe emission standards. By law, EPA's new standards may not take effect until 2004, but EPA is in the process of developing the proposed regulations. It plans to issue final regulations by the end of 1999. These regulations are the most important and controversial regulations that EPA has drafted since the Ozone/PM rules in the summer of 1997.

EPA plans shortly to submit to OMB/OIRA for review the new tailpipe emission standards, which will cover passenger vehicles and light trucks, including SUVs and minivans beginning 2004. At the same time, EPA will propose reduced limits for sulfur in gasoline. (Last May, EPA published a staff report that concluded that it would be difficult for vehicles to meet the new NOx standards without limiting further sulfur content in gasoline.)

Petroleum refiners and the car companies disagree as to the appropriate level of stringency of sulfur limits in gasoline. The car companies state that they cannot meet the tailpipe standards without a very low sulfur gas. The oil companies and EPA estimate that the standards under consideration by EPA will raise the price of gas production by between 2.5 and 8 cents a gallon.]

F

'99 JAN 7 PM 8:16

THE U.S. AUTO INDUSTRY IN 1998

January 7, 1999

The year 1998 was notable for a further gain in motor vehicle sales from the already strong pace of the previous four years. In addition, two major auto industry events made headlines: a long strike in early summer at General Motors and the merger of Chrysler with the German manufacturer Daimler-Benz.

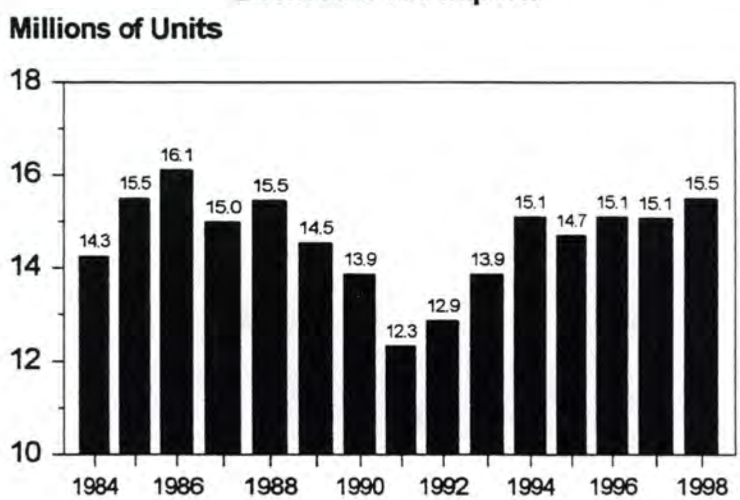
I. *OVERVIEW OF THE U.S. AUTO INDUSTRY*

For the years 1994 through 1997, the **United States was the world's top producer of motor vehicles and is likely to hold that record again for a fifth straight year in 1998**. In 1997, the 12.1 million units assembled in the United States by the Big Three and transplant manufacturers (plants of foreign companies located in the United States) accounted for 22 percent of the 55.1 million motor vehicles produced worldwide. The recent U.S. lead follows a long period from 1980 to 1993 when the United States ranked behind Japan.

U.S. *sales* of new cars and light trucks (domestically produced, as well as imported) reached a twelve-year high of 15.5 million units in 1998, up from already strong readings averaging 15.0 million units annually over the previous four years. (Note: 1998 slightly surpasses 1988 on an unrounded basis.) Sales by the Big Three, foreign transplants, and imports all strengthened in 1998.

U.S. SALES OF NEW CARS AND LIGHT TRUCKS

Domestics and Imports

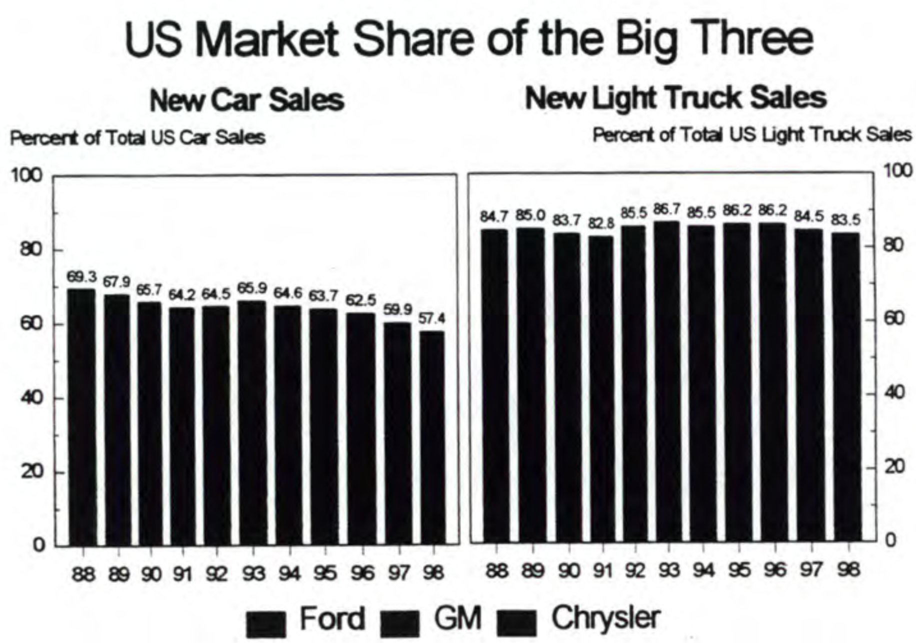


- **December 1998 results** surpassed even optimistic predictions, surging to a 17.2 million unit annual rate from 15.3 million in November. The December performance was the strongest since December 1986.

- **Big Three sales of cars and light trucks** (pickups, vans, and sport-utility vehicles) **totaled 10.9 million units in 1998,** up from 10.7 million in 1997. (Note: The merger of Chrysler and Daimler-Benz did not take place until mid November and sales by Chrysler are still reported separately. See further discussion of the merger on page 7.)

  - The Big Three continue to hold about 70 percent of the overall U.S. market for cars and light trucks. While they have lost market share in automobiles over the past decade (see left panel of the chart below), they continue to account for almost 85 percent of the light truck market, as shown in the right panel of the chart.

  - Partly as a consequence of these trends, the Big Three now sell more light trucks than cars – 6.2 million trucks in 1998 compared to 4.7 million cars.



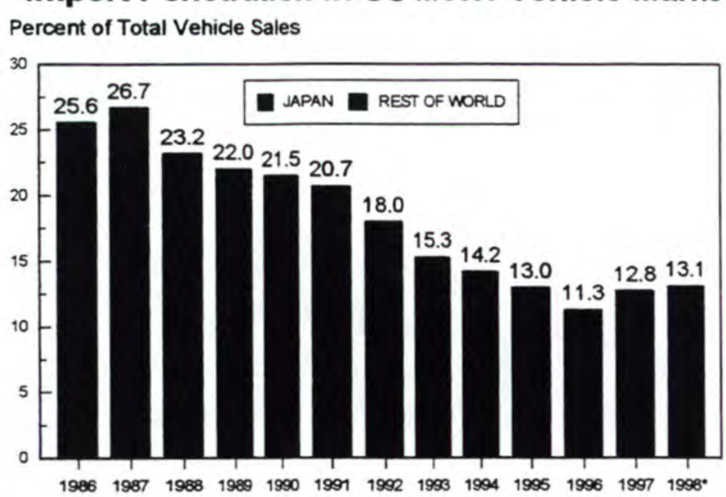
- Over time, the U.S. industry has changed from one in which the Big Three and American Motors were the only domestic manufacturers (1978) to one which includes **8 foreign manufacturers with transplanted operations** (BMW, Honda, Mazda, Mercedes-Benz, Mitsubishi, Nissan, Subaru-Isuzu, and Toyota).

In 1998, sales of vehicles produced by **foreign transplant manufacturers** (counted as domestic models) totaled 2.6 million units, up from 2.4 million in each of the previous two years.

— The growing acceptance of the internationalization of the auto industry is illustrated by the fact that in 1998, the **Toyota Camry and the Honda Accord were the most popular automobiles** sold in this country but more than two-thirds of the Camries and over 90 percent of the Accords were produced here. By contrast, **all of the 15 top-selling light trucks were produced by the Big Three and Ford and Chevy pickups both outsell any auto model by a wide margin.**

- Sales of **imported vehicles** totaled 2.1 million units in 1998, compared to 1.9 million in 1997. As shown in the chart below, import market penetration is still only half the percentage of sales reached in the mid-1980's.

Import Penetration in US Motor Vehicle Market



Factors Affecting the Motor Vehicle Market

The recent motor vehicle market has benefited from rapid job growth, rising real wages, the soaring stock market, low interest rates, high levels of consumer confidence, and low gasoline prices, as well as an easing of motor vehicle prices.

- During 1998, another [2-1/2] million jobs were added to U.S. payrolls, bringing the total gain since January 1993 to [more than 17] million. The **unemployment rate** averaged only [4.5] percent in 1998-- its lowest level since 1969. [Note: full-year 1998 results will be released at 8:30 a.m., January 8.]

- **Real earnings** have been rising strongly for two straight years now -- for the first time since the early 1970's -- and are up more than 2 percent over the past year.

- **Interest rates** have also eased, contributing not only to lower auto loan rates for consumers but also leading to a wave of mortgage refinancings, which has freed up cash for other purchases, such as motor vehicles.

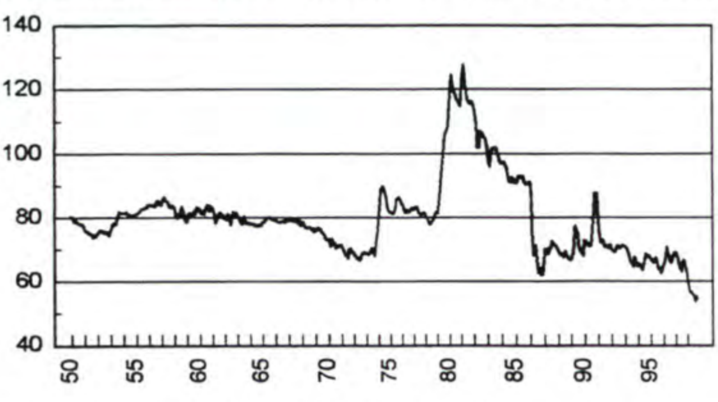
- The **stock market** continued to defy its detractors last year, rising another nearly 22 percent (Wilshire 5000) during 1998. Since the end of 1994, the stock market has contributed more than $6 trillion to household wealth.

- In this favorable economic environment, it is small wonder that **in 1998 consumers expressed the highest level of confidence** in the history of the Michigan consumer sentiment survey.

- In addition, the fall in **gasoline prices** has surely had a favorable impact on consumer motor vehicle buying attitudes. In "real terms" (relative to other consumer prices), the consumer price index for gasoline is the lowest since the series began in 1948. This has contributed to the popularity of larger automobiles and light trucks, which have higher profit margins than small vehicles.

"REAL" GASOLINE PRICES

Consumer Price Index for Gasoline 1982-84=100 - Monthly

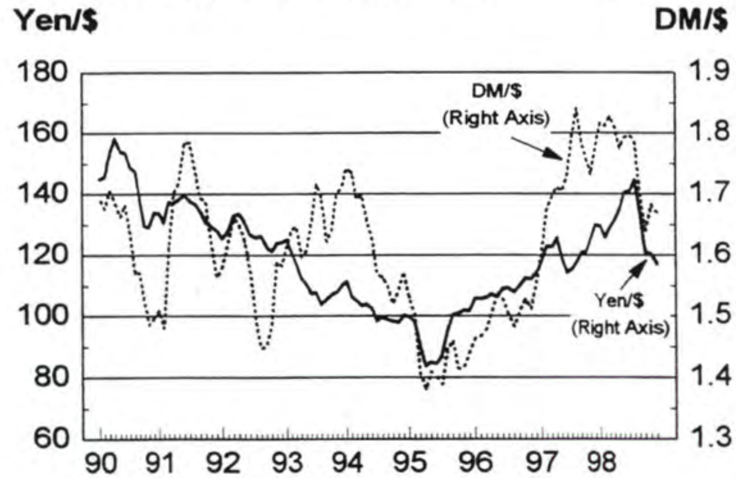


Note: Chart shows CPI for gasoline deflated by total CPI.
Not seasonally adjusted data used prior to 1967.

- **Consumer prices** for new vehicles – domestics and imports combined – have declined by about 1 percent since spring 1997, the first such decline since the early 1970's.

– **Exchange rate shifts** over the past two years have played a significant role in generating this price restraint. Despite recent declines, the dollar on average in 1998 had appreciated by nearly 30 percent against the Japanese yen and about 15 percent against the German mark relative to the levels averaged in 1994 through 1996 (see chart below).

The Appreciation of the Dollar vs. Yen and D-Mark - Monthly



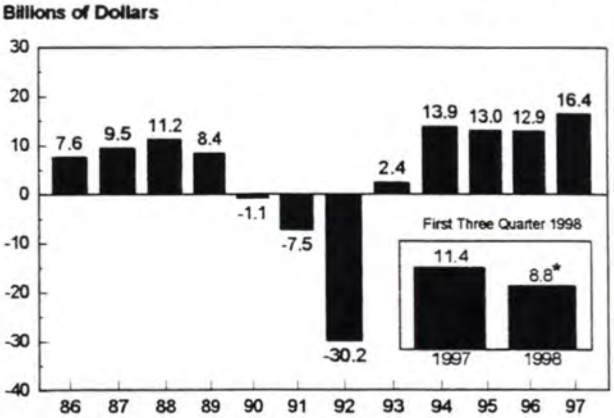
– While the appreciation of the dollar over the past few years has stiffened competition between domestic and foreign auto manufacturers, **the U.S. auto industry has also benefited from lower prices resulting from recent international developments**. Not only the 50 percent plunge in **oil prices** since fall 1997 but also the 14 percent drop in imported **steel prices** over the past three years (and smaller declines in domestic steel prices) have helped domestic manufacturers maintain profit margins. (Steel accounts for slightly more than half the weight of the 3,300 pounds of material in the average U.S. family vehicle.)

Big Three Profits

- **In the face of growing international competition, the U.S. industry was able to tighten operations sufficiently to maintain high profit levels.** The strength of the market for large automobiles and light trucks (both of which have wide profit margins) combined with significant cost-cutting to yield a record $16.4 billion in profits for the Big Three in 1997. After adjustment for losses totaling

$2.4 billion in the second and third quarters of 1998 from the GM strike, earnings through the first nine months of 1998 would total $11.2 billion -- little different from the $11.4 billion over the same period of 1997 (see following chart).

NET INCOME OF THE BIG THREE



* Affected by the GM strike, estimated to have cut a total of $2.4 billion from the second and third quarters.

The Outlook

– Auto manufacturers released their estimates of the **1999 outlook** in mid October. All project a modest slowdown, although the strength of the late 1998 results may cause them to reassess their forecasts. Ford expects light vehicle sales just above 15.0 million in 1999, Chrysler projected a similar 15.1 to 15.2 million unit market. The GM forecast includes medium and heavy trucks (which amounted to about 500,000 units in 1998) and suggests figures in the 15.0 to 15.5 million unit range.

  – These expectations are in line with those of **major econometric forecasting firms**, which show 1999 light vehicle sales between 14.9 million units (Macroeconomic Advisers) and 15.2 million (Standard & Poor's DRI).

II. Major Events of 1998

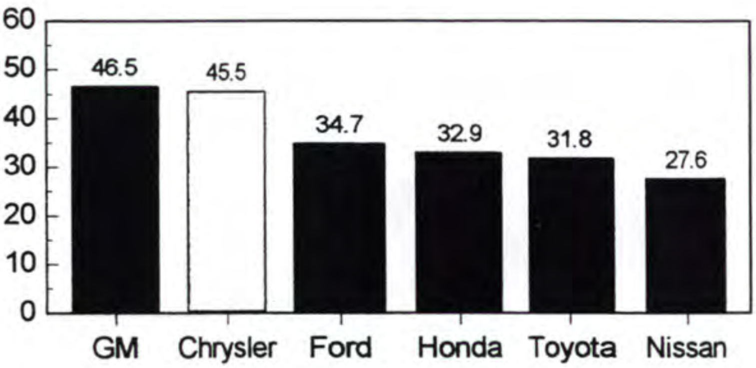
The GM Strike

General Motors suffered a 54-day strike in June and July that drained $1.2 billion from profits in both the second and third quarters. While only 9,200 workers walked off the job, their absence shut down virtually all of GM's U.S. assembly plants and idled roughly another 140,000 U.S. GM workers who relied on parts supplied by the strikers. The strikes were local and were centered around work rules, outsourcing, and health and safety concerns, but the larger issue was **job security**. The United Auto Workers and GM issued counter-charges regarding the company's weak productivity performance, which is the worst among the Big Three and trails the best Japanese transplants by a wide margin, as indicated by the chart below.

– In the end, neither side claimed victory. GM agreed to make further investments in the Flint stamping plant and maintain employment levels at the Dayton plant, both of which had been struck, and agreed not to sell or close those plants for another year and a half. The union accepted some work rule changes and agreed not to strike at other plants involved at the time in negotiations.

LABOR HOURS PER VEHICLE

1997



Source: The Harbour Report. Hours are for assembly, stamping, and powertrain in North American plants.

The Chrysler Merger with Daimler-Benz

While the internationalization of the motor vehicle industry is not a new phenomenon, the Chrysler merger with Daimler-Benz on November 17, 1998 represents a new stage in international cooperation.

- For the United States, the **new company, DaimlerChrysler**, will mark the end of the term "Big Three," which was coined in the 1920's. (Chrysler was incorporated in 1925.) But like other developments in the global marketplace, it should lead to a more efficient, competitive company which can draw on the strengths of the two partners.

- DaimlerChrysler will be the 3rd largest auto company in the world based on 1997 **revenues** of \$131.2 billion, after GM's \$178.2 billion and Ford's \$153.6 billion.

- In terms of worldwide vehicle **unit sales**, the company would rank 5th based on 1997 figures of 4.0 million units -- following GM, Ford, Toyota, and VW.

- The merger is estimated to result in \$1.4 billion in **cost saving** in 1999 and \$3 billion annually within the next two years.

- The company melds complementary product lines of the two partners, **leading the world in the premium car segment and commercial vehicles** (trucks and commercial vans), as well as being a top producer of **mini-vans and sport-utility vehicles**.

- It has **428,000 employees** worldwide (in 1997, GM had about 600,000 and Ford 360,000).

Overall, **internationalization has been a positive force in the U.S. economy**, helping improve the efficiency of our own industry. Knowledge transfers derived from the transplants have made our own industry more competitive through such efforts as the early involvement of engineers in the design process, continuous improvement programs, high automation levels, and employee participation.

- The effect has been measurable. Big Three manufacturers were estimated to have improved their productivity by 17 percent from 1989 to 1994, and more recent data indicate that the progress continued into 1997. Over the 1989 to 1994 period, defects per vehicle fell by 26.7 percent.

G

'99 JAN 7 PM6:20

THE WHITE HOUSE

WASHINGTON

January 7, 1999

TAPED RADIO ADDRESS

DATE:	January 8, 1999
LOCATION:	Solidarity House, Detroit, Michigan
TIME:	2:35 PM
FROM:	Julianne Corbett Deputy Director of Radio

I. PURPOSE

You will announce that your administration will expand and enhance efforts to promote U.S. exports. This is in response to the drop-off in demand as a result of the Asian economic crisis.

II. BACKGROUND

You will announce a ten percent increase in funding for the Export-Import Bank. This will promote the export of U.S. goods and sustain thousands of high-wage American jobs. In addition, you will announce several smaller initiatives to expand U.S. trade advocacy and to support the International Labor Organization's efforts to lift standards for workers around the world.

III. PARTICIPANTS

<u>Briefing</u> (2:25-2:30 PM)
The President
Doug Sosnik
Gene Sperling
Karen Tramontano
Michael Waldman
Jake Siewert

<u>Taping</u> (2:35-3:20 PM)
The President
Julianne Corbett
White House Communications Agency (WHCA) staff
White House Television
White House Photographer

Approx. 200 guests comprised of:

- UAW workers
- 10-15 African-American Ministers (invited by Mayor Archer's office)
- Michigan Americorps Volunteers

IV. PRESS PLAN

The ABC, AP, C-SPAN, CBS, NBC/ Mutual/Westwood One, NPR, UPI, USA, American Urban Radio Network, Armed Forces Radio Network and Standard News radio networks will carry the address in its entirety broadcasting to their collective thousands of stations across the country on Saturday at 10:06 AM ET.

V. SEQUENCE OF EVENTS

Briefing
Radio Address
Work Ropeline
Meet and Greet
Depart

VI. REMARKS

To be provided by the Office of Speechwriting

H

'99 JAN 7 PM 9:08

Draft 1/7/98 9 pm
Shih

PRESIDENT WILLIAM J. CLINTON
RADIO ADDRESS ON MANUFACTURING INITIATIVES/
INTERNATIONAL WORKER RIGHTS
DETROIT, MICHIGAN
JANUARY 8, 1999

Good Morning. I am speaking to you today from Solidarity House in Detroit, Michigan where, for more than half a century, the members of the United Auto Workers have led the fight to improve the lives of America's working families. I have come to America's industrial heartland to talk about what we must do to strengthen our workers and manufacturers for the 21st Century.

Over the past six years, we have created the longest peacetime economic expansion in American history. We have more than 17 million new jobs...the lowest combined unemployment and inflation rate in more than 30 years...the highest homeownership rate ever. Wages are going up and finally, the rising tide of our economy is lifting all boats.

But today, and in the years to come, America's prosperity depends on the world's prosperity. In our new global economy, a financial crisis half a world away can be felt on factory floors at home. For more than year, a recession has forced countries to cut imports of American goods -- from cars to computer chips to jumbo jets -- and to boost exports of their own products to our shores. After years of double-digit growth, U.S. manufacturing exports have slowed and led to thousands of layoffs. These developments cause no small amount of concern.

With millions of American jobs depending on foreign exports, we must help manufacturers find new markets and attract new customers for our goods overseas. That is why in my next balanced budget, I will propose an $108 million initiative to spur nearly $2 billion in additional U.S. exports and sustain or create 16,000 high-wage U.S. manufacturing jobs.

We will begin by boosting our support for the Export-Import Bank, which currently finances 10 percent of all U.S. capital equipment exports. For every $1 it spends, the bank generates some $16 in American exports. By expanding credit, we can foster billions of dollars in exports that might have been deferred or canceled due to the financial crisis. We will expand the Department of Commerce's efforts to help small exporters sell their goods in emerging markets such as China, Latin America and Africa. And we will help developing countries establish a legal and regulatory "infrastructure" that will make it easier for U.S. firms to export their products.

Most of all, we must ensure that the new global economy works for working people. Working families around the world must be able to exercise core labor rights, benefit from legal standards for fair pay, reasonable hours and safe working conditions, and improve their lives through unions, just as generations of Americans have through the UAW. The United States supports the International Labor Organization in its efforts to advance core labor rights -- rights that are crucial to building a strong and stable global economy.

That is why, in my balanced budget, America will provide, for the first time ever, up to $40 million to strengthen the ILO and the Department of Labor's ability to work with developing countries to put in place basic labor protections -- to ensure that children are not exploited and that workers everywhere can enjoy the advantages of a strong social safety net. We hope that all countries will adopt and enforce the ILO's core labor standards and that developing countries will accept the unique assistance of the ILO. And I encourage nations to join us in helping the ILO and in insisting that trade and investment agreements reflect these principles.

Today, in the rooms and hallways of Solidarity House, you can hear echoes of the voices of the men and women whose sweat, energy and vision lifted millions into the middle class and transformed America into the world's greatest force for peace, prosperity and freedom. With them as our guide and inspiration, we can and will harness the power of our new global economy to build a bright future for all people into the 21st Century.

I

THE WHITE HOUSE

'99 JAN 7 PM8:24

WASHINGTON

January 7, 1999

MEETING WITH EXECUTIVE DIRECTOR AND STUDENT WORKERS FROM FOCUS HOPE AND AMERICORPS VOLUNTEER AND ALUMNI

DATE:	Friday, January 8, 1999
LOCATION:	UAW Solidarity House, Scandinavian Room
TIME:	3:25pm-3:35pm
FROM:	Larry Stein LSS Lisa Kountoupes LK

I. PURPOSE

You will be meeting with ten current AmeriCorps volunteers and alumni and, at the suggestion of Representative Jim Barcia (D-MI), the Executive Director, the plant manager, and six trainees from Focus: HOPE after the taping of the radio address.

II. BACKGROUND

Focus: HOPE is a civil and human rights organization founded in 1968 after the riots in Detroit by Father William T. Cunningham and current Executive Director Eleanor M. Josaitis. It pledged to "intelligent and practical action to overcome racism, poverty and injustice..." They work to improve living standards and conditions as well as focusing resources on training and education programs. The hallmark of their work is the Focus: HOPE Center for Advanced Technologies. It opened in 1993. It was developed as a national demonstration project through a Memorandum of Understanding between the Departments of Commerce, Defense, Education and Labor. The facility has contracts with all of the big three auto makers and Detroit Diesel. The work is designed to create a new generation of engineers, recognizing the value of diversity in the workforce and economic opportunities in all sectors of the economy while producing high quality products. One of their strengths is the preparation of the students with hands-on practical application of the skills they are learning. The facility received the President's Award for Architectural Achievement. You visited this facility and met with some of these individuals when you were in Detroit in 1994 for the G-7 conference meeting.

The Focus: HOPE candidates have completed their high school educations and are all holding down full time jobs in the facility working on a product while they work toward their bachelors degree in engineering. They will want to tell you about their experiences with Focus: HOPE and the manufacturing facility. The organization has enjoyed strong support from the Congressional delegation, particularly Representative Barcia, Representative John Dingell and Senator Carl Levin as well as Mayor Dennis Archer.

III. PARTICIPANTS

<u>Focus - HOPE</u>:
Eleanor M. Josaitis, Executive Director
Bradley Maze, Manager of Center for Advanced Technologies
Joe Petrosky, Assistant
Matthew Scheid, Trainee
Ralph Crossley III, Trainee
Andre Reynolds, Trainee
Marshall Leo Durham, Trainee
Raymond Van Court, Trainee

<u>AmeriCorps Members and Alumni</u>:
Cheuk (Eric) Chau
Earl A. Cheatham (Alum)
Robert Giles
Johanna Guillen
Christy Hicks-Bowman (Alum)
Elizabeth Horan
Marjorie Rodgers
Moon-Hea Sackrider
Keith Smith
Deborah Stewart (Alum)

IV. PRESS PLAN

Closed press. White House Photo only.

V. SEQUENCE OF EVENTS

- **You** enter room.
- **You** greet participants.
- **You** depart.

VI. REMARKS

None

J

THE WHITE HOUSE

WASHINGTON

'99 JAN 7 PM8:13

January 8, 1999

MEET AND GREET WITH MEMBERS OF MOSES

DATE: Friday, January 8, 1999
LOCATION: UAW Solidarity House, Scandinavian Room
TIME: 3:40pm-4:05pm
FROM: Larry Stein LS
Lisa Kountoupes LMK

I. PURPOSE

To meet members of MOSES (Metropolitan Organizing Strategy Enabling Strength) at the request of Rep. John Conyers (D-MI).

II. BACKGROUND

MOSES, founded in 1996, is a congregation-centered ecumenical and interfaith community non-profit organization in Detroit and seven suburbs. The membership is made-up of 53 churches, 2 hospitals and one university, all under the leadership of Rev. Joseph Barlow, President and Pastor of Mt. Zion Missionary Baptist Church in Ecorse, MI. The 53 member churches are Catholic and Baptist churches, Church of God in Christ, Church of God, Presbyterian, and Lutheran Churches. They reflect the diversity of the metro area and build a powerful collective voice for residents of the metro area.

MOSES has created the MOSES Safe Zone Project as a nationally-recognized, citizen-based, community policing and drug prevention strategy. This organization has also rehabilitated dozens of homes; forged a process with private developers and city officials to build 62 new homes in devastated areas of Detroit; worked with police to confiscate millions of dollars of drug money and drugs. At the founding MOSES event in 1996, General Barry McCaffrey announced the designation of the Detroit Metropolitan area as a High Intensity Drug Trafficking Area (HIDTA), qualifying it for new federal assistance to fight illegal drugs.

III. PARTICIPANTS

Rev. Joseph Barlow
Mt. Zion Missionary Baptist Church
Ecorse, MI

Rev. Jerome Stevenson
Renaissance Baptist Church
Detroit, MI

Rev. Pat Thompson
Ecorse Presbyterian Church
Ecorse, MI

Mr. Tom McGuire
St. Benedict Catholic Church
Highland Park, MI

Fr. Stan Ulman
St. Ladislaus Catholic Church
Hamtramck, MI

Rev. Joseph Hobbs
Eastern Missionary Baptist Church
Highland Park, MI

Ms. Sandra Samuel
Eastern Star Missionary Baptist Church
Highland Park, MI

Ms. Patricia Williams
Eastern Missionary Baptist Church
Highland Park, MI

Sr. Lucy Abbey
St. Suzanne Catholic Church
Detroit, MI

Ms. Beth Budd
Holy Redeemer Catholic
Detroit, MI

Mr. Jim McHale
St. Raymond Catholic Church
Detroit, MI

Mr. Dan Daniel
Christ the King Catholic Church
Detroit, MI

Ms. Cassandra Smith-Gray
Wayne County Health

Sheriff Robert Ficano
Wayne County

Fr. Dennis Duggan
St. Suzanne Catholic Church
Detroit, MI

Ms. Edith Suggs
M.O.S.E.S. Staff

Ms. Ponsella Hardaway
Recreation Task Force Lead Organizer

Rev. Joseph Stephens
New Birth Baptist
Inkster, MI

Mr. Ralph Kinney
Wayne County Sheriff's Department

Ms. Jean Robinson
Greater Southern Missionary Baptist Church
Detroit, MI

IV. PRESS PLAN

Closed Press. White House Photographer only.

V. SCENARIO

-- **You** enter room.
-- **You** greet MOSES members.
-- **You** depart.

VI. REMARKS

None

VII. ATTACHMENTS

None

K

THE WHITE HOUSE

WASHINGTON

'99 JAN 7 PM8:41

DATE: January, 7, 1999

Meet and Greet with Local Clergy

DATE:	Friday, January 8, 1999
LOCATION:	Scandinavian Room, Solidarity House
TIME:	4:10 pm - 4:35 pm
FROM:	Mickey Ibarra Mickey

I. PURPOSE

You will briefly mix and mingle with ten clergy members from the City of Detroit and Mayor Dennis Archer. This meeting will give you an opportunity to interact with them informally.

II. BACKGROUND

This meet and greet was suggested by Mayor Dennis Archer as an outreach opportunity to the faith community leaders who have been supportive of your policy agenda.

III. PARTICIPANTS

You
Mayor Dennis Archer
Rev. Charles Adams, Hartford Baptist Church
Rev. Edward L. Branch, Third New Hope Baptist Church
Bishop P.A. Brooks, New St. Paul Tabernacle C.O.G.I.C
Elder Charles Ellis, III, Greater Grace Apostolic Temple
Bishop Wayne T. Jackson, Great Faith Ministries, Inc.
Rev. Odell Jones, Pleasant Grove Baptist Church
Rev. Joseph Jordan, Corinthian Baptist Church
Bishop Andrew Merritt, Straight Gate Church
Bishop John Sheard, Greater Mitchell C.O.G.I.C.
Hon. Martha Jean "Queen" Steinberg, Home of Love Ministries

IV. PRESS PLAN

Closed Press

V. SEQUENCE OF EVENTS

You enter the room with Mayor Archer and proceed to mix and mingle with the ministers
You depart

NOTE: Candid photos of you and the ministers will be taken while you are in the room

IV. REMARKS

None required

L

January 8, 1999

MEMORANDUM FOR PRESIDENT CLINTON

'99 JAN 6 PM3:30

FROM: Orson Porter, Political Affairs

SUBJECT: Michigan Politics

UPCOMING AND RECENT TRAVEL BY PRINCIPALS

* **YOU** were last in Michigan on March 6, 1997 to deliver an address on education standards to a joint session of the Michigan Legislature.

* The **Vice President** was in Dearborn, Michigan on September 23, 1998 to attend a breakfast for Representative Sander Levin and a luncheon to benefit the Michigan Coordinated Campaign.

* The **First Lady** was last in Michigan on October 22, 1998 to attend a DCCC luncheon and rally at the Westin Hotel in Detroit to benefit Michigan Democratic candidates and the Michigan Democratic State Party.

* On October 2, 1998, the **First Lady** attended a luncheon and reception benefiting the DCCC Michigan fund. The **First Lady** was scheduled to attend a similar event on July 28, but the event was canceled due to the Capitol Hill shootings.

* **Mrs. Gore** was last in Michigan on November 6, 1997 where she traveled to the Detroit area to participate in a Jewish community lecture series and attend a Michigan Democratic Party reception.

PRESIDENTIAL ELECTION RESULTS

1992			**1996**		
Clinton	1,871,182	44%	Clinton	1,989,683	52%
Bush	1,554,940	36%	Dole	1,481,572	39%
Perot	824,813	19%	Perot	336,681	9%

MICHIGAN AT A GLANCE . . .

* 1998 estimated population was 9,594,000 making Michigan the eighth-most populous state in the nation.

* Roughly 82% of Michigan residents are white, while 14% are African American, 2% Hispanic, 1% Asian, and 1% American Indian.

* 12% of Michigan residents are 65 or older.

* 55% of Michigan households are married couples. 26% are married couples with children.

* Per capita income is $14,154. Median household income is $31,020.

* 44% of Michigan residents are college educated.

* Turnout in the 1998 election was 54%of the voting age population compared to 54% in 1996.

POLITICAL DATA

Governor:	John Engler (R) 62% in 1998
Senate:	Carl Levin (D) 58% in 1996
	Spencer Abraham (R) 52% in 1994
U.S. House:	10D/6R
State House:	52D/58R
State Senate:	10D/28R
Electoral Votes:	18

CONGRESSIONAL DELEGATION

Sen. Carl Levin (D), 4th term/58%
Sen. Spencer Abraham (R), 1st term/52%
Rep. Bart Stupak (D-1), 4th term/58%
Rep. Peter Hoekstra (R-2), 4th term/69%
Rep. Vernon Ehlers (R-3), 4th term/73%
Rep. Dave Camp (R-4), 5th term/100%
Rep. James Barcia (D-5), 4th term/70%
Rep. Fred Upton (R-6), 7th term/70%
Rep. Nick Smith (R-7), 4th term/58%
Rep. Debbie Stabenow (D-8),2nd term/58%
Rep. Dale Kildee (D-9), 12th term/56%
Rep. David Bonior (D-10), 12th term/52%
Rep. Joseph Knollenberg (R-11), 4th term/63%
Rep. Sander Levin (D-12), 9th term/56%
Rep. Lynn Rivers (D-13), 3rd term/58%
Rep. John Conyers (D-14), 18th term/87%
Rep. Carolyn Kilpatrick (D-15), 2nd term/87%
Rep. John Dingell (D-16), 23rd term/66%

The senior senator from Michigan is **Senator Carl Levin (D)**, who was first elected in 1978 and is currently serving his fourth term in the U.S. Senate. Prior to serving in the Senate, he was president of the Detroit City Council from 1973-77. Sen. Levin serves on the Armed Services, Governmental Affairs, Intelligence and Small Business committees.

The junior senator is **Sen. Spencer Abraham (R),** who was first elected in 1994. He is a former chairman of the Michigan Republican Party and was a deputy chief of staff to former vice president Dan Quayle. He serves on the Budget, Commerce, Science and Transportation and Judiciary committees.

STATE LEGISLATURE

House: 52D/58R	Senate: 10D/28R
Speaker Chuck Perricone (R)	Majority Leader Dick Posthumus (R)
Majority Floor Ldr. Anne Raczkowski (R)	Speaker Pro Tem John Schwarz (R)
Minority Leader Mike Hanley (D)	Minority Leader John Cherry (D)

Michigan has a full-time legislature. Major issues facing the legislature the last session were sentencing guidelines, school violence and state highway funding. Sixty-four members of the House are term-limited, 30 of whom are Democrats. Term limits do not take effect in the state Senate until 2000.

1999 METRO AREA CONGRESSIONAL DELEGATION

15th District
Incumbent: Rep. Carolyn Cheeks Kilpatrick (D)
2nd term (87%)
Today's speech will be given in Rep. Kilpatrick district which includes most of center city Detroit. It remains solidly Democratic; however, only 140,00 residents out of 580,000 voted in the 1994 election. In the 1998 fall elections, voter turnout was moderate. Democrat Kilpatrick defeated a 3-term incumbent Barbara-Rose Collins (D), in the Democratic primary in 1996. Rep. Kilpatrick served in the Michigan House of Representatives from 1978-96, where she served as a Democratic Whip for several years.

12th District
Incumbent: Rep. Sander Levin (D)
9th term (56%)
Leslie Touma (R), a spokeswoman for the Lear Corporation, challenged Rep. Sander Levin. Touma aired ads' painting Levin as a "60's liberal who is out of touch with the 90's." While Touma was a formidable opponent, particularly in fundraising, Levin beat the challenger, 56% to 42%.

14th District
Incumbent: Rep. John Conyers (D)
18th term (75%)
Rep. John Conyers was challenged by Vendella Maria Collins (R). Collins, never a serious challenger, was defeated 75% to 18%.

16th District
Incumbent: Rep. John Dingell (D)
23rd term (66%)
Rep. John Dingell was challenged by William Morse (R). Neither candidate faced an opponent in their primaries. Dingell sailed to victory, garnering 66% of the vote to Morse's 31%.

7th District
Incumbent: Rep. Nick Smith (R)
4th term (58%)
State Sen. Jim Berryman (D) challenged Representative Nick Smith. Early in the fall elections Rep. Smith was the Democrats' top Congressional target, but Smith managed to defeat Berryman 58% to 40%. During the campaign, Smith had a complaint filed against Berryman for accepting campaign contributions from several non citizens over the past several years.

8th District
Incumbent: Rep. Debbie Stabenow (D)
2nd term (58%)
Rep. Debbie Stabenow defeated Republican incumbent, Dick Chrysler, in 1996. When Chrysler declined to make another run, state Rep. Susan Grimes Munsell (R) decided to challenge Rep. Stabenow. Stabenow beat Munsell with 58% to 38%.

This seat went for **YOU** by nine points in 1996.

10th District
Incumbent: Rep. David Bonior (D)
12th term (52%)
Brian Palmer (R) challenged House Minority Whip David Bonior this fall. Palmer, a Bruce Township trustee and owner of Palmer Holdings Ltd., never mounted a serious challenge amid tax difficulties. Despite employing his personal fortune to mount the largest television ad campaign of any Bonior challenger, Palmer lost 55% to 45%.

1st District
Incumbent: Rep. Bart Stupak (D)
4th term (58%)
Stupak was challenged by state Rep. Michelle McManus (R). Throughout the campaign, McManus sought to link Stupak to Gubernatorial candidate Fieger. While McManus lost 58% to 40%, she managed to shave thirteen points off of Stupak's significant margin of victory in 1996.

2000 Senate race. An EPIC/MRA poll conducted last spring tested hypothetical 2000 U.S. Senate race matchups between Senator Spencer Abraham (R), former Governor Jim Blanchard (D) and Detroit Mayor Dennis Archer (D). The poll showed Blanchard defeating Abraham 47% to 33%, and Archer defeating Abraham 44% to 31%. Neither Blanchard nor Archer have committed to challenging Abraham in 2000.

1998 GUBERNATORIAL RACE

John Engler (R), had little difficulty in defeating the controversial Democratic candidate Geoffrey Feiger.

Feiger's brash attitude and blunders throughout the campaign managed to turn off most Democratic voters, and fellow state candidates alike. Exceeding expectations, Feiger did manage 38% of the vote, while Engler won reelection with 62%. Feiger invested $5.7 million of his own money smashing the state's personal spending record previously set in 1986 when Brighton businessman Dick Chrysler spent $3.3 million in a failed attempt to become the Republican gubernatorial nominee.

This will be Engler's last term as governor because term limits prohibit him from running again.

DETROIT MAYOR

Mayor Dennis Archer (D). Mayor Dennis Archer handily won reelection in November 1997 by an 83% to 17% margin over little-known state Rep. Ed Vaughn (D), who called Archer "the poster boy for the corporate world." First elected in 1993, Mayor Archer is extremely popular and is building an impressive record of success. Since becoming Mayor of the City of Detroit, Archer, with broad community and business support, led a successful effort for Detroit to be chosen as one of the six cities for Federal Empowerment Zone designation.

In 1985, Archer was appointed to the Michigan Supreme by Michigan Governor James J. Blanchard. After resigning from the Supreme Court in 1990, Archer returned to private practice and began to work with hundreds of Detroit citizens and dozens of community organizations to search for solutions to the problems facing Detroit. In November 1992, he announced his candidacy for the office of Mayor of the City of Detroit.

STATE ATTORNEY GENERAL RACE

Democratic candidate Jennifer Granholm beat John Smietanka (R) 52% to 48%. In a very premature prediction following the race, Michigan election watchers have hypothetically matched up Granholm with various possible candidates for Michigan's Gubernatorial race in 2002. Replacing the retiring attorney general Frank Kelly (R), Granholm became the state's first female attorney and only the second person to hold this office in 37 years.

THE STATE PARTY

Attorney **Mark Brewer** is currently serving as chair of the Michigan Democratic Party. **Flora (Flo) Walker**, a top Michigan AFSCME official, is serving as Vice Chair of the party. Last year was a tough year for the Democratic party in Michigan. Brewer has been blamed for the party's early endorsement of Larry Owen for governor, allowing Geoff Fieger to win the nomination, losses of the State House and the State Supreme Court, and not broadening the party. State Senator Burton Leland (D) recently sent Brewer an open letter urging him to step aside. On January 9, 1999, Rep. John Dingell and Senator Carl Levin will host a meeting with party officials, mayors, legislative leaders, labor and members of congress to discuss the direction of the state party.

Brewer is up for reelection at this February's state convention. In a recent visit, the **Vice President** raised more than $150,000 for the Michigan Coordinating fund.

HOT ISSUES

Michigan Supreme Court

On December 15, 1998 Chief Justice Conrad Mallett Jr., surprised many by announcing he was quitting the Supreme Court to go into private practice after eight years on the court, with four years left in his current term. Chief Justice Mallet was appointed by governor Jim Blanchard in 1990. Mallett, the court's only African American justice has publicly encouraged Gov. Engler to replace him with another African American.

Michigan Roads

A federal survey conducted in 1997, Michigan was ranked 45th among states in money outlaid for road maintenance, it was also ranked dead last in highway spending per person in relation to its overall tax base. Governor Engler (R) has been under heavy fire for the poor condition of Michigan's roads and has been working hard to find the funds to pay for repairs. In 1997, the state legislature voted to increase the gas tax to alleviate the problem, and Engler continues to lobby the federal government for more highway funds. Rep. John Dingell (D) originated a nickname for the Governor, "Pothole John," which has become widely used in Democratic circles.

With the help of increased federal aid and a 4-cent increase in the gas tax, Michigan spent a record $1 billion in roadwork in 1998. Michigan's goal is to get 90 percent of the roads in good or fair condition in 10 years, up from 65 percent now.

Most experts say Michigan's infrastructure began deteriorating before Engler took office, largely due to insufficient investment in road improvements. Prior to last year, Michigan's freeway system, one of the oldest in the nation, had not benefited from a gas tax increase since 1982. Before 1997, Michigan's 15-cents-a-gallon tax was the nation's sixth lowest, and traffic had increased by 30 percent over 10 years.

Detroit Medical Center

The Detroit Medical Center, with 19,000 full-time employees, is one of the largest health systems in southeastern Michigan and the City of Detroit's largest private employer plans to lay off as many as 1,800 workers this month. DMC losses exceeded $50 million in 1998. People laid off will be put on a rehire list for one year. The DMC has 3,000 beds at eight hospitals in Wayne and Oakland counties, and 100 outpatient centers.

Tourism

Last summer's near-perfect weather set a new record in Michigan's $9-billion tourist business. Behind manufacturing, tourism is the state's No. 2 industry. A record 2.6 million camped in Michigan's state parks in 1998.

School Vouchers

Last fall, the *Detroit Free Press*, reported the results of a recent poll indicating that 57% of respondents supported spending tax dollars to subsidize private education and 64% favor a state tax credit for private school tuition. Although the Michigan constitution forbids spending tax dollars on private education, School Choice YES--an organization created to help push the tax issue--hopes to have the tax credits on the ballot by 2000. Respondents claim that their affirmative support for the tax credits is not due to outright dissatisfaction with public schools, but rather the desire for their children to take classes teaching morality and values.

Detroit Teacher Shortage

The Detroit Public Schools, with about 180,000 students, found itself short more than 200 certified teachers last fall. Associate Superintendent Kathleen Smith stated that more than 500 new vacancies were created at the end of last year in the 8,000-teacher workforce. Of the 500 new vacancies, 300 were filled with certified teachers and the rest with substitutes. On average, 12 percent of students in Detroit students attend classes taught by a substitute. Teachers have cited such problems as late paychecks, missing school supplies, and burn out as a reason for leaving. There is an estimation that 30 percent of new teachers will leave the Detroit education system in the first five years. Although Detroit ranks eighth in the country among the nation's 100 largest cities in terms of starting salary, $30,537, it is still considerably less than suburban districts such as Trenton. Starting salaries there begin around $34,000.

Detroit is working on a strategy that includes recruiting a new generation of teachers as early as the fourth grade and officials are looking for ways to keep teachers from burning out and leaving the system. According to the U.S. Department of Education, schools will need to hire more than 700,000 new teachers in the next decade. Many of the newly hired teachers will be working in urban school districts.

M

'99 JAN 6 PM6:37

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

January 6, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: GEORGE T. FRAMPTON, JR. GTF Jr.

SUBJECT: DETROIT ENVIRONMENTAL ISSUES

National Town Meeting for a Sustainable America

The President's Council on Sustainable Development is sponsoring a "National Town Meeting for a Sustainable America" from May 2 to May 5, 1999. The hub event will be held in Detroit, with concurrent events to be held simultaneously in communities across the nation. The National Town Meeting will celebrate and foster innovative practices in business, in government, and in communities to produce economic prosperity and a high quality of life for all Americans. The Detroit host committee for the event is co-chaired by Mayor Dennis Archer, Wayne County Executive Edward McNamara, and General Motors Vice Chairman Harry Pearce.

Detroit River

You designated the Detroit River as an American Heritage River on July 30. Detroit Mayor Archer, Wayne County Executive Ed McNamara and Strohs Brewery President Peter Stroh nominated the Detroit River and see its designation as the centerpiece of economic activity in the Detroit area for the next five years. They have identified many projects to undertake as part of the designation, including channel dredging (to attract additional industries), restoration of natural areas, and preservation of historic structures. Peter Stroh also agreed to serve as the interim chair of the American Heritage Rivers Alliance, a nonprofit organization formed to help the designated rivers attract private sector donations.

Environmental Justice

Mayor Archer, urban developers, and the *Detroit Free Press* have been highly critical of EPA policies on environmental justice. They have called on EPA to withdraw an interim EPA guidance on the application of Title VI of the Civil Rights Act of 1964 (which bars discrimination in federally funded programs) to environmental permitting programs. EPA's critics assert that this guidance will encourage frivolous challenges to development proposals in distressed minority communities, and that this prospect will steer investment away from urban areas. These concerns were heightened when community groups presented a Title VI challenge to a permit for a proposed Select Steel mini-mill near Flint.

In October, EPA dismissed the Title VI complaint, assuring that the Select Steel plant will proceed and easing concerns about the agency's Title VI policies. Administrator Browner has worked with Mayor Archer and has convened an advisory committee to propose a revised approach to the Title VI issue. The advisory committee includes some of the harshest critics of the current guidance, and its report is expected in March.

If asked about this issue, you should say:

- Environmental protection has been an essential component of our efforts to bring new investment, development, and jobs in low-income, minority, and other economically distressed communities. EPA is working with Mayor Archer and other urban leaders to ensure that its Title VI policies contribute to that effort by making the rules clearer, by identifying and addressing community concerns early, and thereby avoiding the uncertainty generated by Title VI complaints and litigation.

Regulatory Reform

GM Chairman Jack Smith and other members of the Business Roundtable have had a strong interest in a number of regulatory reform proposals pending in the Congress. Most recently, these efforts have focused on S.981, the regulatory reform bill co-sponsored by Senators Levin and Thompson in the 105th Congress. Although more moderate than many past regulatory reform proposals, this bill has been strongly opposed by labor, environmental, consumer, and other public interest groups. While the Administration initially opposed this bill, Senator Levin met with Vice President Gore to enlist our support. As a result, we negotiated a proposed set of changes that would render the bill acceptable to the Administration.

If asked about this issue, you should say:

- This Administration has consistently supported responsible regulatory reform, and I have proposed and signed a number of major regulatory reform proposals providing small business relief, paperwork reduction, and reforms tailored to particular statutes.

- In general, our priority has been to develop and enact reforms tailored to specific programs and statutes, rather than omnibus regulatory reform proposals. We have been successful in our efforts to enact responsible reforms tailored to the FDA, the Safe Drinking Water Act, and other major programs that reduce costs for the regulated community without compromising protection of the public. Unfortunately, many of the across-board proposals would have the effect, whether intended or unintended, of compromising standards for the protection of human health, worker safety, or the environment.

- At the end of the last Congress, however, Senator Levin worked closely with Vice President Gore on a set of changes to his regulatory reform bill that would address our concerns and make his bill acceptable to us. Although the Senate leadership did not bring the Levin-Thompson bill to the Senate floor, we are grateful to Senator Levin for working with us to find that middle ground.

N

'99 JAN 7 PM 7:02

THE WHITE HOUSE

WASHINGTON

January 7, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN TDS

SUBJECT: Climate Change Update

Domestic Policy

Budget/Tax. On the domestic side, we have focussed over the last several weeks on the budget and tax packages. The news is pretty good on these fronts. For FY 99, despite intense opposition on the Hill, your budget negotiating team secured nearly $1 billion for your Climate Change Technology Initiative (CCTI), a 26% over FY 98 appropriations. Your FY 2000 budget request will put the CCTI above the level needed to stay on its five-year trajectory. Our R&D funding request for energy efficiency and renewable energy is more than 20% above last year's appropriated level. In addition, the budget will include a substantial increase in climate change money related to agriculture, both on the technology and the research sides -- altogether some $45M of new money requested as compared to $10M of new money requested last year.

We have also revised last year's $3.6B tax package, to make it more effective and attractive. It will include improved tax credit proposals for energy efficient homes, certain large home appliances, cars and biomass. Regarding the auto tax credit, we have had extensive discussions with Ford, GM and Chrysler and have reconfigured it in a way they like better, but they still have reservations. In essence, the credit will go to consumers who buy advanced technology cars -- such as hybrids or cars that have fuel cells or are all-electric. To avoid gaming problems, the credit for hybrids is contingent on the cars meeting certain performance standards (e.g., one-third more fuel efficient than a comparable non-hybrid car), a requirement the companies dislike. We will continue working with them after the budget has been submitted.

Your tax package will also include a new Green Bonds proposal, which is designed to help finance open spaces, clean water and brownfields development. There is a climate component to this, since reforestation and replanting will be among the eligible uses of Green Bond money.

Finally, the budget will include around $200M for a new Clean Air Partnerships Fund, to help state and local governments finance reductions of air pollutants and greenhouse gases.

Credit for early action. As you saw in the very good lead story in last Sunday's *New York Times*, legislation to reward companies that take early action to reduce greenhouse gases will be considered in the 106th Congress. It may well become the most important domestic climate change issue for 1999. We have been working on this policy for several months, though we have chosen for strategic reasons to let the Hill and the business community take the lead. The *Times* piece was very good and quite useful for us. We worked a lot on background with Jack Cushman, who wrote it.

Executive Orders. We have draft orders on federal procurement and transportation that need some further work. We are planning to role these out in mid-February, to coincide with a federal government workshop on energy management that we are also preparing.

Diplomatic

The Buenos Aires Plan of Action charts an aggressive international work program on four key issues: international emissions trading, the Clean Development Mechanism, sinks and compliance. Meetings and workshops will be held this winter; papers and negotiating text are due during the next several months. In many areas, this work will fill technical gaps; in others, it will define differences for further negotiation. We are hard at work shaping strategy and submissions on these items.

We are also working to encourage greater participation from key developing countries. Technical delegations are preparing trips to Argentina and Khazakstan (both of which agreed to take targets at the Buenos Aires meeting). We are exploring possible climate change agreements in connection with your Central America trip in February. Preparations are underway for high-level meetings with the Chinese and Russians in the months ahead.

At the same time, we are standing back from these negotiations to consider areas that may be ripe for new strategic direction. It is clear that considerable creativity and effort will be required to bridge the many differences in outlook among key countries and shape an agreement acceptable to the U.S. Senate.

O

'99 JAN 7 AM 10:46

The Secretary of Energy
Washington, DC 20585

MEMORANDUM FOR THE PRESIDENT

FROM: BILL RICHARDSON BR

DATE: JANUARY 6, 1999

SUBJECT: INFORMATION: Meetings with Big Three Automakers

In light of your upcoming visit to Detroit, I wanted to share with you the highlights of my meetings yesterday at the Detroit Auto Show with Bob Eaton of DaimlerChrysler, Jacques (Jack) Nasser of Ford, and Jack Smith of General Motors. All three CEOs praised our industry-government Partnership for a New Generation of Vehicles (PNGV), particularly the joint technology work on fuel cell, hybrid, and electric vehicles featured at the show. In separate meetings we discussed several issues that are key to future progress on high-efficiency, low-emission vehicles:

- The effect of Chrysler's merger with Daimler-Benz on the future of PNGV. Ford and GM are concerned about how access to technology will be controlled with foreign ownership of Chrysler. They are trying to reach consensus with DaimlerChrysler on this issue over the next few weeks. If they do not, we will consider, with Secretary Daley, how we might intervene.

- The upcoming EPA decisions on tailpipe emissions and sulfur in gasoline. The CEOs are urging EPA to adopt tailpipe standards that do not preclude use of clean diesel engines and that allow for continued production of sport utility vehicles. They also advocate EPA standards that will dramatically reduce sulfur in gasoline. You should be aware that most domestic refiners are opposed to rapid imposition of low-sulphur standards (within 5 or 6 years) and have expressed concerns about the cost and capacity impacts of the proposed rule. We are working with EPA to be sure they have the latest data on diesel engine emissions and fuel formulations.

- Tax incentives for advanced vehicles. Last year the Big Three did not support our proposed climate change tax incentive for high-mileage vehicles. They prefer tax incentives that are linked to advanced technologies (e.g. fuel cell and electric vehicles) instead of being tied to specific fuel economy levels. Your staff, with input from Treasury, DOE and EPA, is working on a potential compromise approach for announcement with the FY 2000 Budget.

Of course, at the top of the CEOs agenda were the eye-popping new models – when you visit the show don't miss the updated versions of the T-Bird, GTO and Charger!

P

'99 JAN 7 PM 4:12

THE WHITE HOUSE

WASHINGTON

January 7, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: **THURGOOD MARSHALL, JR.** JPJ for TM
JON P. JENNINGS JPJ

SUBJECT: **HOT ISSUES--DETROIT, MICHIGAN**

Strengthened Tailpipe Emission Standards: In early February, EPA will issue a proposed regulation for the first time ever to strengthen tailpipe emission standards for cars and light duty trucks, such as sport utility vehicles, minivans and pick-up trucks. These emission standards will likely be in place for 10 to 15 years. The 1990 Clean Air Act requires the Agency to review the tailpipe emission standards set in the Act and if necessary set new standards effective for model year 2004. Last summer the Agency determined that the emission standards needed to be strengthened.

The automobile industry has asserted and the Agency has recognized that it is necessary for the oil industry to reduce the level of sulfur in gasoline if automobile emissions control systems are to operate properly and if tailpipe emissions are to be reduced. To that end, Administrator Browner has met with representatives of the automobile and oil industries to discuss these issues and to attempt to develop an agreed-upon approach. While neither industry has questioned the necessity of strengthened tailpipe emission standards, both the automobile and oil manufacturers have concerns about the implementation schedule for any final regulation and the final sulfur reduction target. (EPA)

Welfare-to-Work: The State of MI plans to return all of its $42 million in Welfare-to-Work Formula Grant funds. The Governor announced in mid-December that MI's TANF caseload has dropped below 100,000 in November (it was more than 200,000 three years ago), 42 percent of those are exempt from a work requirement because of a child under 3 months or injury, and 19,000 cases had no adult attached to them. The Governor's office concluded that once MI applied the 70 percent eligibility criteria, less than 10 percent were eligible (less than 600 individuals). DOL is currently working to address the eligibility restriction through the reauthorization legislation and through a technical amendment. Detroit stands to lose $12.5 million, plus $6 million of match funds. Their concern is that TANF dollars cannot be used to fund their programs which subsidize the pay of recipients placed in jobs and who also attend school. Mayor Archer does not want to lose his share of MI's Welfare-to-Work grant funds and has begun to have staff express his concerns to the Governor. (DOL)

Living Wage Law: Companies that violate Detroit's new living-wage ordinance could be fined up to $50 a day and barred from doing business with the city for 10 years. The ordinance went into effect on December 3. The living wage would be $7.70 an hour with health benefits or $9.63 an hour without benefits, according to the ballot proposal. Subcontractors, and those receiving grants or tax breaks worth $50,000 or more a year, would also be covered by the new law. (DOL)

Auto Show: The largest auto show in the U.S. currently is underway in Detroit. The hot items are the new Ford Thunderbird and the Daimler Chrysler sport utility vehicle. The era of "big cars" is back, but attendance at the show is down due to the recent snowstorms. (DOC)

Humbug Marsh: The Humbug Marsh, the last remaining undeveloped wetland and marsh complex on the Detroit River, has been purchased for a proposed housing development. The development could threaten the wetland and marsh buffer areas. The downriver communities are strongly opposed to the project. Representative Dingell has been personally involved and has asked the U.S. Fish and Wildlife Service to utilize every regulatory tool at its disposal to review this project. (DOI)

Groundwater: In parts of Oakland County (Detroit suburbs) groundwater from private wells is the primary source of drinking water. Some of this ground water exceeds Environmental Protection Agency recommended levels for arsenic. The U.S. Geological Survey, in cooperation with University of Michigan and Oakland County, is studying the problem. They will be producing fact sheets showing arsenic occurrence in all 25 townships of Oakland County. Fact sheets should be released in mid-January. (DOI)

School Surplus: Detroit Public Schools officials announced their biggest budget surplus ever. Half of the $93 million will go to a rainy day fund, which the school system hasn't funded for 10 years; the other half will roll over into next year's budget. (DOEd)

Empowerment Zone: Carmen Munuz, current Chairperson the Detroit Empowerment Zone Corporation Board will not accept reappointment and will step down as chair. A new chair, Donna Millhouse will be nominated. Mayor Archer has agreed to take greater role in the EZ, and will appoint a staff person to resolve bottlenecks related to funding issues. (HUD)

Q

PRESIDENT CLINTON AND VICE PRESIDENT GORE'S ACCOMPLISHMENTS: *MICHIGAN*

EXPANDING ECONOMIC OPPORTUNITY FOR ALL

- ***Unemployment Down to 3.7%:*** The unemployment rate in Michigan has declined from 7.4% to 3.7% since 1993.
- ***595,800 New Jobs:*** 595,800 new jobs have been created in Michigan since 1993 -- an average of 103,617 jobs per year, compared to an average of just 22,125 jobs per year during the previous administration.
- ***577,500 New Private Sector Jobs:*** Since 1993, 577,500 new private sector jobs have been created in Michigan -- an average of 100,435 jobs per year, compared to an average of just 16,425 private sector jobs per year in the previous administration.
- ***68,300 New Manufacturing Jobs:*** 68,300 new manufacturing jobs have been created in Michigan since 1993 -- an average of 11,878 per year. In contrast, an average of 18,600 manufacturing jobs were *lost* each year during the previous administration.
- ***57,200 New Construction Jobs:*** 57,200 construction jobs have been created in Michigan since 1993 -- an average of 9,948 jobs per year. In contrast, an average of 1,175 construction jobs were *lost* each year during the previous administration.
- ***380,000 Have Received a Raise:*** Approximately 142,000 Michigan workers benefited from an increase in the minimum wage -- from $4.25 to $4.75 -- on October 1, 1996. They, along with about 238,000 more received an additional raise -- from $4.75 to $5.15 -- on September 1, 1997.
- ***Poverty Has Fallen:*** Nationally, the poverty rate has fallen from 15.1% in 1993 to 13.3% in 1997. In Michigan, the poverty rate has fallen from 15.4% in 1993 to 10.3% in 1997--down 5.1% under President Clinton. [Census Bureau]
- ***A $500 Child Tax Credit to Help Families Raising Children:*** To help make it easier for families to raise their children, the balanced budget includes a $500 per-child tax credit for children under 17. **Thanks to President Clinton, the Balanced Budget delivers a child tax credit to 982,000 families in Michigan.**
- ***Business Failures Down 7.5%:*** Business failures in Michigan have dropped an average of 7.5% per year since 1993, after increasing 12.3% per year during the previous twelve years.
- ***New Business Incorporations Up 4.1%:*** New business incorporations in Michigan have increased at an average rate of 4.1% per year since 1993. In contrast, new business incorporations increased at an average rate of just 2.2% per year during the previous administration.
- ***Home Ownership Has Increased in Michigan:*** Home ownership in Michigan has increased from 70.6% to 73.6% since 1992.
- ***Home Building Up 5.9%:*** Home building in Michigan has increased by an average of 5.9% per year since 1993, after falling over 4.7% per year during the previous administration.
- ***3.3% Growth in Personal Income:*** Personal income in Michigan has risen at an annual rate of 3.3% since 1993, compared to an average growth of just 0.7% per year during the previous administration.
- ***4.2% Growth in Total Bank Loans and Leases:*** Michigan has seen a 4.2% average growth rate in total bank loans and leases per year since 1993, after increasing only 1.5% per year during the previous administration.
- ***6.5% Growth in Commercial and Industrial Loans and Leases:*** Since 1993, Michigan has experienced a 6.5% annual growth rate in commercial and industrial loans and leases. In contrast, commercial and industrial loans and leases fell over 1.6% per year during the previous administration.
- ***Over $25,000 of Reduced Federal Debt for Every Family of Four:*** The national debt will $1.7 trillion lower in fiscal year 1999 than projected in 1993 -- that's $25,000 less debt for each family of four in Michigan next year.

December 1998

EXPANDING ACCESS TO EDUCATION

- ***Over $163.6 Million in Head Start Funding:*** In FY97, Michigan received over $150 million in Head Start funding benefitting 32,400 children. In FY98, Michigan received $163.6 million, an increase of $13.5 million over 1997.
- ***More High-Quality Teachers With Smaller Class Sizes for Michigan's Schools:*** Thanks to President Clinton, the final FY99 budget provides for the first year of the President's new initiative to hire 100,000 new, well-prepared teachers, to reduce class sizes in the early grades to a national average of 18. Michigan will receive $50.3 million in 1999 to hire about 1,293 new public school teachers.
- ***$18.3 Million in Goals 2000 Funding:*** This year [FY99], Michigan receives $18.3 million in Goals 2000 funding. This money is used to raise academic achievement by raising academic standards, increasing parental and community involvement in education, expanding the use of computers and technology in classrooms, and supporting high-quality teacher professional development.
- ***$18.1 Million for Technology Literacy:*** This year [FY99], Michigan receives $18.1 million for the Technology Literacy Challenge Fund which helps communities and the private sector ensure that every student is equipped with the computer literacy skills needed for the 21st century.
- ***$344 Million for Students Most in Need:*** Michigan receives $344 million in Title I Grants (to Local Education Agencies) providing extra help in the basics for students most in need, particularly communities and schools with high concentrations of children in low-income families [FY99]. This is an increase of $17.8 million over FY98 funding.
- ***$211.5 Million in Pell Grants:*** This year [FY99], Michigan will receive $211.5 million in Pell Grants for low-income students going to college, an additional $9.9 million over last year. With this increase, a total of 120,600 Michigan students will benefit.
- ***Expanded Work-Study To Help More Students Work Their Way Through College:*** The FY99 budget includes a significant expansion of the Federal Work Study program. Michigan will receive $27.6 million in Work-Study funding in 1999 to help Michigan students work their way through college.
- ***Nearly 3,000 Have Served in Michigan through AmeriCorps:*** Since the National Service program began in 1993, 2,706 AmeriCorps participants have earned money for college while working in Michigan's schools, hospitals, neighborhoods or parks. [through 11/98]
- ***Tuition Tax Credits in Balanced Budget Open the Doors of College and Promote Lifelong Learning:*** The balanced budget included both President Clinton's $1,500 HOPE Scholarship to help make the first two years of college as universal as a high school diploma and a Lifetime Learning Tax Credit for college juniors, seniors, graduate students and working Americans pursuing lifelong learning to upgrade their skills. This 20% tax credit will be applied to the first $5,000 of tuition and fees through 2002 and to the first $10,000 thereafter. **227,000 students in Michigan will receive a HOPE Scholarship tax credit of up to $1,500. 278,000 students in Michigan will receive the Lifetime Learning Tax Credit.**
- ***Expanded Job Training to Michigan's Dislocated Workers:*** Thanks to President Clinton, the FY99 budget includes a significant expansion in the dislocated worker program. Michigan will receive $21.6 million in 1999 to help 12,790 of Michigan's dislocated workers get the training and reemployment services they need to return to work as quickly as possible.

FIGHTING CRIME AND VIOLENCE

- ***Violent Crime Falls 21% in Michigan:*** Since 1992, Michigan's crime rate has fallen 9%. Violent crime and property crime have also declined 21% and 7% respectively. In Michigan's cities, between 1992 and 1997, serious crime, as indicated by the crime index, has declined 15% in Flint and 17% in Grand Rapids. In addition, murder has declined 21% in Detroit, with a 33% drop in robbery. In Flint, murder has dropped 63% with robbery declining 16%. [1992 and 1997 Uniform Crime Reports]
- ***2,907 More Police:*** The President's 1994 Crime Bill has funded 2,907 new police officers to date in communities across Michigan. [through 11/98]

- ***Flint and Muskegon Will Receive Targeted Funding to Hire More Community Police:*** Flint and Muskegon were recently selected as pilot cities for the President's new effort to target high crime neighborhoods. The pilot program will provide full funding for new officers by waiving the usual matching requirements. Flint and Muskegon will deploy new officers to help meet the unique needs of their communities, such as combating gangs or targeting drug "hot spots."
- ***Reducing Crime with Drug Courts:*** Working to reduce drug-related crime in Michigan, the Clinton Administration has recently awarded Drug Court grants to the communities of Charlotte, Detroit, Kalamazoo and Eaton. The Administration had previously awarded grants to the Michigan communities of Mt. Clemens and Sault Ste. Marie. Drug courts use the coercive power of the criminal justice system to combine drug testing, sanctions, supervision and treatment to push nonviolent, drug-abusing offenders to stop using drugs and committing crimes.
- ***Over $6 Million to Combat Domestic Violence:*** Through the Violence Against Women Act, Michigan received $6.4 million in federal funds in FY98 to establish more women's shelters and bolster law enforcement, prosecution and victims' services.
- ***$2.1 Million in Grants for Battered Women and Children:*** This year [FY98], Michigan received approximately $2.1 million in HHS's Family Violence Prevention Program grants to assist women and children fleeing domestic abuse, an additional $358,000 increase over FY97.
- ***$16.9 Million to Keep Drugs & Violence Out of Michigan's Schools:*** Michigan receives $16.9 million in FY99 for the Safe & Drug Free Schools Program, which invests in school security and drug prevention programs.

MOVING MICHIGAN RESIDENTS FROM WELFARE TO WORK

- ***351,512 Fewer People on Welfare:*** There are 351,512 fewer people on welfare in Michigan now than there were at the beginning of 1993 -- a 51% decrease. [through 6/98]
- ***Child Support Collections Up 40%:*** Child support collections have increased by more than $309 million -- or 40% -- in Michigan since FY92. [through FY97]
- ***Breaking the Cycle of Dependency -- Preventing Teen Pregnancy in Michigan:*** Since 1993, President Clinton has supported innovative and promising teen pregnancy prevention strategies, with significant components of his strategy becoming law in the 1996 Personal Responsibility Act. The law requires unmarried minor parents to stay in school and live at home or in a supervised setting; encourages "second chance homes" to provide teen parents with the skills and support they need; and provides $50 million a year in new funding for state abstinence education activities. Efforts are making a difference, adolescent pregnancy rates for teens aged 15-19 decreased between 1992 and 1995 and fewer teenagers gave birth from 1991 to 1996. Teen abortion rates are also declining. **Notably, between 1992 and 1996, teen birth rates declined 17.7 percent in Michigan.**
- ***Michigan Receives $42.2 Million in Welfare-to-Work Grants:*** In FY98, Michigan received $42.2 million in welfare-to-work state formula grants, helping Michigan prepare welfare recipients for work and to place them in jobs. Part of the President's comprehensive efforts to move recipients from welfare to work, this funding is included in the $3 billion Welfare-to-Work Jobs Challenge Fund signed into law in the 1997 balanced budget.

INVESTING IN MICHIGAN'S HEALTH

- ***Health Care for Uninsured Children:*** The balanced budget included the largest single investment in health care for children since the passage of Medicaid in 1965 -- an unprecedented $24 billion over five years to cover as many as five million children throughout the nation. This investment guarantees the full range of benefits -- from checkups to surgery -- that children need to grow up strong and healthy. It ensures that prescription drugs, vision, hearing, and mental health coverage now offered at the state level are extended to millions of uninsured children. To expand health coverage to 156,000 uninsured children in Michigan the Balanced Budget provides $92 million in 1998. This compares to the 1995 Republican plan vetoed by President Clinton that would have denied health coverage to 57,900 children in Michigan.

- ***Helping Michigan Women and Children with WIC:*** The Clinton Administration is committed to full funding in the Special Nutrition Program for Women, Infants and Children (WIC). In FY98, Michigan received $115.2 million in total WIC grant funding, helping 217,700 women, infants and children in need receive health and food assistance, 13,000 more than in 1994.
- ***More Toddlers Are Being Immunized:*** As a result of the President's 1993 Childhood Immunization Initiative, childhood immunization rates have reached an historic high. According to the CDC, 90% or more of America's toddlers in 1996 received the most critical doses of each of the routinely recommended vaccines -- surpassing the President's 1993 goal. In Michigan in 1996, 94% of two-year olds received the vaccines for diphtheria, tetanus, pertussis; 90% received the vaccine for polio; 90% received the vaccine for measles, and 91% received the vaccine for *Haemophilus influenzae* B, the bacteria causing a form of meningitis.
- ***Increased Funding for HIV/AIDS Programs by 206%:*** In FY97, Michigan communities received $14.7 million in Ryan White formula and other HIV/AIDS program funds, a 206% increase over FY93 levels. This funding provides people living with HIV and AIDS medical and support services, including the AIDS Drug Assistance Program which helps those without insurance obtain much needed prescription drugs. [HHS, Health Resources and Services Administration, 4/98]
- ***President's Tobacco Plan Will Cut Smoking and Premature Deaths by 36% in Michigan:*** If the Clinton Administration's tobacco proposal on youth smoking is enacted, by 2003, Michigan will see a 36% cut in youth smoking and resulting premature deaths. Over the next five years, 111,000 youth of Michigan will be kept from smoking and 37,000 will be spared a premature tobacco-related death. [Treasury Dept., 3/23/98]
- ***5,320,000 Americans in Michigan Cannot Be Assured They Have Patient Protections***. Even if Michigan enacted all the protections in the Patients' Bill of Rights, 5,320,000 people in Michigan cannot be assured they have the comprehensive patient protections recommended by the President's Advisory Commission. This is because the Employee Retirement Income Security Act (ERISA) may preempt state-enacted protections. That is why the President has called on Congress to pass a federally enforceable patients' bill of rights so that everyone enrolled in managed care may have a basic set of protections. Notably, 2,560,000 Michigan women are in ERISA health plans and are therefore not necessarily protected. Women are particularly vulnerable without these protections because they are greater users of health care services, they make three-quarters of the health care decisions for their families, and they have specific health care needs addressed by a patients' bill of rights.

PROTECTING THE ENVIRONMENT

- ***Brownfields -- Revitalizing Communities in Michigan:*** As part of the Clinton-Gore Administration's efforts to clean up Brownfields, the EPA has awarded grants to counties and communities in Michigan -- Detroit, Flint, Saginaw, Kalamazoo, Ypsilanti, St. Joseph, Benton Harbor, Benton Charter Township, Chippewa County, and Wayne County for environmental clean-up and economic revitalization. In addition, the Downriver Community Conference, including the communities of Monroe, Trenton, and Riverview, will benefit from a Brownfields grant. These projects are intended to jump-start local clean-up efforts by providing funds to return unproductive, abandoned, contaminated urban properties to productive use.
- ***34 Toxic Waste Sites Cleaned Up:*** Since 1993, the EPA has completed 34 Superfund toxic waste cleanups in Michigan -- more than any other state except New Jersey. These sites are located in Lansing, Ionia, Adrian, Kalamazoo (2), Swartz Creek, Albion, Hartford Township, Flint Township, Detroit, Grand Rapids (2), Marquette, St. Louis, Oscoda, Otisville, Belding, Avon Township, Utica, Lansing Township, Whitehall, Sturgis, Battle Creek, Highland, Kent City, Kentwood, Cadillac (2), Pere Marquette Township, Brighton (2), Rose Township, Holland, and Niles [through 8/98]. This is nearly 3 times the number of sites cleaned up in Michigan during the previous twelve years combined (8).

- ***$25.9 Million in Safe Drinking Water Funding:*** This year [FY99], thanks to President Clinton, Michigan will receive $21.9 million for the Drinking Water State Revolving Funds to provide low-interest loans to municipalities to build, improve, and prevent pollution of drinking water systems. In addition, Michigan will receive $3.9 million in Public Water Supply Supervision grants to help monitor drinking water quality and enforce health standards.

SPEARHEADING URBAN RENEWAL EFFORTS

- ***$100 Million to Detroit:*** Detroit was designated an Empowerment Zone in December, 1994 and was awarded $100 million to create more jobs, housing, and economic opportunity ***$9 Million to Other Communities Across Michigan:*** Additionally, Muskegon, Flint, and Lake County were all designated Enterprise Communities, and were awarded $3 million each for similar job-creation efforts.
- ***Expanding the Low-Income Housing Tax Credit Will Help Develop 5,600 To 6,700 New Affordable Housing Units in Michigan Over the Next 5 years:*** This year, the President and Vice President pushed for a 40-percent expansion in the Low-Income Housing Tax Credit. Next year, the President and Vice President will try again to enact tax incentives to develop affordable housing. In Michigan alone, this proposal would mean an additional 5,600 - 6,700 quality rental housing units for low-income American families during the next five years.

EXPANDING FUNDS FOR TRANSPORTATION IMPROVEMENT

- ***Over $2.5 Billion in Federal Highway Aid:*** Since 1993, Michigan has received $2.67 billion in federal highway aid. These funds have helped generate nearly 113,000 jobs. [through FY97]
- ***Over $355 Million in Aviation Funds:*** From FY93-FY97 Michigan received $355,490,000 in AIP funds to help build and renovate airports, and, when necessary, to provide funds for noise abatement to improve the quality of life for residents who live near airports.
- ***Nearly $297 Million in Transit Funds:*** Michigan has received a total of $296.7 million in FTA funds since 1993.

THE TRIP

of

THE PRESIDENT

to

NEW YORK, NEW YORK

January 15, 1999

Staff Copy

Table of Contents

Friday, January 15, 1999

SCHEDULE OF THE PRESIDENT
FOR
FRIDAY, JANUARY 15, 1999

Final Schedule

SCHEDULING DIRECTOR:	STEPHANIE STREETT	
	HOME:	202-332-5651
	OFFICE:	202-456-2823
	WHCA PAGER:	4824
PRESS DESK:	ANNE EDWARDS	
	HOME:	301-565-3101
	OFFICE:	202-456-2921
	WHCA PAGER:	4208
EVENT COORDINATOR:	AVIVA STEINBERG	
	HOME:	202-362-1813
	OFFICE:	202-456-2920
	WHCA PAGER:	4022
EVENT COORDINATOR:	CECILY WILLIAMS	
	HOME:	202-726-0009
	OFFICE:	202-456-5039
	WHCA PAGER:	4063
ADVANCE LEAD:	AL RUTHERFORD	
	STAFF OFFICE:	34-220
	CELL PHONE:	202-757-9517
	WHCA PAGER:	5041

WEATHER:

WASHINGTON, D.C.
Mostly cloudy with isolated rain showers ending by late morning. Winds east to northeast at 10 to 15 knots. Low 34 to 39. High 44 to 49.

NEW YORK, NEW YORK
Cloudy with a mix of sleet and snow. Winds east to northeast at 12 to 18 knots. Low 26 to 31. High 38 to 43.

Schedule of the President
for
Friday, January 15, 1999
Final Schedule

8:30	am-	**BRIEFING**
8:45	am	OVAL OFFICE Staff Contact: John Podesta
8:50	am	**THE PRESIDENT** departs The White House via motorcade en route State Department [drive time: 5 minutes]
8:55	am	**THE PRESIDENT** arrives State Department Greeter: Secretary Madeleine Albright
9:00	am-	**BRIEFING**
9:05	am	PRESIDENT'S HOLD (ROOM 10004) State Department Staff Contact: Samuel Berger Event Coordinator: Cecily Williams **Note: The Vice President will join the President at this time.**
9:10	am-	**REMARKS TO A GLOBAL FORUM ON REINVENTING**
9:50	am	**GOVERNMENT** DEAN ATCHESON AUDITORIUM State Department Remarks: Paul Glastris Staff Contact: Samuel Berger Event Coordinator: Cecily Williams **OPEN PRESS**

Note: There will be approximately 350 guests in attendance.

-- Off-stage announcement of **the President** and the Vice President by Secretary Madeleine Albright.

-- The Vice President makes remarks and introduces **the President**.

-- **The President** makes remarks and departs.

Note: The Vice President will return to the podium at this point.

9:55 am- 10:05 am	**BRIEF PULL-ASIDE MEETING WITH PRIME MINISTER JENNY SHIPLEY OF NEW ZEALAND** PRESIDENT'S HOLD (ROOM 10004) Staff Contact: Samuel Berger **CLOSED PRESS**
10:10 am	**THE PRESIDENT** departs State Department via motorcade en route Andrews Air Force Base [drive time: 30 minutes]
10:40 am	**THE PRESIDENT** arrives Andrews Air Force Base
11:00 am	**THE PRESIDENT** departs Andrews Air Force Base via Air Force One en route John F. Kennedy International Airport [flight time: 55 minutes]
11:55 am	**THE PRESIDENT** arrives John F. Kennedy International Airport
12:10 pm	**THE PRESIDENT** departs John F. Kennedy International Airport via Marine One en route Wall Street Landing Zone [flight time: 15 minutes]
12:25 pm	**THE PRESIDENT** arrives Wall Street Landing Zone
12:40 pm	**THE PRESIDENT** departs Wall Street Landing Zone via motorcade en route World Trade Center [drive time: 5 minutes]
12:45 pm	**THE PRESIDENT** arrives World Trade Center
12:50 pm	**THE PRESIDENT** proceeds to 106th Floor Greeters: The Reverend Jesse Jackson Sandy Weill, Co-Chairman, Citigroup Person TBD, Windows on the World Restaurant
1:00 pm- 1:30 pm	**MEET AND GREET** LOCATION TBD World Trade Center Staff Contact: Gene Sperling, Minyon Moore Event Coordinator: Aviva Steinberg **CLOSED PRESS**

1:40 pm- 2:40 pm	**KEYNOTE ADDRESS TO THE WALL STREET PROJECT CONFERENCE** WINDOWS ON THE WORLD RESTAURANT World Trade Center Remarks: June Shih Staff Contact: Gene Sperling, Minyon Moore Event Coordinator: Aviva Steinberg **LARGE EXPANDED POOL**
	Note: There will be a pre-program.
	-- Off-stage announcement of **the President**, accompanied by The Reverend Jesse Jackson, Gene Sperling and Sandy Weill.
	-- The Reverend Jesse Jackson makes brief remarks and introduces Sandy Weill.
	-- Sandy Weill makes brief remarks and introduces **the President**.
	-- **The President** makes remarks, works a ropeline and departs.
2:45 pm- 2:50 pm	**POLICE AND DRIVER PHOTOGRAPHS** GARAGE LEVEL World Trade Center
2:55 pm	**THE PRESIDENT** departs World Trade Center via motorcade en route Wall Street Landing Zone [drive time: 5 minutes]
3:00 pm	**THE PRESIDENT** arrives Wall Street Landing Zone
3:15 pm	**THE PRESIDENT** departs Wall Street Landing Zone via Marine One en route John F. Kennedy International Airport [flight time: 15 minutes]
3:30 pm	**THE PRESIDENT** arrives John F. Kennedy International Airport
3:45 pm	**THE PRESIDENT** departs John F. Kennedy International Airport via Air Force One en route Andrews Air Force Base [flight time: 1 hour, 5 minutes]
4:50 pm	**THE PRESIDENT** arrives Andrews Air Force Base

5:05	pm	**THE PRESIDENT** departs Andrews Air Force Base via Marine One en route The White House [flight time: 15 minutes]
5:20	pm	**THE PRESIDENT** arrives The White House
5:30 7:20	pm- pm	**DOWN**
7:25	pm	**THE PRESIDENT** and the First Lady depart The White House via motorcade en route Corcoran Museum of Art [drive time: 5 minutes]
7:30	pm	**THE PRESIDENT** and the First Lady arrive Corcoran Museum of Art

Greeters: Steven Grossman, Chairman, Democratic National Committee
Robert Altman
Lynda Carter

7:40 8:10	pm- pm	**MIX AND MINGLE** FOYER (LEFT SIDE) Corcoran Museum of Art Staff Contact: Minyon Moore Event Coordinator: Aviva Steinberg **CLOSED PRESS**

Note: There will be approximately 130 guests in attendance.

-- Upon conclusion of the mix and mingle, **the President** and the First Lady, accompanied by the Vice President and Mrs. Gore, proceed to four separate head tables for dinner.

8:15 pm- 9:40 pm	**DNC DINNER/CONCERT** FOYER (RIGHT SIDE) Remarks: Josh Gottheimer Corcoran Museum of Art Staff Contact: Minyon Moore Event Coordinator: Aviva Steinberg **POOL PRESS (REMARKS ONLY)**

-- Lynda Carter makes welcoming remarks and introduces Sheryl Crow.

-- Sheryl Crow performs.

-- **The President** and the First Lady, accompanied by the Vice President and Mrs. Gore, Steve Grossman and Robert Altman, are announced from their seats and proceed to the stage.

-- Steven Grossman, Chairman, Democratic National Committee, makes brief remarks and introduces Mrs. Gore.

-- Mrs. Gore makes brief remarks and introduces the Vice President.

-- The Vice President makes brief remarks and introduces the First Lady.

-- The First Lady makes brief remarks and introduces Robert Altman.

-- Robert Altman makes brief remarks and introduces **the President**.

-- **The President** makes remarks and departs.

9:50 pm	**THE PRESIDENT** and the First Lady depart Corcoran Museum of Art via motorcade en route The White House [drive time: 5 minutes]
9:55 pm	**THE PRESIDENT** and the First Lady arrive The White House
BC/HRC RON	**THE WHITE HOUSE** **WASHINGTON, DC**

A

THE BRIEFING MEMO

FOR THE MEET AND GREET IN NEW YORK

WILL BE FORWARDED

B

THE WHITE HOUSE

WASHINGTON

January 14, 1999

KEYNOTE ADDRESS TO THE WALL STREET PROJECT CONFERENCE

DATE:	Friday, January 15, 1999
LOCATION:	Windows to the World Restaurant One World Trade Center
FROM:	Minyon Moore Gene Sperling

I. PURPOSE

You will address an audience of corporate and civic leaders who are participating in Reverend Jesse Jackson's Wall Street Project. Your remarks will underscore the Administration's economic record, unveil your New Markets Initiative and underscore your continued support for the Community Investment Act.

II. BACKGROUND

At your direction, the National Economic Council (NEC) convened a high-level working group, including the Small Business Administration (SBA), Treasury Department (TR), Department of Housing and Urban Development (HUD), Department of Commerce (CM), the Office of the Vice President (OVP), and the Office of Management and Budget (OMB), to consider whether there was more that the government could do:

- to act as a catalyst for greater private sector economic activity in America's untapped markets; and
- to build the capacity of community-based institutions that provide credit, equity, and technical assistance for economic development in under served areas.

In addition, the Vice President specifically challenged the SBA to find ways to better serve the needs of minority and under served communities.

The NEC-led working group consulted widely --within the government and with investment professionals trying to work in under served markets, Reverend Jesse Jackson, and other urban advocacy groups -- about the strengths and weaknesses of existing programs, including the SBA's Small Business Investment Company (SBIC) program. They found that, while the SBIC program has been successful in stimulating venture capital investments that have allowed small businesses to grow, it has not been used to a significant degree in under served markets. Improvements were needed to encourage investors to use SBICs to make investments in under served areas, to allow for larger investments in the kind of larger firms that can serve as the anchor for a neighborhood revitalization, and to deal with the needs of smaller firms that needed not only equity investment, but also management capacity and support, in order to take advantage of business opportunities.

In response to these findings, the NEC Working Group on Untapped Markets developed an eight-part plan, which calls for new or expanded programs that, in total, will leverage billions in new investment for inner cities and rural areas like Appalachia.

1. ***The New Markets Tax Credit*** – To help spur $6 billion in new equity capital for investment in America's New Markets, you will be proposing a tax credit worth 25 percent for investments in a wide range of vehicles serving these communities, including community development banks, venture funds and corporations, new investment company programs (see descriptions below), and other targeted investment funds. Credits would be allocated to the targeted investment vehicles who could use the tax credits to *attract* investors. The investment funds would make their own decisions about what investments or loans to make to help create and grow businesses in the New Markets. A wide range of businesses could be financed by these investment funds, including small technology firms, inner-city shopping centers, manufacturers with hundreds of employees, and retail stores.

2. ***America's Private Investment Companies (APICs)*** – For years, America has supported OPIC, the Overseas Private Investment Corporation, to promote growth in emerging markets abroad. Now we must do the same thing in America's new markets. Under this program, investors will put a minimum of $100 million in equity into new private investment partnerships to be known as America's Private Investment Companies (APICs). HUD and SBA working together will provide up to another $200 million in loan guarantees for each. APICs will make equity investments in larger businesses that are expanding or relocating in inner cities and rural areas. Under the financing structure, the private investors' funds are at risk ahead of the government's. However, the individual investment decisions must be approved by the government for consistency with the public policy mission of the program.

3. ***SBICs Targeted to New Markets*** –Over 40 years, the SBA's small business investment company (SBIC) program has provided roughly $20 billion in equity and debt financing to more than 85,000 different companies, helping them at a critical stage to grow from small businesses to household names, like AOL and Staples. However, too little of the capital invested has benefited our cities and rural distressed communities. Last summer, the Vice President challenged the SBA to find ways to meet better the needs of minority firms and under served markets. In response, SBA determined that, under existing legislation, they can offer more flexibility and new financing terms to make it more attractive for SBICs to invest in businesses in low and moderate income (LMI) areas. Specifically, SBICs making LMI investments will be eligible for federally guaranteed loans to augment their capital for business investment. Interest on the guaranteed funding will be deferred for the first five years of the 10-year term to give SBICs more time to nurture their investments in small businesses before they must produce a return. In addition, SBA will conduct an aggressive outreach campaign around the country to promote LMI investments.

4. ***New Markets Venture Capital Firms ("NMVCs")*** – There are thousands of inner-city and rural entrepreneurs who need both capital and expert guidance to transform their small businesses and great ideas into thriving companies. SBA will authorize NMVC firms whose management has successful records in community-based venture capital. Private investors' equity funds will be matched with government debt guarantees of up to $10 million per NMVC, with interest on the debt deferred. Investors must also provide at least $1.5 million in technical assistance over five years to the target firms, matching SBA's grants of technical assistance. The program should provide long-term, patient growth capital and facilitate critically needed technology and management skills development for smaller businesses in new markets.

5. ***New Markets Lending Companies ("NMLC")*** – For the first time in many years, SBA will approve approximately 10 new non-bank lenders -- firms authorized to originate loans under SBA's largest loan program -- the 7(a) General Business Loan Guaranty program. Under the 7(a) program, SBA guarantees up to 80% of a loan that is made by a lender to a creditworthy small business that cannot otherwise secure financing on reasonable terms. The firms selected must have a strategy to target their lending to under served areas.

6. ***Continued Growth for CDFIs:*** Your initiative to develop community development financial institutions (CDFIs), locally-based institutions with expertise in lending and investment in under served areas, will continue to grow. Your FY 2000 balanced budget will include $125 million for the CDFI fund.

7. ***BusinessLINC:*** Your budget will include $3 million in seed money to expand BusinessLINC -- an innovative public-private partnership spearheaded by the Vice President and CEOs -- to new markets in economically distressed communities. BusinessLINC (Learning, Information, Networking and Collaboration) is designed to encourage large businesses to work with small business owners and entrepreneurs in order to improve the economic competitiveness of smaller firms located in distressed areas, both urban and rural. The funds will be used to leverage private sector efforts to spur new BusinessLINC partnerships at the national and local level.

8. ***Specialized Small Business Investment Companies (SSBICs):*** Your budget will

expand current tax incentives to increase the amount of equity capital available to economically disadvantaged people by making it easier for Specialized Small Business Investment Companies (SSBICs) to qualify as tax-favored regulated investment companies.

Possible Private Sector Response:

In response, private investment managers may create vehicles that would target under served markets. Large, national investment funds could invest in various investment vehicles set up to participate in the NMVC program and the new SBIC-like programs targeted to under served areas, CDFIs, direct investments in under served markets, and other non-targeted investments.

III. PARTICIPANTS

Reverend Jesse Jackson
Sandy Well, Co-CEO & Co-Chairman, Citigroup
Gene Sperling
500 Corporate and Civic Leaders

IV. PRESS PLAN

This event is large expanded pool.

V. REMARKS

To be provided by speechwriting.

VI. SEQUENCE OF EVENTS

- Off-stage announcement of you, accompanied by Reverend Jesse Jackson, Gene Sperling and Sandy Weill.
- Reverend Jesse Jackson makes brief remarks and introduces Sandy Weill.
- Sandy Weill makes brief remarks and introduces you.
- You make brief remarks, work a ropeline and depart.

VII. ATTACHMENT

Fact sheet on the Community Reinvestment Act

COMMUNITY REINVESTMENT ACT

More than $1 Trillion of Financial Commitments to Underserved Communities

President Clinton Said Today That He Will Protect the Community Reinvestment Act (CRA), Which Has Helped Bring More than $1 Trillion of Financial Commitments to America's Underserved Communities. In 1977, Congress enacted CRA to combat the practice of "red-lining" communities by publicly insured banks and thrifts. CRA encourages banks and thrifts to meet the credit needs of their communities, consistent with safe and sound banking practices. Federal bank and thrift supervisors assess financial institution's performance: loans made, services provided, and investments in their communities. Banks and thrifts make their CRA ratings public and the public has an opportunity to comment on CRA performance before the start of a scheduled examination.

CRA Helps Bring Capital To Our Neighborhoods Without Being Burdensome to Banks:

- In April 1995, the Clinton Administration dramatically simplifed and strengthened CRA. Under the new regulations, CRA compliance is less intrusive and burdensome -- and more productive. The emphasis is now on results -- not paperwork and process. As James McLaughlin of the American Bankers Association said: "For the vast majority of banks it reduced record keeping, exams went quicker, and banks now know what is required of them."

CRA Is Working To Bring The Spark of Private Enterprise To America's Communities:

- 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. That means that there have been 23 times more financial commitments to distressed communities from banks in the past six years than in the previous 15 years <u>combined</u>.
- According to Home Mortgage Disclosure Act data, lending to minorities and low-income borrowers is on the rise. For example, since 1993, the number of mortgage loans to African Americans increased by 58 percent, to Hispanics by 62 percent, and to low- and moderate-income borrowers by 38 percent -- well above the overall market.

CRA Helps Small Businesses -- The Engine of Our Economic Growth:

- Small business lending is an integral part of bank CRA compliance. Banks are assessed on their effort to support small businesses under the lending, investment, and services tests. And for the first time, large banks are reporting small business loan data by census tract.

CRA IS GOOD BANKING BUSINESS

- **Lawrence Lindsey, former Governor of the Federal Reserve:** "Many [institutions] now recognize that in an era of growing competition, CRA performance may be critical to an institution's ability to adjust to the new banking environment. CRA-related activities can help develop new markets, potentially profitable business, and improve a bank's public image."
- **Mario Antoci, Chairman and CEO of American Savings:** "Lending in the inner city [has] turned out to be the most profitable part of our business over the past few years."

C

'99 JAN 14 PM 9:46

Draft 1/14/99 2:30 pm
Shih

PRESIDENT WILLIAM J. CLINTON
REMARKS AT WALL STREET PROJECT
NEW YORK, NEW YORK
JANUARY 15, 1999

Good Morning. Every time I have to make a speech after Jesse Jackson, I remember the story of the man who died in a terrible flood. One day in heaven, St. Peter asks the man if he'd like to share his life experiences with some of the newest arrivals. The man says "Sure, I'll tell the story of how I worked to save lives in a terrible flood." St. Peter says, "fine, you'll go on after Noah."

For more than 30 years, Rev. Jackson, you've been one of America's strongest and most soul-stirring voices for justice, freedom, and equality. By shining a spotlight on Appalachia in recent months, you've helped us understand that the struggle to expand economic opportunity is not the struggle of one race or another, but a struggle for all Americans. I am proud to be part of your visionary effort to build America's economy by building a bridge between Wall Street and our greatest untapped markets -- the families living in the under served corners of urban and rural America.

We are living in an American economic renaissance. We have the first balanced budget in a generation. We are entering a second year in the era of surpluses. We have 17.7 million new jobs... the lowest peacetime unemployment rate since 1957...highest homeownership ever.

We have the longest peacetime economic expansion in history. And because our economy has been growing for 93 months, companies are reaching out to hire new workers and train existing ones. Wages are rising at twice the rate of inflation. We have the lowest African American and Hispanic unemployment rate ever recorded. We are mending our social fabric. Crime has fallen six years in a row. The welfare rolls are at their lowest in 29 years. Our people are breaking free of the vicious cycle of dependency and entering a virtuous cycle of independence and work.

These are good times for America. America is working again. But what will we do in this moment of prosperity? Today, we have a rare opportunity to bring America's awesome economic strength to bear on our greatest long-term challenges. If we don't act now, if we allow our prosperity to lull us into complacency, then this opportunity will slip from our fingers. I've come here to challenge you, the leaders of Wall Street who are helping to fuel America's unprecedented economic growth, to take the lead in bringing our economic renaissance to every neighborhood and every home in America. And I want to talk about what government can do to foster the conditions for your success.

We can begin by remaining true to the three-part economic strategy that helped create these good times: First, fiscal discipline -- to keep us in the black, to keep interest rates low, to keep our confidence soaring. Second, investment in our people -- to reward work, to boost education and improve health care. Third, expanded trade and leadership during the financial crisis -- to make the global economy work for us, not against us.

For the past six years, we have strived to build an America that provides opportunity for all, demands responsibility from all, and fosters a community of all Americans. And we've brought a new vision of government to revitalizing our communities. Once the federal government thought that throwing money into one-size fits all programs was the best remedy for our cities' troubles. Then, we thought that ignoring our decaying neighborhoods would somehow make them go away. Today, we have found a third way. Our new vision has been of government as partner -- with the private sector, community groups and individual citizens. It has been a vision of government as catalyst, to bring the spark of private enterprise to our hardest pressed neighborhoods. Whether it's sending 100,000 police officers to work with communities to fight crime, or offering tax cuts to clean up brownfields and lure jobs to cities, our goal has been to empower our people with the tools to make the most of their own lives.

We've worked to mend, not end, affirmative action. Next week, the Department of Transportation will issue new rules for its Disadvantaged Business Enterprise program which helps minority businesses take part in the construction of our roads and highways. With these new rules, we will extend opportunity to more minorities in a way that is consistent with our Constitution.

We've worked to bring even more credit to underserved communities by strengthening and streamlining the Community Reinvestment Act. Though it's been on the books for more than 20 years, 95 percent of the financial commitments made under this law -- more than $1 trillion -- were made in the past five years alone. This law has helped families buy new homes, helped small businesses create new jobs. At the same time, our commercial banks are more profitable than they were ten years ago. It has been good for America and I will fight any attempt to weaken it.

Now our cities are coming back. Last week, I was in Detroit, where unemployment has been cut in half. The factories were working, producing safer, more fuel efficient and dynamic cars than ever. And we must keep our auto industry strong into the 21st Century.

But we all know we have much more to do. This is a time of unprecedented growth for American business -- but the overwhelming majority of new capital is bypassing our underserved areas for our suburbs and overseas. Today, in corporate board rooms all across America, business plans are being developed for new investments in emerging markets in Eastern Europe and Asia. Venture capitalists are reading the balance sheets for promising companies in Silicon Valley and suburban Washington.

But some of the greatest untapped markets are not just in our suburbs or on other side of the world, but right here in our central cities: 140 blocks up the street in Harlem. In communities where mothers and fathers must commute for miles to the suburbs to find work, where children must walk for blocks and blocks, past abandoned storefronts, just to buy a book for school or a pint of milk from the grocery store. Recently, a Harvard Business School professor found that families living in our most distressed communities control more than $85 billion a year in purchasing power -- that's more than the entire retail market of Mexico. And yet, more than 25 percent of that market is going unmet. In Harlem, the number is more like 60 percent.

Businesses that have recognized this potential have been greatly rewarded. Two of Pathmark's most productive grocery stores are in Bedford-Stuyvesant and in Newark's Central Ward. These two stores do double the business of a typical grocery store. Of Rite Aid's 148 stores in New York City, the Harlem branch ranks second in the number of prescriptions filled. This summer, in a meeting with the Vice President, both companies announced plans to expand their investments in these areas.

But these pioneering companies are tapping just a small portion of a vast reservoir of economic potential. That is why today, inspired by Reverend Jackson, Sandy Weill, and the Wall Street Project and after consulting with development experts, I am very proud to unveil a new strategy to leverage billions of dollars in new investment for America's underserved areas. It is a plan to help and encourage all Americans -- from small entrepreneurs to major companies--- raise the capital to build businesses in our cities and rural counties.

First, in my balanced budget, we will support a New Market Venture Capital Program to bring capital and technical assistance to small businesses in targeted areas. There are thousands of inner - city and rural entrepreneurs who only need a little capital and expert guidance to expand their businesses and create new jobs. With these new funds, we can give it to them.

Second, we must expand our investment in community banks that provide inner city and rural residents small amounts of credit to transform good business ideas -- child care centers, bake shops -- into reality. When I was governor of Arkansas, I heard of a bank in Bangladesh that offered loans of as small as $10 to poor women. With these loans, the women had been able to start small businesses and lift their families out of poverty. Hillary and I decided we could do the same in Arkansas. We started the Good Faith Fund to help citizens across our state improve their lives through entrepreneurship. And I am proud that we could bring this idea to more communities across our country. Americans are the most creative and business savvy on Earth. Inner city and rural Americans are no exception.

Next, our Small Business Administration has helped transform companies such as AOL from small start-ups into household names. Last summer, the Vice-President challenged the SBA to do the same for businesses in our underserved areas. So in response, the SBA will strengthen outreach efforts and offer new financing terms -- such has delayed payment of interest on loans and waived regulatory requirements -- to promote investments in targeted communities. We will also expand tax incentives for the SBA-licensed Specialized Small Business Investment Companies that channel capital to small businesses owned by economically disadvantaged citizens. I thank Congressman Jefferson for his leadership on this issue.

Fourth, in my next balanced budget, I will ask Congress to support the creation of new American Private Investment Companies to encourage even bigger businesses to enter these markets. For years, America has supported OPIC, the overseas private investment corporation to promote growth abroad. Now we must support private investment at home. APIC, to be administered jointly by HUD and SBA, will offer loan guarantees to investors who help businesses expand or relocate in inner cities and rural areas. This is how it will work: If one group of private investors puts up at least \$100 million, then the government will guarantee another \$200 million in loans. Now, if five groups of investors do the same thing, that's \$1.5 billion in equity for investment.

Finally, our ultimate goal is to encourage as many companies and individuals as we can to put together more funds to invest in our underserved areas. That is why, in addition to all these incentives, my balanced budget will propose new tax credits worth 25 percent of the amount equity placed in investment funds, community development banks, and a host of other investment vehicles targeted for untapped markets.

This is only the beginning. As this proposal makes it way through Congress, I look forward to the leadership of members such as Charlie Rangel, who will have the responsibility of getting the tax portion of this package through his committee, the members of the Congressional Black Caucus including Chairman Clyburn and past CBC chair Maxine Waters. I also look forward to working with the Hispanic Caucus for their leadership.

But we must recognize that no business will stay in any community, no matter how generous the tax breaks and loans, if residents do not have the skills to do the job. Today, thousands of high wage jobs are begging to be filled. The shortages are so severe that last year, we agreed to allow high technology companies to bring workers from abroad to fill these jobs, provided they train Americans first. This should be a wake up call for all Americans. It is wrong that high tech companies have to go all the way to the other side of the world to find qualified workers for these jobs. It is wrong that our schools are failing to teach our children the skills to take advantage of the very opportunities that can secure them better lives.

But we can turn this situation around. We must work together to improve education for our children. No task is more urgent. I ask you to recognize the stake you have in strong public schools. I ask you to help us invest the resources we need to make them stronger. Build partnerships, mentor students, open their eyes to the possibilities of the future. And I ask you to work with me to modernize our schools, to attract the best and the brightest to become teachers, to wire all classrooms to the Internet. We cannot afford to leave a single child behind in our global economy.

In 1963, on the steps of the Lincoln Memorial, the man whose birthday we celebrate today, Rev. Martin Luther King, Jr., challenged America to "refuse to believe that there are insufficient funds in the great vaults of opportunity of this nation." Today, the vaults of opportunity are richer and fuller than ever. You have helped make them so. Now we have a duty to open them even wider for all Americans. I ask Wall Street to take the lead.

D

January 13, 1999

'99 JAN 13 PM2:22

MEMORANDUM TO THE PRESIDENT

FROM: Minyon Moore and Craig Hughes

RE: New York Political Briefing

RECENT PRINCIPAL TRAVEL

The Vice President was in New York City on Wednesday, January 13, 1999 to give the keynote speech to the Israel Policy Forum Dinner.

The Vice President was in New York City on Sunday, January 10, 1999 to speak at the New York swearing in of Senator Chuck Schumer (D-NY).

The Vice President was in New York on December 3, 1998. He spoke at an education round table, toured a hurricane relief center, participated in an outreach meeting with Rep. Charlie Rangel (D-15), spoke at the grand opening of the UNITE Union Health Care Center, dropped by the UJA-New York reception, attended a Leadership '98 reception and dinner, and spoke at the Robert F. Kennedy Memorial Dinner.

The First Lady was in Queens on December 3, 1998, where she dedicated the Louis Armstrong House as one of America's Treasures.

The Vice President was in the Bronx on November 1, 1998 for a 3000+ person Democratic rally.

The First Lady was in New York City on November 2, 1998 for a Chuck Schumer for Senate rally sponsored by Dennis Rivera and SEIU Local 1199.

You were in New York on October 30, 1998. You attended a fundraiser in Brooklyn and a seniors-based message event in Queens for the Schumer for Senate campaign, and a meeting with African-American Ministers in Queens on behalf of Comptroller Carl H. McCall (D).

UPCOMING PRINCIPAL TRAVEL

You, the Vice President and the First Lady are scheduled to travel to Buffalo on January 20 to highlight the State of the Union Speech.

PRESIDENTIAL ELECTION RESULTS

1992			**1996**		
Clinton/Gore	3,444,450	50%	Clinton/Gore	3,756,177	58%
Bush/Quayle	2,346,649	34%	Dole/Kemp	1,933,492	30%
Perot/Stockdale	1,090,721	16%	Perot/Choate	503,458	8%

New York gave the **Clinton/Gore** ticket the largest margin of victory in the country (a plurality of 1.8 million votes). **The President and Vice President** won 52 of 62 counties statewide.

<u>1998 ELECTION RESULTS</u>
Governor George E. Pataki (R) breezed to a second term as New York's governor, defeating Democratic opponent New York City Council Speaker Peter F. Vallone, 55% to 32%. Independent candidates Tom Golisano and Betsy McCaughey-Ross received 8% and 2% of the vote respectively. Vallone did manage to capture the majority of the African-American vote, garnering 75% compared to Pataki's 15%.

In one of the most closely watched Senate races in the country, Senator Al D'Amato (R) was defeated by Rep. Charles Schumer (D), 54% to 45%. Schumer was the recipient of a tremendous amount of Administration travel, including four separate visits by the First Lady.

In the unusually bitter and costly campaign, D'Amato may have sown the seeds of his own defeat after his highly publicized labeling of Schumer as a "putzhead" and his imitation of Rep. Jerrold Nadler (D-N.Y.) as "Jerry Waddler." After being slammed for missing votes while campaigning, Schumer effectively snatched the momentum in the final weeks and portrayed D'Amato as unethical and as a liar.

State Comptroller Carl McCall (D) defeated Republican challenger Bruce Blakeman 64% to 33% to win a second term. In the final week, McCall's campaign spent $3.8 million on advertising to ensure victory and set the stage for a possible gubernatorial bid in 2002.

In a race that was not officially decided until December 15, former Assistant Manhattan District Attorney Eliot Spitzer (D) defeated incumbent Attorney General Dennis Vacco (R) by approximately 26,000 votes out of more than 4 million cast. Vacco delayed conceding to Spitzer until all legal avenues were exhausted, including calling on Mayor Giuliani (R) to have the police go door-to-door to verify voter's residency claims. The Mayor declined.

The status quo prevailed among New York's congressional races, with nearly every incumbent Member being easily reelected. The closest race among incumbents was Rep. Carolyn McCarthy (D), who defeated state Assemblyman Gregory Becker (R) 52%-47%. In the open seat races, the party in power won every race.

New York State Assemblyman Joseph Crowley (D) easily defeated Republican challenger James Dillon 68% to 28% in the seventh Congressional district. Crowley replaces his patron, former Rep. Tom Manton (D), who, as Queens County Democratic Chairman, hand-picked Crowley as the Democratic nominee.

In the ninth Congressional district, New York City Councilman and former Schumer staffer Anthony Weiner (D) effortlessly defeated Leslie Telano (R) for the seat vacated by Senator Chuck Schumer (D). Weiner received 66% compared to Telano's 24%.

In the 22nd district, former Pataki aid John Sweeney (R) defeated Jean Parvin Bordewich (D), 56%-43% to retain Rep. Gerald Solomon's (R) seat.

Former state Assembly Minority Leader Tom Reynolds (R) defeated Bill Cook (D) 58%-42% to keep the 27th district in Republican hands, where it was formerly held by Rep. Bill Paxon (R).

2000 Senate Race

The early announcement by Senator Daniel Patrick Moynihan (D) that he will not seek reelection in the year 2000 has moved up the calendar for possible candidates. On the Republican side, New York City Mayor Rudolph Giuliani (R) is almost certain to run. Other possible candidates include Rep. Rick Lazio (R-02), Rep. Peter King (R-03), and former Senator Al D'Amato. The Democratic field has already thinned out, as environmental lawyer Bobby Kennedy, jr., Comptroller Carl H. McCall and HUD Secretary Andrew Cuomo have all announced they will not run. Rep. Nita Lowey (D-18), Rep. Carolyn Maloney (D-14), the Rev. Al Sharpton, and House Majority Leader Michael Bragman are all considering running.
New York was caught up in "Hillary for Senate" fever last week after Senator Bob Torricelli (D-NJ), the new Chairman of the Democratic Senate Campaign Committee, publicly said that the First Lady would be a formidable candidate for Senate. The Rev. Al Sharpton (D) immediately announced that if the First Lady ran she would clear the Democratic field. Rep. Charlie Rangel (D-15) made calls throughout New York encouraging Democrats to support the idea of a Hillary Rodham Clinton candidacy, and the Nassau County Democratic Party went so far as to pass a resolution recommending that she run. The First Lady's press office says that "she has no plans to run."

HOT ISSUES -- New York City

AFSCME Council 37

Stanley Hill, the executive director of AFSCME Council 37, which represents 120,000 New York City municipal workers, was forced to resign after he acknowledged that there was vote fraud in the 1996 ratification of his union's contract with the City of New York. The contract, which included a pay freeze for the first two years and a 13 percent pay increase over the last three years, will most likely remain in effect because both sides are abiding by it. This admission has tainted the most important labor relations victory in the City for Mayor Rudolph Giuliani (R). AFSCME has named Lee Saunders as a trustee to oversee Council 37 in Hill's absence.

Hill had previously announced the resignations of his top two assistants, union Associate Director Martin Lubin and Assistant Associate Director Mark Shaplo. Both admitted that they knew ballot boxes were stuffed during the voting of a large clerical workers unit, Local 1549, to assure ratification. Hill defended Albert Diop, president of the clerical's local, Local 1549, saying he was not aware of the fraud that took place.

Two of the locals in District Council 37, one representing 2,800 motor-vehicle workers and the other 1,800 librarians, plan to file a lawsuit accusing the council's leaders of running a "criminal enterprise." They are demanding hundreds of thousands of dollars in damages. The locals are charging that Stanley Hill and other council officials should pay damages on the grounds that they knowingly committed vote fraud. Hill and city officials have denied this accusation, citing that they had no knowledge of any type of fraud until recently.

State of the State
On Wednesday, January 6, Governor George Pataki (R) gave the State of the State address. Pataki focused mainly on crime and taxes, and also offered up new funds for education. The *New York Times* assailed Gov. Pataki for being too cautious and avoiding the difficult subjects of health care, allocation of the tobacco settlement, and cleaning up the state's campaign finance system. The Governor did make two relatively bold proposals: (1) A New York State constitutional amendment that would require a two-thirds vote of both legislative houses to raise taxes. (2) An end to parole for all felons. Under Pataki's plan, parole would be phased out by requiring that all new violent or non-violent felony convictions carry definite sentences -- such as eight years instead of five-to-ten years -- with no chance of parole.

POLITICAL DATA

Governor:	George E. Pataki (R) 55% in 1998
U.S. Senate:	Charles Schumer (D) 54% in 1998
	Daniel Patrick Moynihan (D) 55% in 1994
U.S. House:	18D/13R
State Senate:	26D/35R
State Assembly:	98D/52R
Electoral Votes:	33

The 1998 elections in the State Assembly saw Democrats picking up one seat, making the ratio 98 Democrats to 52 Republicans. This defied most predictions, which called for them to lose as many as ten seats.

CONGRESSIONAL DELEGATION

Sen. Daniel Patrick Moynihan (D)
Representative Michael P. Forbes (R-01)
Representative Peter King (R-03)
Representative Gary Ackerman (D-05)
Representative Joseph Crowley (D-07)
Representative Anthony David Weiner (D-09)
Representative Major Owens (D-11)
Representative Vito Fossella (R-13)
Representative Charles Rangel (D-15)
Representative Eliot Engel (D-17)
Representative Sue Kelly (R-19)
Representative Michael McNulty (D-21)
Representative Sherwood Boehlert (R-23)
Representative James Walsh (R-25)
Representative Thomas Reynolds (R-27)
Representative John LaFalce (D-29)
Representative Amory Houghton Jr. (R-31)

Sen. Charles Schumer (D)
Representative Rick Lazio (R-02)
Representative Carolyn McCarthy (D-04)
Representative Gregory W. Meeks (D-06)
Representative Jerrold Nadler (D-08)
Representative Edolphus Towns (D-10)
Representative Nydia Velazquez (D-12)
Representative Carolyn Maloney (D-14)
Representative Jose Serrano (D-16)
Representative Nita Lowey (D-18)
Representative Benjamin Gilman (R-20)
Representative John E. Sweeney (R-22)
Representative John McHugh (R-24)
Representative Maurice Hinchey (D-26)
Representative Louise Slaughter (D-28)
Representative Jack Quinn (R-30)

In 1997, Rep. Vito Fossella (R) defeated Eric Vitaliano (D) in the race to fill the seat left open by the retirement of Rep. Susan Molinari (R).

CONSTITUTIONAL OFFICERS AND LEGISLATIVE LEADERSHIP

Governor	George E. Pataki (R)
Lt. Governor	Mary Donohue (R)
Secretary of State	Alexander Treadwell (R)
Attorney General	Eliot Spitzer (D)
State Comptroller	H. Carl McCall (D)
Speaker of the Assembly	Sheldon Silver (D)
Majority Leader of the Assembly	Michael Bragman (D)
Minority Leader of the Assembly	Tom Reynolds (R)
Senate Majority Leader	Joe Bruno (R)
Senate Minority Leader	Martin Connor (D)

NEW YORK STATE AT A GLANCE

- 1994 estimated population was 18,169,000.
- 70.3% of New Yorkers are White; 16.8% are African American; and 12.2% are Hispanic American.
- 13.1% of New York residents are age 65 or older.
- 49.9% of New York households are married couples, and 23% are married with children.
- Median household income is $32,965.
- 25% of New Yorkers have a college degree. 74.8% have a high school diploma.
- In 1992, 7,079,432 New Yorkers voted of a Voting Age Population (VAP) of 13,691,000 (52%); compared with 6,439,129 of a VAP of 13,579,000 in 1996 (47%).

E

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

'99 JAN 13 AM11:09

January 13, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: GEORGE T. FRAMPTON, JR. Robert S Kapla for GTF

SUBJECT: NEW YORK ENVIRONMENTAL ISSUES

Hudson River Park Project

The Empire State Development Corporation and the Hudson River Park Conservancy are seeking permits from the Army Corps of Engineers (Corps) for activities connected with a five-mile, multi-purpose park in Manhattan's Westside. Friends of the Earth and several smaller environmental groups, together with Taxpayers for Common Sense and NY Public Interest Research Group, have voiced concerns that this project will harm both the waters of the Hudson and the environment.

The groups are asking that a full Environmental Impact Statement be completed by the Corps. At present, the Environmental Protection Agency, National Marine Fisheries Service, and Fish and Wildlife Service appear to have no issue with the project as defined. CEQ is currently meeting with the Corps and these groups to assess the situation.

If asked, you should say that you know the Corps is currently reviewing the application for development under the Clean Water Act, and as part of that review the Corps is looking into the environmental effects of the park. In addition, you have asked CEQ to meet with the concerned members of the public and with Corps to determine if the environmental effects have been adequately studied.

F

THE WHITE HOUSE

WASHINGTON

'99 JAN 13 PM12:21

January 13, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: **THURGOOD MARSHALL, JR.** JPJ for TM
JON P. JENNINGS JPJ

SUBJECT: **HOT ISSUES--NEW YORK, NEW YORK**

PCBs Superfund Site: Over a 30-year period ending in 1977, as much as 1.1 million pounds of polychlorinated biphenyls (PCBs) were discharged directly into the Hudson River from two General Electric plants in Hudson Falls and Fort Edwards, NY. EPA listed this site on the Superfund national priorities list in 1984, but determined at the time that it was not necessary to clean up the PCBs because the pollution would remain buried by clean sediment. On July 23, 1998, EPA released the results of a study that found the PCBs were not being buried and that they were traveling downriver, further jeopardizing public health in downstream communities. Because of this finding, EPA investigated accelerated actions to prevent the further spread of PCB-contaminated sediments. In December, EPA announced that early action to cover or remove the contaminated sediments in river hot spots was not feasible. Instead, EPA is continuing to assess whether to undertake a comprehensive cleanup of this Superfund site. A proposed cleanup plan will be made public in December 2000 and a final cleanup determination will be made in 2001. Representative John Sweeney has criticized EPA and opposes any dredging of the river to remove the PCBs. This month, he issued a press release calling for a GAO investigation of EPA's Hudson River PCB Reassessment. (EPA)

Waste Transfer Stations: As a result of the required closing of the Fresh Kills Landfill in 2001, New York City is developing plans to export its waste. A key element of the City's strategy involves consolidating the waste at existing or new, privately-operated waste transfer stations before it is exported. Most of the existing and proposed stations are clustered in several low income, predominantly minority communities in the South Bronx and Brooklyn. Representatives Serrano and Velázquez met with Administrator Browner and asked EPA to conduct a study of the environmental and health impacts of these waste transfer stations, and Congress placed $400,000 in EPA's FY99 budget to conduct such a study. In addition, Representative Serrano and a coalition of community groups have filed a Civil Rights Title VI environmental justice complaint with EPA, alleging that pollution is disproportionately burdening minority communities. While EPA has no direct authority to affect the city's decision on the siting of these waste transfer stations, the Agency has been working to facilitate discussions between the interested parties to find a common sense solution. (EPA)

State of the State Address: On January 6, Governor Pataki proposed several education initiatives in his State of the State address. He asked the legislature to sharply limit the amount that school property taxes could be raised at the local level without a two-thirds vote by the local school board. Local school boards, superintendents, and teachers oppose this proposal, which would require a statewide referendum and a change in the state constitution. Among several other proposals in the speech were two that involve Administration priorities. Governor Pataki proposed keeping schools open until 7:00 p.m. to provide children a safe haven and suggested that the state set up an office to provide local school districts with low-cost financing as a way of encouraging school construction projects. (DOEd)

Union Corruption Investigation: The executive board of Local 2507 of American Federation of State, County, and Municipal Employees (AFSCME), which represents more than 2500 New York City emergency medical technicians and paramedics, has suspended its president, vice president, and secretary-treasurer for financial irregularities. The Manhattan district attorney is investigating allegations of vote fraud, embezzlement, and kickbacks. (DOL)

G

PRESIDENT CLINTON AND VICE PRESIDENT GORE'S ACCOMPLISHMENTS: *NEW YORK*

ECONOMIC OPPORTUNITY FOR ALL

- ***Unemployment Down to 5.5%:*** The unemployment rate in New York has declined from 8.3% to 5.5% since 1993.
- ***486,600 New Jobs:*** 486,600 new jobs have been created in New York since 1993 -- an average of 83,417 per year, compared to an average of 129,850 jobs *lost* per year during the previous administration.
- ***553,000 Have Received a Raise:*** Approximately 189,000 New York workers benefited from an increase in the minimum wage from $4.25 to $4.75 -- on October 1, 1996. They, along with about 364,000 more received an additional raise -- from $4.75 to $5.15 -- on September 1, 1997.
- ***A $500 Child Tax Credit to Help Families Raising Children:*** To help make it easier for families to raise their children, the balanced budget included a $500 per-child tax credit for children under 17. **Thanks to President Clinton, the Balanced Budget delivers a child tax credit to 1,727,000 families in New York.**
- ***Personal Income Has Risen 2.3% Annually:*** Personal income in New York has risen at an annual rate of 2.3% since 1993 compared to an average growth of just 0.5% per year during the previous administration.
- ***Over $25,000 of Reduced Federal Debt for Every Family of Four:*** The national debt will $1.7 trillion lower in fiscal year 1999 than projected in 1993 -- that's $25,000 less debt for each family of four in New York next year.

EXPANDING ACCESS TO EDUCATION

- ***Over 45,000 Children in Head Start:*** Over 45,000 New York children were enrolled in Head Start in 1998. In FY99, New York will receive $304.0 million in Head Start funding, an increase of $122.1 million over 1993.
- ***More High-Quality Teachers With Smaller Classes for New York's Schools:*** Thanks to President Clinton, the final FY99 budget provides for the first year of the President's new initiative to hire 100,000 new, well-prepared teachers, to reduce class sizes in the early grades to a national average of 18. New York will receive $104.5 million in 1999 to hire about 2,688 new public school teachers.
- ***37.6 Million for Technology Literacy:*** This year [FY99], New York receives $37.6 million for the Technology Literacy Challenge Fund which helps communities and the private sector ensure that every student is equipped with the computer literacy skills needed for the 21st century.
- ***$749.9 Million in Pell Grants:*** This year [FY99], New York will receive $749.9 million in Pell Grants for low-income students going to college, an additional $34.9 million over last year. With this increase, a total of 356,900 New York students will benefit.
- ***Expanded Work-Study To Help More Students Work Their Way Through College:*** The FY99 budget includes a significant expansion of the Federal Work Study program. New York will receive $84.4 million in Work-Study funding in 1999 to help New York students work their way through college.
- ***Nearly 8,400 Have Served in New York through AmeriCorps:*** Since the National Service program began in 1993, 8,345 AmeriCorps participants have earned money for college while working in New York's schools, hospitals, neighborhoods or parks. [through 11/98]
- ***Tuition Tax Credits in Balanced Budget Open the Doors of College and Promote Lifelong Learning:*** The balanced budget included both President Clinton's $1,500 HOPE Scholarship to help make the first two years of college as universal as a high school diploma and a Lifetime Learning Tax Credit for college juniors, seniors, graduate students and working Americans pursuing lifelong learning to upgrade their skills. This 20% tax credit will be applied to the first $5,000 of tuition and fees through 2002 and to the first $10,000 thereafter. **414,000 students in New York will receive a HOPE Scholarship tax credit of up to $1,500. 503,000 students in New York will receive the Lifetime Learning Tax Credit.**
- ***Expanded Job Training to New York's Dislocated Workers:*** Thanks to President Clinton, the FY99 budget includes a significant expansion in the dislocated worker program. New York will receive $118.3 million in 1999 to help 70,090 of New York's dislocated workers get the training and reemployment services they need to return to work as quickly as possible.

FIGHTING CRIME AND VIOLENCE

- ***Crime Falls 33% in New York:*** Since 1992, New York's crime rate has fallen 33%. Violent crime and property crime have also declined 39% and 32% respectively. [1992 and 1997 Uniform Crime Reports]
- ***Crime Has Dropped Sharply in Major Cities:*** In New York City, between 1992 and 1997, serious crime, as indicated by the crime index, has declined 43%, with a 61% drop in murder, and a 51% drop in robbery. In addition, serious crime has also declined 28% in Rochester and 11% in Syracuse. [1992 and 1997 Uniform Crime Reports]

- ***10,233 More Police:*** The President's 1994 Crime Bill funded 10,233 new police officers in communities across New York. [through 1/99]
- ***$32.7 Million to Keep Drugs & Violence Out of New York's Schools:*** New York receives $32.7 million in FY99 for the Safe & Drug Free Schools Program, which invests in school security and drug prevention programs.

MOVING NEW YORKERS FROM WELFARE TO WORK

- ***290,797 Fewer People on Welfare:*** There are 290,797 fewer people on welfare in New York now than there were at the beginning of 1993 -- an 25% decline. [through 6/98]
- ***Child Support Collections Up 65%:*** Child support collections have increased by $316 million -- or 65% -- in New York since FY92. [through FY97]
- ***New York Receives $96.9 Million in Welfare-to-Work Grants:*** In FY98, New York received $96.9 million in welfare-to-work state formula grants, helping New York prepare welfare recipients for work and to place them in jobs. Part of the President's comprehensive efforts to move recipients from welfare to work, this funding is included in the $3 billion Welfare-to-Work Jobs Challenge Fund signed into law in the 1997 balanced budget.

INVESTING IN NEW YORK'S HEALTH

- ***Health Care for Uninsured Children:*** The balanced budget included the largest single investment in health care for children since the passage of Medicaid in 1965 -- an unprecedented $24 billion over five years to cover as many as five million children throughout the nation. This investment guarantees the full range of benefits -- from checkups to surgery -- that children need to grow up strong and healthy. It ensures that prescription drugs, vision, hearing, and mental health coverage now offered at the state level are extended to millions of uninsured children. **To expand health coverage to more uninsured children in New York the balanced budget provides $255.7 million in 1998.** This compares to the 1995 Republican plan vetoed by President Clinton that would have denied health care coverage to 454,600 children in New York.
- ***Helping Over 480,000 New York Women and Children with WIC:*** The Clinton Administration is committed to full funding in the Special Nutrition Program for Women, Infants and Children (WIC). In FY98, New York received $274.4 million in total WIC grant funding, helping 482,900 women, infants and children in need receive health and food assistance, 53,000 more than in 1994.
- ***More Toddlers Are Being Immunized:*** As a result of the President's 1993 Childhood Immunization Initiative, childhood immunization rates have reached an historic high. According to the CDC, by 1996, 90% or more of America's toddlers received the most critical doses of each of the routinely recommended vaccines -- surpassing the President's 1993 goal. In New York in 1997, 98% of two-year olds received the vaccines for diphtheria, tetanus, pertussis; 91% received the vaccine for polio; 94% received the vaccine for measles, and 93% received the vaccine for *Haemophilus influenzae* B, the bacteria causing a form of meningitis.

PROTECTING THE ENVIRONMENT

- ***27 Toxic Waste Sites Cleaned Up:*** Since 1993, the EPA has completed 27 Superfund toxic waste cleanups in New York. The sites are located in Hauppauge, Glenwood Landing, Endicott, Shelby, Hyde Park, Johnstown, Oswego, Ramapo, Hamilton, Holbrook, Granby, Conklin, Farmingdale (3), Cold Spring, North Sea, Oyster Bay (2), Brewster, Deer Park, Hicksville, South Glen Falls, South Cairo, Vestal, Warwick, and Woodside, Queens [through FY98]. This is more than three times the number of sites cleaned up in New York during the previous twelve years combined (6).
- ***$51.3 Million in Safe Drinking Water Funding:*** This year [FY99], thanks to President Clinton, New York will receive $47.2 million for the Drinking Water State Revolving Funds to provide low-interest loans to municipalities to build, improve, and prevent pollution of drinking water systems. In addition, New York will receive $4.1 million in Public Water Supply Supervision grants to help monitor drinking water quality and enforce health standards.
- ***Revitalizing Brownfields Projects in New York:*** As part of the Clinton-Gore Administration's efforts to clean up Brownfields, the EPA has awarded grants to communities in New York -- Buffalo, Ogdensburg, Utica, Yonkers, Elmira, New York City, Niagara Falls, Rochester, Glen Cove, and Rome --as well as Niagara and Ulster Counties, for environmental clean-up and economic revitalization. These projects are intended to jump-start local clean-up efforts by providing funds to return unproductive, abandoned, contaminated urban properties to productive use.