THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 10/25

TO: VP
Leon
Harold
George
Don
McCurry

FROM: Staff Secretary

Draft of Truman speech - Bosnia part is pp. 7-10.

Todd

10/25/95 12:00 p.m.

PRESIDENT WILLIAM JEFFERSON CLINTON
REMARKS AT THE TRUMAN LIBRARY FUND-RAISER
WASHINGTON, D.C.
OCTOBER 25, 1995

Acknowledgments: President Ford
President Carter
Vice President Gore
Clifton Truman Daniel
General Dawson (Chairman of Library Board) and Mrs. Dawson
Mrs. Lindy Boggs (Chairman of the National Committee)
Mr. Larry Hackman (Director of the Library) and Mrs. Hackman
Senator Sam Nunn, Rep. Ike Skelton and other Members of Congress
Distinguished Guests

It's a pleasure to join you all this evening. Today, men and women in public life invoke the example of President Truman more often perhaps than that of anyone else. There may even be one or two people in this room who have done that. Because he was a fighter for principle who came back like no one else...because he gave 'em hell without fear or favor...because he so embodied the virtues and decency of the people he served.

But the true measure of Harry Truman -- and what makes him one of our greatest Presidents -- is not the number of people who claim his mantle. Instead, it is that every American President since his time -- including my two distinguished predecessors who join us this evening -- has followed in his footsteps...and carried forward America's leadership in the world. Today, the tradition of sustained American engagement in peacetime that he began...of broad-based support for democracy and free markets around the world...has proven so successful...and been so consistently maintained by Republican and Democratic Presidents...that some forget what a bold departure it was.

The Truman Doctrine...the Marshall Plan...the Atlantic Alliance....each was a step unlike anything previous in our nation's history. Indeed, NATO -- which President Truman rightly considered one of his greatest achievements -- was our first peacetime military alliance ever. This decisive change from past practice grew out of his belief -- shared by such other visionaries as George Marshall, Arthur Vandenberg and Dean Acheson -- that America could never again remain apart....that America has a vital stake in a stable, peaceful Europe. Because we had isolated ourselves after one world war, we had found it necessary to fight another. And these wise leaders saw that we could never let that happen again.

In this new era -- after the fall of Soviet Communism -- history calls upon us to build on their achievement...to secure a peace for the next century....just as Harry Truman's generation secured it for the last half of this one. To achieve that, America today is reaffirming its commitment to building a democratic, peaceful and undivided Europe -- seizing this moment, when peoples across the continent at last control their own destinies.

We are working to consolidate freedom's new gains into a larger and more lasting peace. Instead of a security based on the defense of one bloc against another, we seek a security that will be found in Europe's integration. We are building a peace that will bind the broader Europe together with a strong fabric woven of vital democracies, prosperous market economies and security cooperation. For America's future security, no other task is so important.

At the heart of this effort are three principles. First, we are supporting the growth of democracy in the newly free nations of Central and Eastern Europe. The success of their reforms will make us all safer -- because democracies tend not to wage war against one another...they are natural allies against aggression...and they are inclined to respect the human rights of their citizens.

Second, we are working to increase economic vitality in Europe, America and around the world. Our effort to bring down trade barriers -- through GATT and other agreements -- will help bind the nations of Europe with each other and with us in prosperity. In formerly communist countries, our support for the transition to market economies is helping to strengthen democracy's roots -- and block the advance of nationalism or ethnic hatred.

Third, and most important, we are building the transatlantic community of tomorrow by deepening our security cooperation. Because even though the overarching threat of communism has been defeated, the battle between freedom and tyranny goes on. The forces of intolerance and hatred wear different faces -- ethnic and religious conflict....state-sponsored terrorism...the spread of weapons of mass destruction. And neither Europe nor America can insulate itself from these threats. But by joining with our traditional allies across the ocean...and embracing others who now share our values...we create for ourselves the best defense.

We have seen the proof of that collective strength through more than 40 years of success. NATO's military power and cohesion makes it indispensable. But NATO does far more than provide the tanks and guns to safeguard our borders.

NATO binds the Western democracies together in common purpose -- it does not depend on an enemy to maintain its unity. The Alliance strengthens all of its members from within at the same time that it defends against threats from without. And to see the proof, compare the tremendous stability, economic strength and harmony in Western Europe with conditions of only a few decades ago. The Alliance brought former adversaries together, strengthened democratic forces and sheltered fragile economies. It gave them the confidence to look past the ancient enmities that caused countless wars. It gave them safety to sow the prosperity that today binds them -- and us -- together. By establishing NATO, America created the security it required...where history has shown it is most needed.

To keep our nation safe, free and prosperous in the decades ahead, America must continue to lead -- with NATO an indispensable instrument of our leadership. "The world is not static, the status quo is not sacred" -- those were words Harry Truman used when he announced the Truman Doctrine. Now, we must build upon President Truman's great feat. We must adapt NATO for the missions of a new era. We must open NATO's doors to new members.

We must adapt NATO because absolutely nothing else can serve as a cornerstone for an integrated, secure, stable Europe.

NATO's success has been based on a single principle: we best promote our interests when we advance our values. By supporting democracy and free markets in Western Europe, we created a community of shared interests -- and an alliance for the common defense. Now, with the new democracies of Central and Eastern Europe and the former Soviet Union, we can enlarge the circle of common purpose. We can create greater security for this new era.

That is why we established the Partnership for Peace as the framework for security cooperation between all the nations of Europe. In less than two years, the Partnership has brought 26 nations into a far-reaching program that builds confidence as well as ties of friendship. Now, former enemies join in field exercises throughout the year....building bonds together instead of battle plans against one another. That experience and the prospect of integration with the West has had a tremendously positive effect, strengthening common values and principles. Because as nations look to the West with hope, their commitment to reform and democracy deepens.

Now, those nations in the region that maintain their democratic standards, continue their economic transformation and behave responsibly in the world, should be able to seek membership in NATO. By allying with them, we give these nations the confidence to consolidate their freedoms and build their economies. And that, ultimately, benefits us all.

NATO has completed its study of how it should bring in new members. We will move carefully and deliberately as we consider the study's conclusions with all those who have joined with us in the Partnership for Peace. Now, we can begin more intensive discussions with those partners who are interested in the requirements and obligations of membership. After that, we will move carefully and openly -- but also steadily -- toward the next phase: considering who NATO's new members should be and when they will be invited to join the Alliance. And throughout, we will engage in a serious dialogue with Congress and the American people and how and why we must proceed with NATO's expansion.

Let me emphasize: bringing new members into the Alliance will enhance security throughout Europe -- including in Russia. We have reassured -- and will continue to reassure -- Russia that NATO is a defensive alliance, as it has always been. What NATO did to stabilize Western Europe after 1945 it can do for Central and Eastern Europe. Extending the zone of security and democracy in Europe will help prevent the conflicts that for centuries have tempted outside powers to intervene. For Russia and all her neighbors, this is a far better path than the alternative -- small, fearful nations caught in a dangerous balance-of-power game.

Our new and positive relationship with Russia provides another pillar in the security system we are building. Russia's effort to become a confident, stable democracy is one of the most significant developments of our time. The road will be long and difficult for Russia, but we have an important stake in her success. Russia has a vital contribution in the new Europe -- and we are determined to help it make that contribution.

That is why we have offered Russia a strong relationship with NATO -- even an "alliance with the Alliance." We already are working with Russia through the Partnership for Peace. We want that bond to deepen. Just today, for example, U.S. and Russian forces began a peacekeeping exercise at Fort Riley, Kansas under the auspices of the Partnership. We look forward to the day when Russia's relations with NATO are daily, comprehensive and routine -- and we will go every step of the way to build the confidence and security of a democratic Russia. But the choice between NATO's opening to Central Europe and our relationship with Russia is a false one -- and we need not sacrifice one to the other.

Tonight, I have spoken about NATO's extraordinary accomplishments in the past and its role in building the security of tomorrow. But NATO is at work now, as we speak, demonstrating on the ground in Bosnia how vital it is to securing peace in Europe. NATO airstrikes...the efforts of our negotiators...and military changes on the ground have brought the parties to the negotiating table. America has exerted its leadership through the Alliance and persistent diplomacy to bring the parties to this moment...and to an agreement on the basic principles of a settlement and a country-wide cease-fire.

The United States will continue to do everything possible to push forward. But now, the parties must now take the responsibility for forging a lasting settlement.

Next week, the presidents of Bosnia, Croatia and Serbia will travel here, to Dayton, Ohio to resolve the remaining issues. The political settlement that is taking shape must preserve Bosnia as a single state and provide for a fair territorial compromise. It will commit the parties to hold free elections, establish democratic institutions of government at the national and regional level, and respect human rights. There is no guarantee of success, and difficult obstacles must still be overcome. But as the leaders gather in Ohio, they must know that the eyes of the world are upon.

Now, as never before, they have the opportunity to lift their peoples out of conflict...end the bloodshed....and establish a genuine peace.

If a true peace is negotiated, then NATO must be prepared to help implement the agreement. The reasons are clear: there will be no peace without an international presence on the ground in Bosnia. That presence must be credible and have the capacity to enforce the peace. Only NATO ...the most powerful and experienced military alliance on earth...meets that test....and will give the parties the reassurance they need to make peace.

As the leader of NATO, U.S. must take part in this effort. We cannot ask our allies to go it alone. It is important to remember that most of the troops on the ground will be contributed by other nations -- not America. But if we are not there, many of our partners will reconsider their commitments -- and that will undermine the peace effort. And if we are not there, we will sacrifice our leadership of NATO. All the parties have made it clear that the U.S. must be there to the secure the peace.

But I am determined that U.S. troops will only take part if NATO has complete say over command and control of our forces. If our conditions are met, then we must fulfill our obligation. and lead this mission. I have been speaking with the Congress, urging them to heed this call...support the implementation plan...and write another chapter in the history of bipartisan support for American leadership. If we want peace after four bloody years of conflict, then we must lead this effort -- because otherwise it will not get done.

I am also delighted to report that, at our meeting in Hyde Park, President Yeltsin and I agreed in principle that Russian peacekeepers should also participate in implementing the peace plan in Bosnia. Our defense ministers will begin tomorrow to hammer out the details. We welcome this kind of participation, which foreshadows what our cooperation can yield in the future.

This is the best opportunity for peace in Bosnia since the war began. We must seize it If we fail, the consequences -- for the people of Bosnia...for the region....for NATO....for Europe...and for the United States -- could be grave indeed.

If we fail to secure the peace, the fighting in Bosnia will reignite and the toll -- in lives lost and futures destroyed -- will climb even higher.

If we secure the peace, a conflict that we have contained within Bosnia could spread into neighboring nations...sparking a far larger war.

If we fail to secure the peace -- and NATO fails to rise to the challenge of the most dangerous conflict in Europe since World War II -- NATO's future as freedom's shield would be in doubt.

If we fail to secure the peace, our vision of an integrated, peaceful, democratic Europe -- with all the benefits that would bring for our long-term security and prosperity -- might not be realized.

If we fail to secure the peace, American leadership -- the source of our strength at home and success around the world -- will be called into question.

If we fail to secure the peace, America's sons and daughters could be called to fight another war in Europe -- where we have already sacrificed so much in this century for the cause of freedom.

This is a crucial moment in Bosnia -- but it is also a pivotal period for our nation. We must make tough choices -- as Harry Truman did. We face these choices because now is the time for us to prepare our security for the 21st century.

Now, democracy and free markets have an historic opportunity...a unique moment...to put down strong roots around the world -- and we must seize it. We must put our energy behind what President Truman called "the vitalizing force of democracy." He saw that democracy led people to rise to the responsibilities of their freedom...to work hard...and to build worthy lives for themselves. And he knew that if they experienced that force, they would also find the common interests that bound them to other free people. That, ultimately, was what lay behind the drive and vision that created this last half-century of American success. Today -- and in the months and years ahead -- our task is to renew that vision...and carry it forward into this new era. We can do that...and we can multiply the successes of those who preceded us....for ourselves and our children...in the century to come.

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THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 10-24

TO: Laura

FROM: Staff Secretary

The latest batch.

None has gone to President yet.
Tell me when you want me to stop.

Todd

1 2pg

Classified

Rubin

memo

DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

95 OCT 23 P3:52

October 23, 1995

MEMORANDUM FOR PRESIDENT CLINTON

FROM: **Leslie B. Samuels** LBS

THROUGH: **Secretary Robert E. Rubin** RER

SUBJECT: **Senate Finance Committee Tax Bill**

On October 19, 1995, the Senate Finance Committee adopted, by party-line vote, a tax package to be included in budget reconciliation. This package contains gross tax cuts of about $245 billion over seven years, with the net amount cut at $224 billion. Many of these items -- such as the $500 per-child tax credit -- are similar to the "Contract with America" items contained in the larger tax bill that passed the House in March. In addition, the Finance Committee previously has agreed to reduce the earned income tax credit (EITC) of about 17 million taxpayers by $43.5 billion over seven years.

The analyses of both the Treasury Department and the Joint Committee on Taxation agree that the Finance Committee package (including the previously adopted changes to the EITC) will, on average, raise taxes on families with incomes under $30,000 -- a category which represents about 40 percent of the population. Moreover, 48 percent of the tax changes in the Senate bill will benefit taxpayers with incomes over $100,000 (12 percent of taxpayers).

The Finance Committee package also contains measures estimated to raise about $21 billion. These revenue-raisers are similar to those contained in the recent Ways and Means package, except that certain important revenue-raising items have been omitted, including repeal of the low-income housing credit, repeal of the ethanol tax incentives, and the taxation of Indian gaming.

One of the revenue-raisers that is similar to a House provision relates to pension reversions. It would permit companies that sponsor pension plans for their employees to remove plan assets equal in amount to their annual spending on retirement, health and other employee benefits, provided that a minimum asset "cushion" is retained in the pension plan. Given the fungibility of money, companies could effectively remove assets from retirement plans and use these funds for any corporate purpose. The proposal's minimum "cushion" may prove inadequate, in part because employers have significant flexibility in calculating the cushion.

These and other changes in the Finance Committee package are described in the attachment.

Attachment

cc: Laura Tyson

ATTACHMENT

MAJOR PROVISIONS IN FINANCE COMMITTEE TAX PACKAGE
(as approved October 19, 1995)

FAMILY TAX RELIEF

- **$500 Child Tax Credit.** The Senate bill would provide a $500 per child nonrefundable tax credit for each dependent child under age 18. It would be phased out for individuals with adjusted gross income (AGI) over $75,000 and married couples with AGI over $110,000. (The revenue loss is estimated at $141 billion over seven years.) This provision is moving closer to the Administration's child-credit phase-out, which begins at AGI of $60,000 for married couples.

- **Marriage Penalty Relief.** The standard deduction for joint returns would be gradually increased through 2005, in an effort to eliminate the marriage penalty for couples who do not itemize their deductions. Couples who itemize deductions would receive no relief. (The revenue loss is estimated at $12.3 billion over seven years.) Treasury is considering alternatives for marriage-penalty relief that involve lower revenue losses.

- **Credit for Student Loan Interest.** The bill would provide a nonrefundable credit of 20 percent of interest paid on a qualified student loan during a taxable year, capped at $500 per year per borrower, and phased out for married couples with AGI of $60,000 to $75,000 ($40,000 to $55,000 for singles). (The revenue loss is estimated at $1 billion over seven years.)

SAVINGS AND INVESTMENT INCENTIVES

- **Individual Retirement Accounts (IRAs).** The bill generally is similar to the Administration proposal. It would expand the income limits for deductible IRA contributions somewhat further (but phased in more gradually) than the Administration. Unlike the Administration proposal, the bill gives nonworking spouses a separate $2,000 deductible IRA. Like the Administration proposal, the bill would allow "backloaded IRAs" (funded with nondeductible contributions on which earnings accumulate and are distributed tax-free), but the bill would not subject them to any income limits.

- **Pension Simplification.** The Senate bill, like the House bill, incorporates numerous items from the Administration's pension simplification proposal that built on simplification legislation passed by the House in 1994 and that President Clinton announced on June 12, 1995. The bill also includes additional items, a few of which raise policy concerns. The bill proposes a simple, new retirement savings plan for small business (the "SIMPLE"), which is similar in many ways to the Administration's "NEST" proposal. While the SIMPLE constitutes a constructive step in the right direction, it does not do enough to encourage retirement savings by middle- and lower-wage workers or to protect their interests.

- <u>Capital Gains</u>

  -- <u>Individuals</u>. Like the House bill, the Senate bill would provide a 50 percent deduction for capital gains on property owned at least one year (providing a maximum rate of 19.8 percent). Unlike the House bill, there would be no indexing for inflation. The reduction is effective for gains realized after October 13, 1995. (The revenue loss is estimated at $33.5 billion over seven years.)

  -- <u>Small Business Stock</u>. The bill would expand the preference that was initiated by the Administration and enacted in OBRA 1993 for qualified small business stock. The bill would increase the exclusion for individuals from 50 to 75 percent (resulting in a maximum effective rate of approximately 10 percent), and give corporations a favorable 21 percent rate, in addition to other changes.

  -- <u>Corporations</u>. The bill would decrease the maximum capital gains rate for corporations from 35 percent to 28 percent. The House bill would provide a 25 percent capital gains rate for corporations. (The revenue loss of the Senate provision is estimated at $6.8 billion over seven years.)

- <u>Alternative Minimum Tax (AMT)</u>. The bill would liberalize depreciation allowances for AMT purposes. It also would allow for enhanced use of AMT credits relating to investments previously made. This relief is more generous than what the Administration proposed in 1993 (which was enacted in part). The enhanced use of AMT credits is unlikely to contribute to increased investments. (The revenue loss is estimated at $9.2 billion over seven years.)

HEALTH-CARE RELATED PROPOSALS

- <u>Long-Term Care Insurance</u>. The bill would tax long-term care insurance and expenses generally in the same manner as medical insurance and expenses. Employer-provided insurance would be deductible by the employer and excluded from the employee's income. Payments to a policyholder would be taxable only to the extent they exceeded $150 per day per insurer. (The revenue loss is estimated at

$9.9 billion over seven years.) This proposal is more generous than the Administration's proposal in the Health Security Act.

- <u>Permit Medical Savings Accounts (MSAs)</u>. The bill would create a new IRA-type account called a Medical Savings Account (MSA) that could be used to pay for health care if an individual is covered by catastrophic insurance. Employees could exclude from income employer contributions to an MSA of up to $2,000 ($4,000 for a family). Individuals (including the self-employed) would be subject to the current law limitations on deductions for health care. Earnings within the MSA would accumulate tax-free. MSA distributions would be nontaxable only if used to pay for medical care. (The revenue loss is estimated at $1.3 billion over seven years.) The proposal raises a number of concerns: it would divide the population based on medical risk, create a complex new tax shelter for healthy individuals, and may not significantly contain health-care costs.

ESTATE TAX REFORM

- <u>Family-Owned Businesses</u>. The bill exempts from estate tax the first $1.5 million and 50% of the next $3.5 million of "qualified family owned business interests." The House bill contains no such provision. This proposal would give an estate tax reduction in excess of $1,750,000 to any decedent who owned a family business worth more than $5,000,000. (The revenue loss is estimated at $5.5 billion over seven years.) The Treasury Department is working on a proposal to provide more targeted relief for family-owned small businesses and farms.

EXPIRING PROVISIONS

- <u>Provisions Extended Through February 28, 1997</u>. The aggregate cost of these temporary extensions is estimated at $5.4 billion over seven years. These temporary extensions include:

  -- **The Targeted Jobs Tax Credit.** As in the House bill, it would be renamed the Work Opportunity Tax Credit, and modified, including a reduction in the credit rate from 40 percent to 35 percent.

  -- **Employer-Provided Educational Assistance.** The provision would extend the $5,250 exclusion for employer-provided educational assistance, which expired after December 31, 1994.

  -- **Research and Development (R&D) Tax Credit**

-- **Reinstate Tax-Free Treatment of Employer-Provided Group Legal Services.** The Administration rejected extending this provision in the budget it proposed in 1993.

-- **Orphan Drug Tax Credit**

-- **Commercial Aviation Fuel.** The effective date of the 4.3-cents-per-gallon tax on commercial aviation fuel would be delayed from October 1, 1995, through February 28, 1997.

REVENUE RAISERS

- **Pension Asset Reversions.** The Senate bill would permit employers to transfer -- without any excise tax -- pension assets in excess of 125 percent of a pension plan's "current liability" to pay the annual cost of the employer's retirement, health and other employee benefits. In effect, this would allow companies, during a six-year window, to use pension assets to free up other corporate funds for any purpose. Currently, an employer generally cannot use pension assets for nonpension purposes without terminating the plan and paying a substantial excise tax (of up to 50 percent) that recaptures the benefit of the tax-free accumulation of pension earnings. The Administration strongly opposes this proposal.

- **Expatriation Proposal.** The Senate bill taxes expatriates on their accumulated gains when the expatriate ceases to be a U.S. taxpayer. The provision generally follows Senator Moynihan's proposal, which was based on a proposal contained in the Administration's budget.

- **Repeal Tax Credit for Contributions to Community Development Corporations.** Like the House bill, the Senate bill would repeal this credit, which was enacted as part of OBRA 1993 with the objective of providing economic opportunities for low-income individuals.

- **Corporate-Owned Life Insurance.** As under the House bill, deductions for interest attributable to the purchase of so-called corporate owned life insurance (COLI) policies would be denied. The Administration does not oppose this proposal.

- **Phase Out Preferential Tax Deferral for Certain Large Family Corporations Required to Use Accrual Accounting.** The Revenue Act of 1987 required certain closely held farming corporations (with gross receipts over $25 million) to change from the cash to the accrual method of accounting. However, these taxpayers were allowed a potentially indefinite deferral of the one-time tax liability that otherwise would have been incurred as the result of the change. Like the House bill, the Senate bill would eliminate this deferral and generally recover it over a 20-year period.

- **Phase Out Puerto Rico and Possession Tax Credit (Section 936).** Section 936 would be repealed with respect to new investment as of the end of 1995, and phased out with respect to existing beneficiaries of the credit. The phase-out rules favor taxpayers using the economic-activity branch of the credit, which was enacted in 1993 in response to Administration efforts to reformulate the credit to better promote job-creating investment. However, the bill eliminates the incentive for any new investment in Puerto Rico and the possessions. The Administration indicated that a credit based on economic activity is appropriate, and that if section 936 is repealed, another similar incentive is needed to encourage economic activity in Puerto Rico.

- **Include in Income all Punitive Damages and Damage Recoveries for Non-Physical Injuries.** As under the House bill, no exclusion would apply to damages on account of solely nonphysical injury (such as those related to discrimination or emotional distress) or to any punitive damages received. The Administration opposed this proposal.

- **Reform Foreign Trust Rules.** The proposal contains a package of information reporting and anti-abuse rules directed at sophisticated tax-planning techniques involving foreign trusts. The bill generally follows Senator Moynihan's proposal, which was based on a provision contained in the Administration's budget.

- **Repeal of the Interest Exclusion for ESOPs.** The bill would repeal the special exclusion for interest on employee stock ownership plan (ESOP) loans. In general, current law permits commercial lenders to exclude 50 percent of the interest on loans used to purchase employer stock for ESOPs that own a majority of the employer after the acquisition. The Administration does not support this proposal.

- **Coal Industry Retiree Health Equity.** Under the 1992 Coal Act, liability for financing coal industry retiree health benefits was spread broadly among companies that had signed collective bargaining agreements. The bill would reduce premiums of certain companies for two years, thereby increasing the financial risk to the retiree health benefit fund. Senator Rockefeller strongly opposes this provision. The Administration previously has testified that the 1992 Coal Act should not be amended.

SPECIAL-INTEREST PROVISIONS

The Senate bill contains a number of special-interest provisions. Among them are:

- Special treatment for a 401(k) plan sponsored by the American Football Coaches Association.

- Favorable depreciation treatment for convenience stores that market petroleum products.

- Tax-exempt status for a private foundation's common investment fund.
- Favorable treatment for real-estate losses of life insurance companies.
- Targeted relief for one category of private activity bonds.

The Senate Finance Committee Democrats raised the issue of special-interest provisions in the course of the mark-up debate.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

95 OCT 23 P1:48

October 23, 1995

TO: President William Clinton
Vice President Al Gore

FROM: Henry G. Cisneros Henry Cisneros

SUBJ: Creating Economic Lift in Public Housing through Technology and Education Partnerships

I am pleased to share with you an exciting new initiative we have named, "Campus of Learners", being developed by the Department of Housing and Urban Development. The goal of the new initiative is to transform selected public housing developments in cities across the nation from dead end projects to campuses where every resident is pursuing educational opportunities. This initiative recognizes the importance of an education-oriented "contract" between residents and each campus, whereby residents agree to enroll in an education program as a condition of living on campus.

The Campus of Learners initiative combines private and public sector resources by incorporating education, technology and job training opportunities in public housing developments. Through creative partnerships with school districts, universities, community colleges, and corporations, the Campus of Learners initiative will transform public housing developments from places that are often physically, socially and economically separated from mainstream society into electronic and education campuses for the 21st century.

In addition to the Department's allocation of resources, cities such as Atlanta, Hartford, Denver, South Bend, New Haven, and East St. Louis have secured commitments from the private sector, local school districts and universities to implement the Campus of Learners initiative within eighteen months.

Funding for this initiative is coming from a number of existing HUD resources. Public housing agencies, for example, are using capital funds for rehabilitation and redevelopment to construct Campuses of Learners. I am hoping to expand existing efforts markedly in FY 1996. The Senate FY 1996 appropriations bill contains $500 million for a major initiative designed to demolish and redevelop some of the nation's worst public housing projects. If appropriated, the Department will use these resources to implement the Campus of Learners initiative. The Department has identified the Senate initiative as one of our highest priorities for the upcoming VA/HUD appropriations conference.

On October 24th, representatives from the aforementioned cities, TeleCommunications Inc. (TCI), universities, and several housing authorities will meet in Washington, D.C. to exchange information about the campuses under development in their communities. On October 30th, the Campus of Learning initiative will be discussed at the Domestic Policy Council's bi-monthly meeting coordinated by Carol Rasco. On November 1st, Secretaries Reich, Riley, Brown, Shalala and I will explore ways to bring additional federal resources to the initiative.

The "Campus of Learners" initiative advances important goals of your domestic agenda:

- to establish centers of education where residents are admitted to a Campus of Learners based on their willingness to participate in an education program of some kind.
- to replace the isolation that fosters permanent dependence with connections that encourage self-sufficiency.
- to inject an education ethic into inner city communities.
- to equip residents with the education and computer skills necessary to compete for new jobs.
- to change the perception of public housing as a dead-end to a platform, or launching pad, for an independent life.

Key elements of the Campus of Learners initiative include the following:

- *Build Physical Campuses for Learning and Living:*
  Create new human scale safe living environments that integrate schools, parks, community colleges and universities. Use architecture, landscaping, fencing, and access points to build livable human scale developments and replace the traditional street system. In short to build identifiable campuses where there are now only "projects."

- *Integrate Area Schools into Campuses of Learners:*
  Schools will be physically incorporated into the campus plan to ensure access and security. Public Housing Authorities will work with local school districts in development in curriculum development, parent-teacher relationships, after-school activities, and adult education classes.

- *Partner with Universities:*
  Harness the resources of universities, vocational, technical institutes and colleges through specialized education and technology classes, share computer hook-ups, mentoring programs, and student-supported housing in the development. Some faculty members will be invited to live "on-campus" and act as academic advisors.

- *Provide Access to Technology:*
  Wire every unit in the Campus of Learners site. Computer lab sites on campus will be available for computer classes, language skills, life skills training, and GED classes to accommodate the schedules of working mothers, children and the elderly.

- *Encourage Private Sector Sponsorship:*
  Encourage corporate sponsorship of the local Campus of Learners sites, including job training and employment opportunities, mentoring for children and adults, telecommunications resources, and youth sports programs.

- *Provide Education and Learning for Residents of all Ages:*
  Enrolling in an education program of some kind will be a requirement to live on campus. All residents, children, adults, and senior citizens, will have access to education in nearby schools and campus education centers.

- *Foster Employment Opportunities:*
  Partner with local businesses for job placement and opportunity for residents who complete adult education training, computer programs, or other programs.

- *Create Safe Communities:*
  Design apartments and living centers with an emphasis on safety and limited access. Extend "boundaries" of public housing to nearby schools, community colleges and universities.

- *Change the psychology of public housing as a permanent residence:*
  Emphasize the importance of inner-city education and job training as critical rungs in the ladder of economic opportunity. Churches, businesses and volunteer organizations will establish strong mentoring/leadership networks.

Examples:

The North Lincoln Homes Campus of Learners
Denver, CO

A unique public/private partnership between the Denver Housing Authority, TeleCommunications, Inc.(TCI), the Community College of Denver, Denver University, and the Denver School District will provide a network of educational resources, streamlined access to family services, and viable employment and training programs to transition North Lincoln's public housing residents off public assistance and into self-sufficiency. All 206 apartments in North Lincoln Homes will be designed and constructed with computer wiring bringing technology into the homes of lower income Americans. In coordination with TCI, access to high technology computer learning services will be provided at an on-site Family Learning Center at North Lincoln Homes.

The Charter Oak Campus of Learners
Hartford, CT

The Charter Oak public housing site is transforming a place of partially vacant apartment complexes to a comprehensive learning and living center. Mayor Michael Peters is working with the Hartford School District, Trinity College, and others to wire all of the units in Charter Oak, to expand the traditional boundaries of the development to include nearby elementary and technical schools, and to offer adult education opportunities to residents.

"Housing University"
South Bend's Campus of Learners

The South Bend Housing Authority is establishing a "Housing University" for all public housing in South Bend designed to assist residents to empower themselves through self-sufficiency. The Housing University will network with area schools, community centers, service agencies and churches. Families will develop an individually tailored education and training program called a "Family Empowerment Plan." South Bend has developed technology partnership with the Community Learning and Information Network, and the Technology Lab 2000 to provide technology access for all residents. In addition, nearby schools and on-site computer centers will provide a technology-enriched curriculum for all residents with classes in K-12 for children, and child care, life skills, employment skills for adults, as well as, teenage pregnancy counseling and conflict resolution for youths.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

THE CHAIRMAN

95 OCT 19 P5:51

October 19, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: JOSEPH E. STIGLITZ JES

SUBJECT: Have Tax Increases Led to a Shift from Wages into Fringe Benefits?

An editorial in The Washington Times recently argued that fluctuations in tax rates explain changes in the portion of compensation taken in the form of fringe benefits. (Bruce Bartlett, "Reich's Lament and the Wages of Realty," The Washington Times, September 18, 1995.) Laura Tyson asked the CEA to comment on this piece.

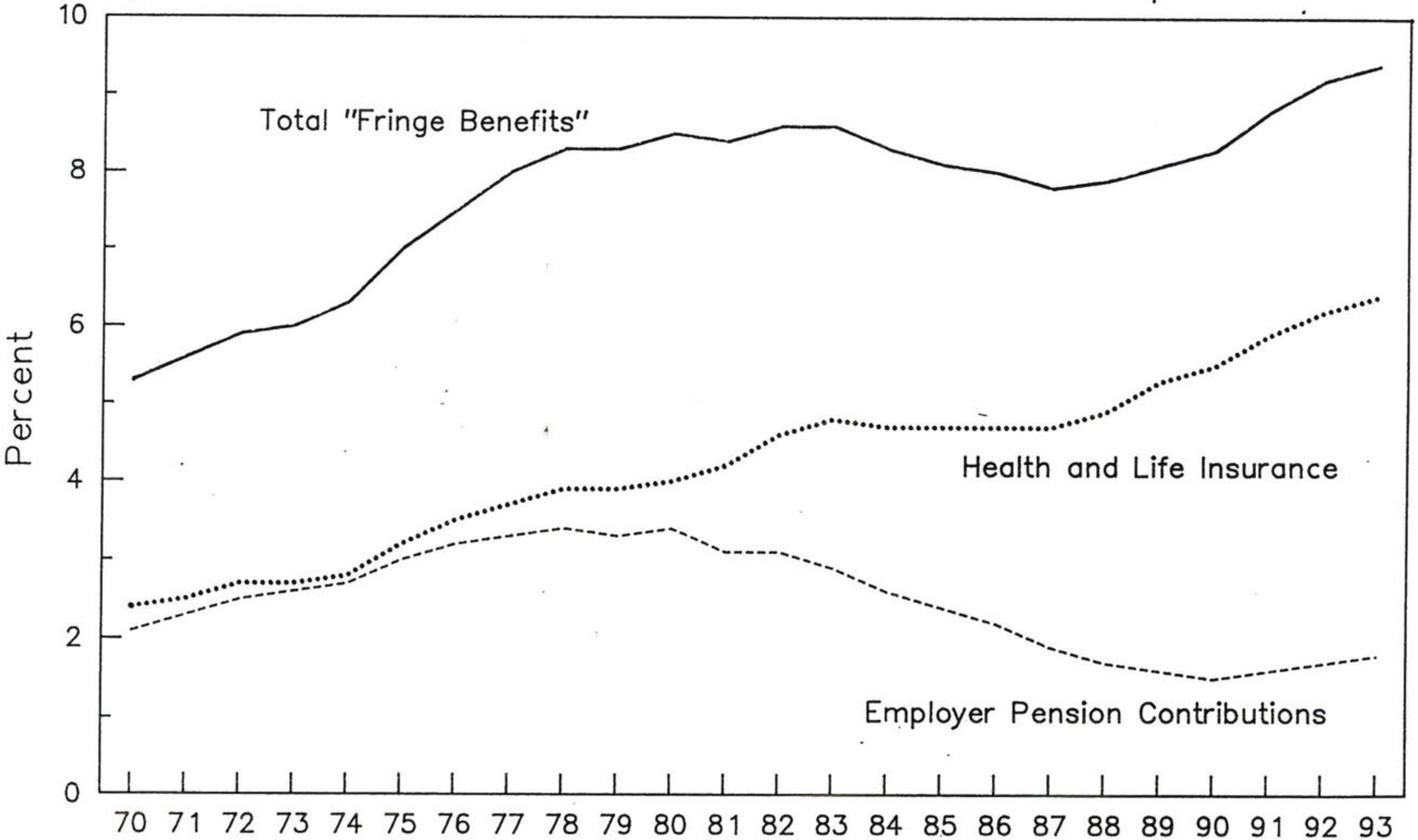
The pattern of fringe benefits as a percent of compensation is the product of two trends--rising employer expenditures on health insurance and declining employer contributions to pension funds (see chart). The rise in health insurance expenditures reflects the general increase in health care costs throughout the economy. The decline in pension contributions is due to two factors: (1) high returns on investments during the 1980s reduced the need for employer contributions to defined benefit pension plans, and (2) the growth of 401k and other defined contribution plans shifted some pension funding from the employer to the employee.

In addition to the funding issue, pension coverage also fell slightly during the 1980s. This fall, however, reflected a decline in large unionized manufacturing companies rather than a response to changing tax rates. In fact, coverage among high-income workers, who would be most affected by tax changes, declined the least.

In short, while preferential tax treatment unquestionably has encouraged the growth of fringe benefits over time, trends in health care and pension plans that have little to do with tax rates explain the pattern of fringe benefits over the last 15 years.

Attachment
Chart

Fringe Benefits as Percent of Total Compensation



Note: To be consistent with the Washington Times editorial, employer contributions for social insurance are excluded from fringe benefits.

GOYA FOODS, INC.
100 SEAVIEW DRIVE
SECAUCUS, NJ 07096
(201) 348-4900 (TEL)
(201) 348-6609 (FAX)

LEGAL DEPARTMENT

FAX TRANSMISSION

TO: HON. WILLIAM J. CLINTON
ATTN: NANCY HERNREICH

202-456-2883

FROM: CARLOS G. ORTIZ

DATE: OCTOBER 18, 1995

RE: COMMISSION ON RACE RELATIONS

TOTAL NUMBER OF PAGES INCLUDING THIS ONE: 3

MESSAGE: NANCY: WE APPRECIATE YOUR BRINGING THE ATTACHED LETTER DIRECTLY TO THE PRESIDENT'S ATTENTION. THANK YOU AGAIN.

IF YOU DO NOT RECEIVE THE TOTAL NUMBER OF PAGES INDICATED ABOVE, PLEASE CALL YALILI LAFFITTE AT EXT. 272.

10/23

Todd

To Bob Nash

Yes 2
George Steph.

S.

Oct. 18. 1995 4:04PM GOYA FOODS INC No. 6921 P. 2/3

Post Office Box 66105 • Washington, D. C. 20035
(202) 887-3560 • Fax (202) 467-0539

HNBA
HISPANIC NATIONAL BAR ASSOCIATION

Writer's Direct Address

Staff Sec.

95 OCT 23 P6:14

GOYA Foods, Inc.
Office of the General Counsel
100 Seaview Drive
Secaucus, NJ 07096
(201) 348-4900

October 18, 1995

VIA FACSIMILE

The Honorable William Jefferson Clinton
President of the United States of America
The White House
Washington, D.C. 20500

Attn: Nancy Hernreich
Deputy Assistant to the President &
Director of Oval Office Operations

Dear Mr. President:

We are writing to respectfully request that you seriously consider appointing Hispanic Americans to the Commission on Race Relations, if you decide to establish such a desperately needed commission.

At this particularly difficult time in our nation's history, most Americans would welcome and consider critically important the establishment of a Presidential Commission on Race Relations. Furthermore, Hispanic Americans believe that in order for such a commission to have a significant impact, it is also critically important, that that commission include more than just blacks and whites.

We strongly believe that Hispanic Americans have a unique role to play in bringing the rest of American Society together. Hispanic Americans have a good understanding of the concerns of blacks and a good understanding of the concerns of whites. We share both concerns. And we have the background, culture, and diversity that can form the bridges needed to span all differences. Although we have been working on providing leadership for the national Hispanic community, our efforts have not been limited to Hispanic Americans. We have also been taking steps to provide leadership into the 21st Century that goes far beyond Hispanic needs, and extends to the needs of the whole nation.

We hope you will seriously consider establishing such a commission and that its members will be as diverse as possible. In that regard, we would be pleased to provide you with names of individuals whom you may wish to consider appointing. Please advise us of your thoughts. We look forward to hearing from you soon.

Sincerely yours,

Carlos G. Ortiz
Past President

CGO/yl
cc: Hon. Mack McLarty
Attn: Patty McHugh

10/23/95
copy given to
Jennifer Palmieri / Panetta's
re their Monday Activities memo
+ section on Travel Ofc.
S.

THE WHITE HOUSE

WASHINGTON

95 OCT 23 P2:20

October 23, 1995

MEMORANDUM FOR TODD STERN
STAFF SECRETARY

FROM: ABNER J. MIKVA
COUNSEL TO THE PRESIDENT

I suggest the following paragraph be added to the Communique going to the President:

Travel Office Hearings -- Chairman Clinger of the House Government Reform Committee has called a hearing on the White House Travel Office matter for Tuesday, October 24. The ostensible purpose of the hearing is to "investigate all prior investigations" of the Travel Office matter on the theory that previous investigations may have been denied relevant information about the motives and actions of the White House. The hearing is expected to last only one day. Clinger has called only one panel. John Podesta is a panel member who has been asked to testify about the White House Management Review. Other panel members will testify about the GAO, FBI and DOJ Office of Professional Responsibility (OPR) inquiries. The DOJ witness, a career employee, is expected to be hostile. The hearing will take place two days before the former Travel Office Director, Billy Dale, goes on trial for embezzlement.

Detroit Free Pre
10/24/95

Stolen Clinton plan now a GOP deformity

THE PRESIDENT HAS SEEN
11-2-95

The chief trouble with the Republican Medicare plan is that it will not work. It won't save Medicare; it will create a horrible mess.

MOLLY IVINS

Many of us on the liberal side started out with sympathy for the GOP plan. It is actually the Clinton health care plan under another name — in other words, managed care.

This sent many Democrats screaming about irony and hypocrisy. One feels tempted to pat their collective shoulder and say: "There, there, dear; if you can't take a little irony and hypocrisy — in fact, if you can't take irony and hypocrisy up to your eyeteeth — you'd best get out of this particular kitchen called politics."

I'm sure Hillary Rodham Clinton, a real grownup, was flattered to hear her plan, which was attacked without mercy last year, praised to the skies by those same Republicans this year. Not only do the R's deserve credit for taking on one of the untouchables among government programs, one that clearly needs reform, but they even had the guts to suggest that wealthy older people pay more for Medicare — a practically Marxist notion, by their standards.

The original Republican plan also had some very bad ideas, including the cutting of Medicare by almost two-thirds more than necessary, to finance tax cuts for the rich. But it did have the basis for intelligent compromise. If Republicans were in the habit of sitting down to work on their proposals with an open mind, holding broad hearings, and listening carefully to suggestions for improvement, something worthwhile might have come of all this.

But Republicans who screamed mightily about the first lady's "secret meetings" last year produced instead a meaningless, four-page plan, and then proceeded to work out the details in secret and ram the plan through a month later. Not without changes, but all of them for the worse.

The chief goal of the Clinton plan was universal health care coverage, the principle that no one should go without. It left Medicare in place for those over 65. The Republican plan reverses this, putting managed care in place for those over 65, but not for everyone over 65.

Those who would be left out of the managed-care part of the plan are the oldest and sickest of the elderly and those with preexisting conditions. Those seniors will be left in a Medicare plan with soaring costs and worse care, as a result of the astonishingly dumb Republican sellouts to the doctors and nursing homes.

The chief drawback of managed care is that it offers no choice of doctors and hospitals. For that reason, it was loudly decried by last year's Republicans. There have been some breathtaking, brain-spraining moments of late, as when House Speaker Newt Gingrich accused Democrats of "frightening old people" by pointing out that managed care kills "choice."

The weakest part of the Republican plan is cost control. All these deforms were set in motion to stop Medicare costs from mushrooming. But the secretly negotiated, last-minute Republican deal with the American Medical Association obliterated that goal.

Allowing doctors to own all or part of medical labs has the most amazing effect. It causes them to prescribe more and higher-priced tests, with the inevitability of a patella jerking in response to a rubber hammer.

The AMA deal also protects doctors from other cost savings. The modest increase in premiums will not begin to cover these costs.

Nursing homes, however, will save money: The GOP plan rolls back many of the regulations that gradually have brought nursing homes out of the age of snake pits and horror stories.

The Republican plan will hit urban hospitals particularly hard. If projected savings from putting seniors into managed care plans do not materialize, the bill mandates additional cuts for doctors and hospitals. The most likely effect would be to drive doctors away from serving Medicare patients.

Detroit Free Press 10/24/95

HRC
Anderson
Don Baer
GS