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ORG THE WHITE HOUSE
ADDR WASHINGTON DC 20500
SUBJECT JOHN PODESTA 'S / TODD STERN 'S CHRON FILES
SUBCODE FG006-01
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COMMENTS -- TWO BOXES WERE FILED ON JUN 7 93:
BOX #1 (JAN 93 - FEB 93) FILED IN OVERSIZE
ATTACHMENTS #359; BOX #2 (MAR 93) FILED IN
OVERSIZE ATTACHMENTS #360
-- TWO BOXES WERE FILED ON AUG 2 93:
BOX #1 (APR 93) FILED IN OVERSIZE ATTACHMENT
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-- TWO BOXES WERE FILED ON SEP 30 93:
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-- FOUR BOXES FILED ON MAY 3 94:
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OVERSIZE ATTACHMENT #2243; BOX #3 (JAN 94)
FILED IN OVERSIZE ATTACHMENT #2244
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-- SEVEN BOXES FILED ON APR 24 95:
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FILED OVERSIZE ATTACHMENT #4890
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(JUN 95) -- JOHN PODESTA / TODD STERN CHRON
FILES - FILED IN OVERSIZE ATTACHMENT #5954
-- TODD STERN CHRON FILES -- BOX #5 (JUL 95)
FILED OVERSIZE ATTACHMENT #5955

-- TEN (10) BOXES TODD STERN CHRON FILES:
BOX #1 (AUG 95 & SEP 95) FILED OA #7689;
BOX #2 (OCT 95) FILED OA #7690; BOX #3
(NOV 95) FILED OVERSIZE ATTACHMENT #7691;
BOX #4 (DEC 95) FILED OVERSIZE ATTACHMENT
#7692; BOX #5 (JAN 96) FILED OVERSIZE
ATTACHMENT #7693; BOX #6 (FEB 96) FILED
OVERSIZE ATTACHMENT #7694; BOX #7 (MAR 96)
FILED OVERSIZE ATTACHMENT #7695; BOX #8
(APR 96) FILED OVERSIZED ATTACHMENT #7696;
BOX #9 (MAY 96) FILED OVERSIZE ATTACHMENT
#7697; BOX #10 (JUN 96) FILED OVERSIZE
ATTACHMENT #7698

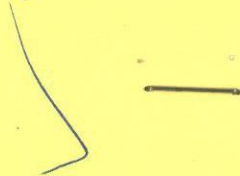
-- FOUR (4) BOXES TODD STERN CHRON FILES -
FILED ON JAN 22 97:

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#8116; BOX #2 (AUG 96) FILED OVERSIZE
ATTACHMENT #8117; BOX #3 (SEP 96 & OCT 96)
FILED OVERSIZE ATTACHMENT #8118; BOX #4
(NOV 96) FILED OVERSIZE ATTACHMENT #8119

-- TWO (2) BOXES FILED ON MAR 11 97:
BOX #1 (DEC 96) FILED OVERSIZE ATTACHMENT
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BOX #2 (JAN 97) FILED OVERSIZE ATTACHMENT
#8789

-- THREE (3) BOXES TODD STERN STERN CHRON
FILES - FILED ON JUN 13 97: BOX #1 (FEB 97)
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(MAR 97) FILED IN OVERSIZE ATTACHMENT #9350;
BOX #3 (APR 97) FILED IN OVERSIZE ATTACHMENT
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The push is on to ensure literacy by third grade

By Tamara Henry
and Beth Ashley
USA TODAY

Two years ago, Vicky Velasquez was a fourth-grader who couldn't read.

Frustrated with constant schoolwork failures, Vicky had become a withdrawn 10-year-old. That was before Diane Crawford, principal at Robb Elementary School in Uvalde, Texas, tested Vicky and found she was an "extremely kinetic learner" — that is, she learned best through motion.

The solution: The youngster was taught pep-squad cheers that gave each letter of the alphabet a body movement.

"Somehow or another it clicked in her mind," Crawford says. "So when taking spelling tests, she pictures herself outside, making the moves."

Vicky is now a "solid" sixth-grader. The strategy, though unconventional, was successful. And that's what matters to Crawford. When it comes to reading, she says, "we really work with the child until we find something that works."

Across the nation, more and more educators and community activists are trying to find "something that works," conventional or otherwise, to teach children to read.

The ability to read is a fundamental skill. Yet nearly half of the 44 million kindergarten-12th grade public school children can't read well.

The nation's Reading Report Card showed that in 1994, 41% of fourth-graders were reading below grade level, as were 31% of eighth-graders and 25% of high school seniors.

Experts say it's a crisis that can't be ignored. Richard Long of the International Reading Association considers below-grade-level reading as being functionally illiterate in today's high-tech, global economy. He says such reading skills were adequate in the 1970s but are not in the 21st century if the nation is to maintain its economic edge or high standard of living.

Alarmed by the statistics, President Clinton last August announced America Reads, a \$2.75 billion, five-year initiative designed to ensure that all children are literate by the third grade. Clinton proposed to offer federal funds to state,

states that will decide to do it as a statewide emphasis."

Other groups across the nation have major efforts to attack illiteracy. Among them:

► New York City's YMCA on Tuesday kicked off an extended school day program with literacy as the theme. YMCA of Greater New York president Paula Gavin says the \$5.5 million "Virtual Y" program will be opened in 200 schools over a two-year period, targeting 10,000 students in grades two-four. The program is considered the largest privately funded initiative in the Y's history and is an offshoot to both Clinton's program and an initiative of school chancellor Rudolph Crew.

"The estimates here in New York City are that only 40% of young people at the third grade are reading at grade level," Gavin says. "We're trying to take the best of what the Y has always done ... and add a real focus on literacy."

► An 8-year-old program at the Boston Medical Center, now being replicated at clinics nationwide, has pediatricians "prescribing" parental reading sessions for children and sending a book home each time a child visits. The Reach Out and Read program began when pediatricians noticed that poor kids wanted to take books from clinic waiting rooms because they had none in their homes.

"On every single patient, we spend 10 minutes of the visit explaining how important it is to read," says Ilan Schwartz.

Kids at the clinic not only get gift books with each visit, but they also hear stories read by volunteers in the waiting room.

Schwartz says the children's progress is evaluated every six months during periodic check-ups. Children ages 4 and 5 "tell us how good the book was, and you can see how the moms spent some time with them."

Schwartz, a native of Mexico who is a resident at the center, says Latino patients "are very, very grateful" for the program. He explains that many are recent immigrants who have not yet had the time to find day care centers or early childhood programs for their youngsters. Also, he says, many have lived in countries that do not offer library services.

► The Reading Styles Institute in Syosset, N.Y., proposes a number of reading strategies at the 10 model schools it operates and the five new schools targeted to implement its program. Institute trainers work with 200 school districts a year and estimate it has trained 100,000 teachers in its 12-year history. Teachers are taught to identify a child's strength and teach reading using those strengths, whether it's using phonics, whole language, a combination of the two, recorded books or choral reading.

Marie Carbo, executive director of the institute, says third-graders are the targeted group for school literacy programs because this is the age when a shift begins in schools. She says teachers start to place more demands on students with homework, book reports and other activities that require reading comprehension and analysis. A child who cannot read at the expected level in the third grade suddenly is at a great disadvantage in all other subjects and will quickly fall behind his or her peers.

Robb Elementary School, where Vicky Velasquez attended the fourth grade, formed a partnership with the institute in 1993, and many of the institute's strategies have been adopted as part of the curriculum throughout the entire Uvalde school district. Vicky was among the first group of students to benefit from the institute's program.

Crawford, Robb's principal, also tells of Richard Trevino, who had difficulty reading in the fourth grade, too, but now is a reader. Tests showed he had "scoptic sensitivity," in which black letters on white paper produced a glare. Crawford says that help for Richard was "as simple as running his work off on color paper. It wasn't glaring any more, he could really read it."

Farm families make up most of Uvalde; 20% are migrant farmers.

Seventy-eight percent of the students are Hispanic, many have limited proficiency in English, and 75% come from families considered economically disadvantaged.

When the school district first used the strategies in 1993, only 21% of the students at some grade levels had correctly answered 70% or more of questions on a reading test — the level that indicates mastery of the material. By last May, says assistant superintendent Barbara Skipper, nearly 70% of the students were passing the test with a score above 70.

Skipper says the success of the Reading Styles Institute program has now made Uvalde teachers believe that all children can learn to read by the third grade.

But to accomplish that goal, she says, "you have to be very focused on reading and very committed. ... That means that we sometimes teach reading more than once during the day. We sometimes keep the kids after school and work on reading. We work with them in the summer on reading."

It's a goal worth the effort, she says.

"If they can't read, they can't do science or social studies or math. If we want kids to be productive in the future, they are going to have to be able to read."

USA TODAY
WEDNESDAY, JANUARY 29, 1997

Continued from 1D

local and national programs that would teach parents to help children read.

The initiative also would finance individual tutoring for children in kindergarten-third grade. Volunteer tutors are being recruited from all areas, including college students involved in the federal work-study program to finance their education.

The goal, says Carol Rasco, whom Clinton appointed to oversee America Reads, is for children to read "well and independently" at grade level.

On Friday, Houston will be the first city to launch its own America Reads program. Education Secretary Richard Riley will join Mayor Bob Lanier in Houston for a celebration that includes visits to elementary schools and literacy programs.

Other cities will follow, Rasco predicts, as will "some

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CORPORATE TARGETS

The following are the "corporate welfare" programs targeted for elimination by a bipartisan group of House members and interest groups, the industries helped by the programs, and the estimated savings over five years.

- **Rural Utilities Service.** Subsidizes loans to rural electric cooperative utilities. \$190 million.
- **Market Access Program.** Subsidizes advertising by food exporters such as M&M/Mars, Dole, Ocean Spray and Sunkist. \$347 million.
- **Animas-La Plata Water Project.** Subsidizes water supplies for farmers of low-value crops such as alfalfa in southwest Colorado. \$432 million.
- **Pyroprocessing Program.** Reprocesses spent nuclear fuel, developing a technology that will help companies including Westinghouse and General Electric. \$100 million.
- **Appalachian Roads Commission roads program.** Finances roads in 13 Appalachian states, helping contractors but showing little evidence of improving economic conditions as intended. \$500 million.
- **Fossil energy research.** Research into new ways of getting energy from oil, coal and gas. \$1.37 billion.
- **National forests roads.** Built to allow timber companies and recreational users access to Forest Service land. \$100 million.
- **Clean coal technology.** Developing technologies to allow electric utilities to burn coal with fewer polluting emissions. \$500 million.
- **Overseas Private Investment Corp.** Provides loans, loan guarantees and political risk insurance to companies doing business in risky, developing countries, including such companies as McDonald's. \$281 million.
- **The International Monetary Fund's General Agreements to Borrow.** Helps developing countries pay off loans, often to American banks. \$3.5 billion.
- **Enhanced Structural Adjustment Facility, IMF.** Helps developing countries pay off loans to banks and other corporations. \$150 million.
- **Highway demonstration projects.** Allows members of Congress to get financing for single road projects in their districts. Helps contractors. \$4 billion.

—Knight-Ridder

Lott Says Welfare Bill Will Not Be Reopened

Senate Majority Leader Trent Lott (R-Miss.) yesterday ruled out reopening the 1996 welfare bill to satisfy Republican and Democratic governors who are complaining that the law will cut off federal support for benefits to immigrants who are not U.S. citizens.

Lott told reporters he is setting up a task force to explore ways of helping the governors "short of reopening welfare reform" but held out little hope that Washington would come to their financial rescue.

States are saving money under the welfare bill and many of them are "running surpluses and putting away funds for a rainy day," Lott said. But Washington does not "have that luxury," he added. So "we think maybe they should look at some of their rainy day funds and some of their surpluses because we don't have one. . . . We have a great big national debt and an annual deficit that we're trying to address."

ON CAPITOL HILL

The legislation gave states flexibility to handle their welfare problems, as the governors wanted, Lott noted. "And for them to come back and say, you know, 'Give us another \$14 billion,' I'm not impressed with that."

Asked if he had anything specific in mind to help the governors without reopening the welfare bill, Lott smiled and said, "Mmm, maybe." Lott's comments came in reaction to appeals last week from several GOP governors, including George E. Pataki of New York, Jim Edgar of Illinois and Lincoln C. Almond of Rhode Island, for a review of the welfare bill's provision that would cut off food stamps and disability benefits for millions of immigrants if they do not become citizens by August.

—Helen Dewar

Gingrich's Penalty Options

■ House Speaker Newt Gingrich's attorney said yesterday he hopes to complete a review by week's end on whether the speaker should use personal funds or some other method to pay a \$300,000 penalty to the House ethics committee.

J. Randolph Evans said the review includes the question of how the payments would affect Gingrich's taxes. Once a decision is made, Evans has said, agencies such as the Federal Election Commission might be asked for advisory opinions that could delay payment for several months.

Evans said that he was looking at a half-dozen alternatives, and Gingrich would choose one that was "legal, ethical and appropriate under the circumstances." He would not identify the options. Gingrich could use campaign funds, establish a legal defense fund or use personal money.

The House voted Jan. 21 to reprimand Gingrich and assess a \$300,000 reimbursement, to pay for work caused by inaccurate statements submitted under the speaker's name.

Gingrich admitted that he failed to seek legal advice about using tax-exempt projects to further his political goals and that two letters he signed were inaccurate in denying that his political organization—GOPAC—was involved in a college course financed with tax-exempt donations.

—Associated Press

The Washington Post

WEDNESDAY, JANUARY 29, 1997

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THE PRESIDENT HAS SEEN

2-2-97

In court, not in the money

GOP sues 80 who answered \$1M challenge

By Jill Lawrence
USA TODAY

Nobody so far has gotten the \$1 million. But all 80 people who entered the Republican Party's "Million Dollar Medicare Challenge" have gotten a summons to appear next month in federal court in Jackson, Miss.

"I was stunned. I thought, 'This cannot be happening,'" says Democratic activist Cheri DelBrocco, a Memphis homemaker. "More than anything else it was just hilarious." Her 28-page summons was waiting when she got home from President Clinton's inauguration.

It all began with a publicity stunt. In December 1995, Republicans were taking a pounding for government shutdowns and a budget proposal that Democrats said would cut Medicare by \$270 million over seven years. So Haley Barbour, then party chairman, ran ads in USA TODAY and *Roll Call*, a Capitol Hill paper, offering \$1 million to "the first American" who could prove false the GOP claim that its 1996 budget increased Medicare spending by more than 50%.

The 80 people who clipped the coupon are now defendants in a GOP suit meant to avert dozens of potential suits from people seeking the \$1 million.

"Haley Barbour asked Americans whether they agreed or disagreed with him and then sued everyone who wrote in to say they disagreed," says David Halperin, contestant Robert Shireman's lawyer.

Besides Shireman, who works at the Office of Management and Budget, defendants include Sen. Carl Levin, D-Mich.; Rep. Gene Taylor, D-Miss.; and Bob Carolla, of the liberal Americans for Democratic Action (ADA) in Washington.

Republicans contend no one has won the money. "In our view nobody has any claim but the Republican National Committee," says RNC lawyer Tom

Kirby.

"It's a little bit like Ed McMahon ... suing everyone who entered the Publishers Clearinghouse Sweepstakes in order to avoid liability for paying out the grand prize," ADA lawyer Jack Blum charges.

Shireman, a legislative director for Sen. Paul Simon, D-Ill., in 1995 checked the box marked "I don't believe you, Haley. Enclosed is my analysis of why you are wrong." He said Medicare spending would total \$1.692 billion in 2002 if lawmakers did nothing, and \$1.427 billion if they adopted the Republican plan.

Because the \$1.427 billion is higher than current spending, the RNC disagreed. Last July, Shireman went to District of Columbia Superior Court and sued the RNC for \$1 million. In October a judge denied an RNC motion to dismiss the case. Last week the RNC filed a federal lawsuit in Jackson

naming all 80 contest entrants as defendants and contending each of them had "submitted a claim to the \$1 million."

The summons sent to the 80 defendants says only one claimant at most is entitled to the money and denies the RNC or Barbour is obliged to pay anyone \$1 million. The party and Barbour also are asking that all the defendants be barred from starting or continuing legal action or otherwise trying to get any money.

Halperin says Shireman is the only person to sue so far, but Kirby says others are thinking about it.

Barbour got an informal claim from Taylor, who submitted an analysis on Dec. 14, 1995. In it, he maintained he'd won and told Barbour to give his \$1 million prize to the University of Southern Mississippi.

Why did the RNC file suit in Mississippi? "Everybody's got to be somewhere," says Kirby,

noting that Barbour and Taylor live there. Blum contends the GOP is scared of a D.C. jury.

Halperin filed a 100-page motion in Jackson on Monday asking that the RNC suit be dismissed or moved to federal court in Washington. "All the witnesses are in D.C. All the evidence is in D.C.," he said in an interview. He also asked the court to reject the RNC attempt to bar legal action.

The argument, like so many in Washington, boils down to semantics. Is reducing a program's growth rate the same as cutting a program? If Medicare spending in 2002 is higher than it is now but lower than it would be with no changes, is that a spending cut, a spending increase or a slowing of growth? What if the money budgeted, whether higher than the present level, serves fewer people or provides fewer benefits? And can you conclude that reliably seven years in advance?

THE PRESIDENT
2-2-97

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USA TODAY
TUESDAY, JANUARY 28, 1997

Issue / Belief = their has important information we have to consider — how much caseworker discretion a gift? — Be

THE PRESIDENT HAS SEEN
2-2-97

All Welfare Is Local

By Bradley R. Schiller

After it was reported in December that the nation's main welfare program had seen its rolls drop by 2.1 million people since 1991, President Clinton and a handful of governors tried to claim credit. But their self-congratulatory pronouncements were unfounded.

In fact, neither the President nor even the governors have as much control over welfare as they would have us believe. Welfare recipients are affected more by cyclical economic forces than by government regulations. Perhaps more important, welfare is ultimately a local matter. Lawmakers in Washington or state capitals may pass grandiose reforms, but low-level officials have a lot of discretion in carrying them out.

The drop in the number of people receiving Aid to Families With Dependent Children, the centerpiece of the welfare system, represents a 13 percent decline nationwide. In Wisconsin, Indiana and Massachusetts, cases have declined by more than 30 percent. Obviously, the decline in caseloads began long before Mr. Clinton signed the welfare legislation last July.

That's why the governors of these states and others argue that they, not the President or Congress, deserve the credit for the steep caseload decline. After all, over the past seven years, the Government has granted 43 states 10-year waivers from Federal welfare rules, and these states have introduced tougher work re-

Bradley R. Schiller is a professor of economics at the American University School of Public Affairs.

Note to Readers

The Op-Ed page welcomes unsolicited manuscripts. Because of the volume of submissions, however, we regret that we cannot acknowledge an article or return it. If manuscripts are accepted for publication, authors will be notified within two weeks.

quirements, "family caps" (denying benefits to children born after the mother is on welfare) and time limits on dependency.

But the governors don't run their states' welfare programs. Individual caseworkers ultimately decide who receives welfare, who must participate in work programs and who will lose benefits — despite reams of Federal and state regulations to limit their discretion. And the army of social workers who carry out welfare at the local level is by and large liberal.

Studies in social policy journals — liberal and conservative alike — show that caseworkers are predisposed to hold society, not recipients, responsible for the problems that result in welfare dependency. Case-



workers often tend to resist legislated work requirements and sanctions that seem to them to "blame the victim."

Their job includes deciding which recipients are exempt from work requirements because of illness, say, or child-care needs. And eligibility for such exemptions is in the eye of the beholder. The child-care or transportation problem that may not move a conservative lawmaker may look like an insurmountable employment barrier to a sympathetic social worker.

Indeed, over the past five years, caseworkers nationwide have exempted 50 to 60 percent of adult A.F.D.C. recipients from work requirements, according to the Department of Health and Human Services. In some states, the exemption rate is as high as 90 percent.

Although last year's welfare law ostensibly limits future exemptions to 20 percent of a state's caseload, that mandate is not fully enforceable until the 10-year waivers granted earlier expire.

The tight budgets of recent years have increased caseworkers' power. With welfare staffs overburdened and underfinanced, who is going to

Caseworkers, many of them liberal, often grant exemptions.

second-guess a social worker's less than dogged insistence that a welfare recipient find a job? Social workers complain that they can barely keep up with routine monitoring of their huge caseloads.

So what have the much-touted state welfare reforms accomplished? In a recent study correlating A.F.D.C. caseloads with the salient features of state programs, I found that "tough" reforms like work requirements, time limits and "family caps" do reduce welfare caseloads. The reductions, however, tend to be modest — in the 5 to 6 percent range.

But this research also revealed how the discretion of the tens of thousands of local caseworkers — in at least 3,000 county-run welfare systems — can buttress or impede the goals of reform. High rates of exemptions from the rules obliterate the expected reductions that should result from toughened work requirements. So does merely perfunctory adherence to education or job training requirements.

Meanwhile, when the economy slides again, as it surely will, and welfare caseloads start rising, the politicians may realize that their much-cherished reforms were never really carried out. The issue isn't whether welfare reform has reduced caseloads. It hasn't.

The question is this: When will legislated changes be carried out at the local level? Only then will we know whether welfare reform really works. □

Correction

An Op-Ed article on Thursday about proposals to change Social Security referred incorrectly to Theodore W. Schultz, who won the 1979 Nobel Prize in economics. He is not dead. Mr. Schultz, who is 94, lives in Evanston, Ill.

The New York Times

TUESDAY, JANUARY 28, 1997

THE PRESIDENT HAS SEEN
2-2-97

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A WINning formula for welfare reform

Companies like mine need to help the Lavern Peterkins make the transition to work.

By Amber Brookman

I first met Lavern Peterkin last February. A single mother in her mid-20s, Lavern was unemployed and on public assistance. Like many other welfare mothers, she was very concerned that she lacked the skills to get a decent-paying job to support herself and her son without government assistance.

Lavern Peterkin and many in her situation are increasingly more anxious about what will happen to them and their children if there aren't enough good jobs to go around now that sweeping, get-tough reforms of the welfare system are taking place — many setting time limits on how long someone can remain on the rolls before finding a job.

This is where corporate America, as well as many small businesses, can step forward. I did, and not only am I better for it, but so is my company. And President Clinton is expected next week to add further incentives by seeking tax credits for companies that hire long-term welfare recipients.

AFDC keeps rising

One of the targets of welfare reformers is Aid to Families with Dependent Children, the government's main assistance program. Government statistics show that both the number of AFDC recipients and the money spent on that program increased slightly during the first half of the '90s.

Payments (billions)

1990	\$18.9
1993	22.6
1994 ¹	22.8

Recipients (millions)

1990	11.9
1993	14.1
1994 ¹	13.8

¹Latest available year
Source: U.S. Administration for
Children and Families

As president and CEO of a textiles converting company, I became involved with an organization called WIN — Women In Need — that helps welfare mothers like Lavern make the transition to full-time employment.

WIN was founded in 1982 by a small group of women working with the indigent on Manhattan's Lower East Side. From its modest beginnings, WIN has grown into a multiservice agency serving women in Manhattan with programs that include job-readiness skills, image workshops to prepare women for interviews for apartments and jobs, GED/pre-GED educational curricula, and a day-care center for children whose mothers are WIN clients. When WIN began, approximately 100 women and families were served annually. Today, over 2,000 women and families are assisted

each year. But with welfare reform, even more help is needed.

Let me tell you more about Lavern Peterkin and the tremendous progress she's made. Perhaps our experience will encourage others to participate in WIN or a similar program.

Lavern arrived from Jamaica in 1991 and began working at McDonald's. In 1993, she became violently ill during a pregnancy and was unable to work. Because her family could not help her, Lavern went on public assistance.

When I first met Lavern, she was painfully shy and quiet, to the point of almost never speaking. Yet I sensed a desire in her to work hard and make the move from public assistance to supporting herself.

She began working at my company in March 1996 as a swatch stapler and sample department assistant. During the past several months, I have seen Lavern blossom in her responsibilities, bringing out her personality and pride. She speaks up more often, revealing a delightfully quick wit. And while Lavern used to dress very casually, she now presents herself in a polished and professional manner.

In October — eight months after hiring her — we promoted Lavern to billing clerk, where she continues to do well for the company. There have been some transitional bumps along the way as she has taken on bigger responsibilities, but nothing of real consequence.

Hiring Lavern has helped our company. Our employees no longer view "welfare moms" in the same light now that they personally know someone who was one. It has given them a greater sense of responsibility for making a difference with people in society who may be down on their luck or who have not had as many opportunities. We are now looking into hiring a second employee from the ranks of public assistance for an entry-level job in one of our plants.

Generations ago, our country, and women like Lavern Peterkin, did not need a public-assistance system because communities — families, friends, businesses, churches, synagogues — filled in the gap and provided jobs for them. While our government programs are necessary today to help pick up the slack, it is again time for businesses to take on responsibilities as corporate citizens.

It's time for executives and companies — large and small — to get involved in helping the Lavern Peterkins of the world make the transition from welfare to workfare. In the end, everyone WINS.

Amber Brookman is president and CEO of Brookwood Cos. Inc. in New York City.

USA TODAY

WEDNESDAY, JANUARY 29, 1997

WASHINGTON OUTLOOK: Clinton's Urban Agenda Arcane But Important By Ronald Brownstein
(c) 1997, Los Angeles Times

WASHINGTON In Washington, obscurity is never a measure of insignificance. Usually the opposite is true. The most important things are often the most arcane. (When Newt Gingrich's defenders insisted that he violated only an "arcane" corner of the tax law, they forgot this fundamental rule.)

The front pages are filled with the heat and light of choreographed political conflict; but decisions that affect millions are often recorded only deep in the clotted gray swamp of the Federal Register.

That's certainly been the case for the Clinton administration's urban agenda. In the past four years, President Clinton's most important efforts for the cities have involved obscure actions that attracted almost no media attention: invigoration of the law requiring banks to provide credit to low-income communities, tougher enforcement of fair-lending statutes, the funding of new subsidies to encourage businesses and nonprofit community development banks to enlarge their operations in depressed inner-city neighborhoods.

The common theme in all these ideas is channeling more private investment into the cities. More investment isn't a silver bullet for neighborhoods besieged by economic and cultural decay. But, as the past few years show, it can produce tangible block-by-block progress.

Since Clinton took office, there's been a significant increase in mortgage lending to black and Latino borrowers. With federal regulators peering over their shoulders, major banks suddenly have become more enthusiastic about providing grass-roots nonprofit groups the loans they need to build low-income housing.

In a recent interview, Clinton insisted that he wants to continue in this direction tilting the government's emphasis from "race-based" programs like affirmative action toward initiatives that target "economic need," such as empowerment zones, support for community development banks and stiffened enforcement of the Community Reinvestment Act, the law meant to prevent commercial banks from denying credit to poor neighborhoods. "That's where I think this whole thing needs to be going," Clinton said.

If Clinton really means that, decisions rolling toward him in the next few weeks will give him two opportunities to prove it.

One will come in his choices to fill two vacancies on the Federal Reserve Board. The high drama at the Fed involves its decisions on interest rates and the money supply. But through its authority as the principal regulator for large bank holding companies, and the enforcement agency for several of the fair-lending laws, the Fed also looms over Clinton's hopes of encouraging more bank lending in the cities.

"Looms" is the precise word. Last month, the Fed inflicted an embarrassing defeat on the administration, flatly rejecting pleas from the Justice and Treasury departments to broaden the fair-lending laws.

As always, the issue was on the surface arcane. In an effort to track discrimination, banks are now required to collect data on the race and gender of applicants for mortgage loans. The issue before the board was whether to allow banks to voluntarily collect such racial and gender data also on small business, consumer and other loans.

As then-Associate Attorney General John R. Schmidt noted in a letter to the board, obtaining that information would be a "useful step" toward determining whether minority-owned businesses face "unusually difficult barriers" to obtaining credit, as some studies suggest.

But with banking groups fearing the change would lead to mandatory collection, the Fed voted, 6-0, in late December not to allow banks to gather the information. All three of Clinton's appointees to the board including Chairman Alan Greenspan, whom the president reappointed, voted against the administration.

The Fed governors argued that Congress, not the board, should make such a decision. That argument is at best debatable. But what the vote made clear is that none of the Fed governors see themselves as champions of the urban investment agenda Clinton claims is one of his priorities.

His two upcoming nominations will give the president a chance to change that. Especially after the revelation that Clinton gave leading bankers extraordinary access to banking regulators at a private meeting with party fund-raisers last spring, community groups are intently watching to see whether he will install on the Fed an aggressive voice for the access-to-capital cause. "We hope we'll have an advocate, not just a vote on these issues," said Allen J. Fishbein, general counsel at the Center for Community Change in Washington.

Clinton's second chance to advance his urban-investment agenda will come as Congress moves forward with sweeping legislation to restructure the financial industry. For years, market innovations,

judicial rulings and regulatory decisions have eroded the legal walls that bar banks, securities firms and insurance companies from elbowing into each others' businesses.

Now, after years of stalemate between these powerful industries, Congress may be poised to break down the barriers entirely by repealing the Depression-era Glass-Steagall Act, which separates banking and commerce. Republican leaders in both chambers are preparing bills that would allow banks and other financial institutions and perhaps even commercial companies to all own each other. The administration hopes to unveil its own proposal which is expected to be among the most sweeping in allowing cross-ownership by March 1.

In the coming weeks, the debate over Glass-Steagall is likely to be dominated by self-interested skirmishing among banks and insurers and Wall Street. But the argument over financial modernization need not be strained solely through that narrow funnel. As many community groups argue, it could provide an opportunity for a much broader discussion about the obligations of all financial institutions to provide capital for business and home ownership in neighborhoods where opportunity is cramped.

"When there's going to be changes in powers ... that's the time to raise these issues," said Robert L. Gnaizda, general counsel of the Greenlining Institute in San Francisco.

For Gnaizda and many like-minded advocates, the issue is whether the Community Reinvestment Act the law requiring banks and thrifts to invest in all neighborhoods where they operate should be extended to other financial institutions, like insurance companies, mortgage bankers and securities firms. The exemption of those players from the reinvestment law has steadily diluted its impact. Two decades ago, when the CRA was passed, banks and thrifts held nearly 60 percent of all financial assets; today, with the explosive growth of mutual and money market funds and other.

Guests at White House Coffees Gave \$27 Million to Party (Washn) By Glenn F. Bunting and Alan C. Miller (c) 1997, Los Angeles Times

WASHINGTON The Democratic National Committee collected \$27 million from guests who attended White House coffee klatches with President Clinton over the last two years, newly available records show.

Many of those who were invited to the White House for private chats with Clinton and senior administration officials made substantial contributions to the Democratic Party within days of the events.

The records raise new questions about whether the Democratic Party used the White House and personal audiences with the president as part of a formal fund-raising program.

The administration and party officials have insisted that the sessions were appropriate and that guests were invited to the White House to share their views with the president, not for the purpose of soliciting campaign funds.

However, the pattern of donations suggests that the 103 meetings between January 1995 and August 1996 were part of a system that cultivated major supporters who in many cases gave large contributions before or after attending the White House events.

"No one called people that afternoon after they got back to their offices and said: 'Would you give \$50,000 today?'" said a source familiar with the DNC-sponsored coffees. "But they were obviously people (the fund-raisers) were working with" as donors or prospective donors.

While there is nothing illegal about White House meetings between the president and financial supporters, critics have charged that the large number of sessions and donations created the impression of a White House put up for sale.

"They gave \$27 million I am astounded by that figure," said Ellen Miller, director of Public Campaign, a nonpartisan reform organization in Washington. "This goes to show that ordinary Americans are not invited to the White House, only the fattest of the fat cats who can collectively give tens of millions of dollars."

A computer analysis of federal election records and a recently released White House guest list for the coffees found that the Democrats collected \$27,018,553 in "soft-money" contributions from 358 persons invited to meet with Clinton. The analysis was done for the Los Angeles Times by the independent Campaign Study Group of Springfield, Va.

Guests donated a total of \$8.7 million to the party within a month before or after attending a White House coffee, the study found.

For many of the participants, the invitation to share their views with Clinton was considered "a reward" for past financial and political

203/G. Spelling
ca B. Rubin
This is an unfortunate
circumstance - his two
associates have made at least
one has noticed what we've been trying
to do

PS

THE PRESIDENT HAS SENT
2-2-97

February 2

TO: John Podesta
Sylvia Mathews
Todd Stern
Nancy Hennreich
Stephanie Streett
Rahm Emanuel
Stephen Goodin

FR: Phil Caplan 

Attached is a draft of the memo we discussed at our meeting on Friday.

Please let me know if you have any comments or edits.

(Please note that the NGA material that went into the President this weekend does not reflect our meeting.)

February , 1997

MEMORANDUM FOR WHITE HOUSE STAFF

FROM: JOHN PODESTA
SYLVIA MATHEWS
TODD STERN
NANCY HERNREICH
STEPHANIE STREETT

SUBJECT: Presidential events and briefings

In an effort to make the time before presidential events more organized and effective for the President, the following policies will be in effect immediately:

- **Manifests** - pre-briefings with the President are to be manifested by the Staff Contact for each event. The Staff Contact will be responsible for listing WH staff from his/her office, or other offices, that is to be present for a briefing. This list should include only policy and logistical staff absolutely necessary. Staff related to breaking news events of the day will be included in the briefing as necessary as determined by the Chief of Staff's office, Nancy Hernreich's office or the Press Office.

The manifest should be listed under the "Participant" section of the briefing memo as submitted to the Staff Secretary's office (see attached sample).

A reminder that briefing papers (plus four copies) are due to the Staff Secretary by 4:00 PM the day before an event. The Staff Secretary's office will edit the document and return comments, if any, shortly thereafter, so that final submission can be made by 6:00 PM.

Another reminder that the Staff Contact is responsible for all aspects of the event. This includes coordinating with the Scheduling or the Social Office on all matters related to the event, vetting lists of guests and clearing people into the complex, briefing memos, and all follow-up including thank you notes and WH photo distribution.

THE WHITE HOUSE
WASHINGTON

DATE (centered)

NAME OF EVENT (centered)

DATE:
LOCATION:
TIME:
FROM: (Staff contact)

I. PURPOSE

Should state purpose of meeting. Paper should be written as if you are talking to the President in 2nd person (e.g., you will meet with xyz in order to emphasize your commitment to...)

II. BACKGROUND

Should state relevant context of event, issues of special concern, previous participation, etc.

III. PARTICIPANTS

Pre-brief participants:

(Limited number of WH staff or Cabinet Secretaries to be present for the oral briefing.)

Event participants:

(Speakers and other event participants, special guests, Cabinet members, Members of Congress, WH staff, friends of the President, audience members of note.)

IV. PRESS PLAN

Must be coordinated with Press Office and should specify press coverage (e.g., closed, WH photo only, press pool, open)

V. SEQUENCE OF EVENTS

Must be coordinated with Scheduling or Social Office and include outline of event...should be written using bullet points (e.g., Briefing in holding room; Offstage announcement; Governor X speaks and introduces you; You make remarks, work ropeline and depart.)

VI. REMARKS

("To be provided by Speechwriters", "talking points attached", "none required".)

VII. ATTACHMENTS (if any)

(Very limited background material, relevant newsclips, etc.)

IMPORTANT NOTE: Briefing memos must be delivered to the Staff Secretary's office by 4:00 PM the day before the event (memos are required for events appearing on the schedule as "optional"). The Staff Secretary's office will edit the document and return comments, if any, shortly thereafter so that final submission can be made by 6:00 PM.

Original for
Clinton
asc-sup.2
PZ



JIMMY CARTER

THE PRESIDENT HAS SEEN
2-2-97

January 28, 1997

To President Clinton

Visits to Chile, Argentina, Brazil, and Jamaica = 1/15-26/97

We made this trip representing The Carter Center, and more particularly our Council of Freely Elected Heads of Government, which now includes 28 presidents or prime ministers in this hemisphere. We consulted Presidents Patricio Aylwin (Chile), Raul Alfonsin and Carlos Menem (Argentina), Fernando Henrique Cardoso (Brazil), and Prime Ministers Patterson, Seaga, and Manley (Jamaica), all members of our Council, who are involved in planning our Council conference this spring to address some of the key hemispheric issues.

Rosalynn and I were accompanied by Bob Pastor and two of his Carter Center staff.

Summary:

In the first three countries, many of the present leaders were either imprisoned or forced into exile by military dictators, and they appreciate what American human rights policies have done for them.

A number of specific issues were discussed on this trip, including the following:

Free Trade Area for the Americas (FTAA): There was a consensus among Latin American leaders that this will be a crucial decision to be made by the United States, still the prime market opportunity in the hemisphere and world. They realize that success in achieving this goal depends on the U.S. Congress authorizing the "fast-track" method of negotiating details of the trade agreement. Otherwise, the key trade commitments made at the 1994 Summit of the Americas in Miami cannot be met. While waiting to ascertain U.S. policy, the South American leaders are proceeding rapidly to conclude agreements with each other and with Canada and Mexico, and they are exploring additional ones with Asia and Europe.

Drug trafficking: This is one of the major issues on which all nations need to cooperate, but it causes a lot of disharmony. At all stops, we found concern about the legally required U.S. policy of "certifying" the commitment of our allies in combating drug trafficking in order to avoid public condemnation and the loss of U.S. financial assistance. Those Americans who support the policy claim that the threat of de-certification forces more aggressive action against the drug traffic. But the paternalistic approach creates resentment in Latin America and sometimes makes cooperation more difficult. One U.S. ambassador, who was formerly the top narcotics control officer in the State Department under President Bush said, "It would not be possible for us to certify ourselves" using the same criteria we apply to Latin America.

Is this true?

Weapons sales: Chile's potential purchase of supersonic aircraft and uncertainty about U.S. policy concerning such sales is causing deep concern in Argentina and Brazil, and there was interest in a multilateral agreement to prevent an arms race.

President Clinton's visit: With the exception of President Frei, who will come to the U.S. next month, all the other leaders expressed a strong hope that the president will make an early visit, at least to Brazil and Argentina with a brief Caribbean stop. I believe that this is very important, and will go a long way toward resolving the issues raised in this trip report.

CHILE

In Santiago, Chile, we had productive meetings with a wide range of Chilean leaders. These included the mayor of Santiago (a future presidential candidate), some of the hemisphere's foremost economists, former President Patricio Aylwin, President Eduardo Frei, and his key assistants and ministers for trade and foreign affairs. In addition, we were able to meet with about two dozen of the most influential business and financial leaders of Chile. One of our most unrestrained and informative meetings was with the leaders of all the major political parties, most certainly including the next president of Chile.

I have rarely been more impressed in any nation than with Chile's extraordinary achievements in democratization, respect for human rights, sustained economic progress including an average annual growth of about 8% for the last 10 years, a 50% reduction in poverty, national budgets that habitually show a

surplus, and in wide-ranging regional diplomacy. Chileans are also making billions of dollars of investments in neighboring countries. Although there are many political differences among the contending political parties, there is a reassuring consensus on these policies.

The one blemish on this scene is the anachronistic influence of the military under the constitution, with former dictator General Augusto Pinochet to remain as army commander until March 1998, the armed forces still able to appoint four senators and influence others, and a guarantee of about \$300 million annually (10% of copper sales), to be used for the purchase of military equipment, of which the air force receives one-third. Most leaders, although concerned, seem too timid to challenge these special privileges publicly, but I spoke out on the subject.

The issue at the forefront of our discussions with government officials and private citizens was Chile's becoming a member of an expanded NAFTA. Everyone has been deeply concerned by the lack of progress following the Summit of the Americas in Miami in 1994, when commitments were made to them that Chile would soon be the next country to join with NAFTA. In the interim, Chile has negotiated separate free-trade agreements with Canada and Mexico, and associate membership with Mercosur, a free trade coalition of Brazil, Argentina, Uruguay, and Paraguay. (Bolivia is also an associate member). These agreements require substantial cuts in import duties, to be reduced eventually to zero on most items. Despite all this, Chileans still wish to be the next Latin American country to join NAFTA, but they do not want to lobby for it, nor do they want to negotiate before the Congress approves fast-track negotiating authority. Chileans have no problem with side agreements on labor and environment, as were concluded with Mexico.

Another issue that was discussed extensively was the prospective purchase of supersonic aircraft. Government and private leaders are aware of our 20-year policy that has prohibited the sale by the U.S. of sophisticated weapons in this hemisphere with one exception of some F-16s sold to Venezuela by the Reagan administration. There is some uncertainty about final approval of such purchases, knowing that this will be a quantum leap for the region in weaponry, but assume that a change in U.S. policy will be tacit approval for this step. They realize that this move would be opposed in Argentina, but are uncertain (and more interested) in the Brazilian reaction.

Both Presidents Aylwin and Frei are proud of the successful resolution of 22 of the 24 border disputes with Argentina along their 5000 km. border. There is still a troubling one in the extreme south involving Patagonian ice fields (where no one lives), on which a compromise has been reached between presidents but must still be ratified by their parliaments. The Chileans

have shown interest, even by Pinochet's regime, in meeting Bolivia's persistent demand for a corridor to the sea adjacent to the Peru-Chile border, but Peru's opposition has prevented any negotiations for change. These are just two of many such disputes throughout South America, one of which recently caused the war between Peru and Ecuador.

After spending a delightful 1-1/2 days in Southern Chile, sightseeing in the lake district north of Puerto Montt and flyfishing in an extremely remote spring creek, we flew directly to Buenos Aires.

ARGENTINA

We had extensive meetings with President Menem and most of his cabinet, former President Alfonsin and leaders of his Radical Party, and a group of human rights activists, many of whom are now heading NGOs devoted to stopping corruption, electoral and social reform, women's rights, and other issues. Alfonsin has said many times that our human rights policy saved his life, and Menem wrote that his jailers "jumped with joy" when Reagan was elected in 1980.

Quite different from Chile, Argentina is struggling with some economic problems, including an unemployment rate of 18%. President Menem and his economic advisors are optimistic about reducing this by 3-5% during 1997, believing that this trend will give them a boost in the parliamentary elections later this year. The national commitment to democracy, human rights, and free trade is unequivocal. My impression is that, after Chile becomes a member of FTAA, then Argentina would prefer to negotiate entry along with their Mercosur partners.

All the Argentine leaders were unanimous in their strong opposition to the purchase of sophisticated aircraft by any of their neighbors. They cannot afford anything like an arms race, but realize that they will have to maintain a rough equivalency with Chile. Their military equipment budget for all three services is only about \$50 million, and they have had hopes that through Mercosur and a closer relationship among the Southern Cone nations that military expenditures might even be reduced. Although Menem was quite optimistic about ratification of the border agreement with Chile re the ice fields, my impression from everyone else was that the question is in doubt and is becoming a more important partisan issue. Alfonsin's party, for instance, strongly opposes the compromise. The alternative will be an arbitrated settlement, with which Chile may not agree because they feel that Argentina benefited greatly from a previous binding arbitration.

Corruption is another important political issue, with the government proud of having signed the Inter-American Convention on Corruption and expecting its early ratification. Still, many analysts and political adversaries are demanding substantial changes in campaign financing, independence of the judiciary, and other related issues.

The most serious current dispute with our country involves the recent U.S. decision that will raise tariffs on some Argentine products because of their failure to protect pharmaceutical copyrights. Most leaders insist that they have gone well beyond GATT requirements, primarily to honor a commitment made by President Menem. He has gone as far as he can with executive orders, some of which were reversed by the supreme court, and the parliament is unlikely to go any further - at least until after the elections late this year.

The Malvinas (Falklands) dispute with Great Britain is a burning issue with the president and all other top officials. They consider sovereignty over the islands a matter of national honor. The military victory by British troops over Argentina is considered a great triumph for Margaret Thatcher, and P.M. John Major has not changed her policy of refusing even to discuss the issue. My impression is that the Argentines are hoping for a Labor victory in Great Britain this year, and will be quite flexible in their negotiating demands.

BRAZIL

Perhaps justifiably, Brazilians consider their nation to be a world leader. They are proud of their move to democracy and aware of their preeminent position among the other Mercosur nations. They are careful to emphasize the elements of equality and sharing and do not consider it necessary to claim any leadership role.

In Sao Paulo I spoke to about 50 of Brazil's top business leaders, and then met with my long-time friend and human rights hero, Cardinal Arns. He expressed concern about some remaining abuses, but reminded me that President Cardoso had been a stalwart ally of his in the earliest stages of his human rights crusade, when most of his own bishops disagreed with him. Among others, we met with the new mayor of Sao Paulo, Celso Pitta, one of the few Afro-Brazilians to hold high office, who could well be a national candidate in the future. Bob Pastor also met with several other leaders, including Lula, the leader of the Workers' Party and the major labor unions, and the opponent of President Cardoso in the last election. Rather surprisingly, Lula said that he supported the Brazilian government's position in support of Mercosur and a wider Free Trade Area of the Americas.

Mrs. Wells has instituted remarkably effective procedures for issuing more than 350,000 visas a year with practically no long lines or delays. She utilizes the cooperation of approved travel agents, a common computer hook-up, and 1-900 call-ins that accomplish what we have never seen in any place where there are voluminous visa demands.

In Brasilia I met with President Fernando Cardoso, a truly admirable head of state. He enjoys overwhelming popularity (89% approval), primarily because his economic policies stopped hyperinflation and stabilized the nation's economy. He is now engaged in an attempt to amend the constitution to permit a second term for presidents and governors. He made it plain that he is committed to the target date of 2005 set in Miami for a free trade agreement for the Americas.

He and other top Brazilian leaders are opposed to any escalation in the sophistication of weaponry in the region, and expressed a willingness to pursue this multilateral goal with Chileans and others but only on certain conditions, including that such an effort not be undermined by U.S. policy.

We then met with leading human rights advocates, most of whom had flown in to Brasilia for our session. Despite substantial progress, there are still some serious problems. We discussed the millions of children still forced to labor, the unpunished killing of street children by hired off-duty police, discrimination against women and blacks, land disputes and abuses of indigenous citizens, and especially police brutality including frequent murders and almost complete impunity for the offenders. President Cardoso has put forward a national human rights plan that, when implemented, will help resolve almost all these abuses.

Among the president's reforms are some notable commitments in education, designed especially to improve the primary grades. They are making progress in the curriculum, and federal funds will be used to supplement those of states and municipalities (in many cases from \$50/child/year to a minimum of \$300). The system is still a morass, with every teacher in Brazil able to choose their own textbooks. The minister installed a telephone call-in system, and answered more than 346,000 calls last year. To address problems of child labor, the governor of Brasilia pays the minimum wage (\$112/month) to any family that keeps all their children in school. No monthly payment is made if a child is absent two days, so many parents accompany their children to the school house and work as volunteers during the day, as groundskeepers, janitors, and teacher's aides.

Brazilian leaders are upset that the U.S. has filed a World Trade Organization challenge to their automobile industry, particularly because there is relatively little potential market

for U.S. cars involved and the main American automobile companies with investments in Brazil are not complaining.

In Manaus, located deep inland on the Amazon river, we had a discussion with Governor Mendes and then a joint press conference, emphasizing environmental issues. In his early political years the governor opposed conservationists and was known as "Chainsaw," but has now become quite proud that in his state, Amazonas, 97.5% of the forests remain intact, not having been cleared or burned. (In Maranhao state, 60% has been deforested.) He has also resisted pressures from Malaysian and other Asian loggers to enter his forests. These people are widely known to be criminal in their illegal harvesting, failure to replant, and bribery of officials to prevent prosecution.

We spent one night about 30 miles upriver from Manaus in a remarkable jungle hotel with 150 rooms built on high stilts, sometimes 100 feet above the river, from which we explored the surrounding area.

JAMAICA

In Kingston, we met with Prime Minister Patterson, former P.M. Seaga, Bruce Golding (leader of a new political party), and talked by telephone with former P.M. Michael Manley, who is quite ill. We also had extensive discussions with other political, business, education, and religious leaders.

Even after a very hospitable visit, my impression is that Jamaica is in serious trouble, with a half century of democracy endangered. Six years of stagnant economic growth has been exacerbated because NAFTA gives Mexico preferential access to the U.S. market. For instance, employment in the textile industry has been cut in half in the last two years, with a loss of 25,000 jobs, just one of the factors that have caused leaders to complain that the 13 CARICOM island nations have been "wiped off the map" as far as the U.S. is concerned. They feel that drug interdiction is the only focus of U.S. interest. Since these small countries have a total population of only 5 million, with half being in Jamaica, their economies are very fragile, depending on remittances from workers in the U.S., tourism, banana sales, and manufacturing with low wage workers.

There is great interest in the Caribbean in the extension of NAFTA, with the presumption that the CARICOM nations are likely to prefer negotiating as a group.

There seem to be serious strains between our governments, with the Jamaican leaders taking public positions opposing U.S. attempts to "dominate" them. Seaga's statement that Jamaica would not be re-certified as a drug ally precipitated Patterson's emphasis on Jamaica's independence. The "shiprider" argument re U.S. patrol boats intercepting suspected drug carriers inside

Jamaican waters has become a major issue. My discussions indicated that the matter could be resolved through mutually respectful negotiations - but not through public debate. Another disturbing issue is our case in the World Trade Organization that challenges Europe's giving special trade privileges with bananas to the Caribbean nations. They also feel that unfulfilled promises have been made to give them parity with Mexico's NAFTA trade benefits.

We heard serious allegations about fraudulent electoral practices from the opposition parties and embassy officials. The parties are predicating future success on an experimental fingerprinting system, being designed by TRW, that will electronically identify voters and prevent multiple voting in each of the 6000 voting places. Seaga stated to us that if the system does not work or is misused by the government, then his party may boycott the next election, now expected by the end of this year. He and most other leaders want The Carter Center to serve as monitors, but we informed P.M. Patterson that, according to our standard policy, we would not do so without his approval. It will be interesting to see his reaction.

Bob Pastor will be available for any detailed debriefings, and all of us at The Carter Center will be glad to assist, as we did with NAFTA, with any decision of the administration to seek approval by the public or the Congress for its policy in Latin America.

MASH

January 29, 1996

THE PRESIDENT HAS SEEN
2-2-97

MEMORANDUM FOR THE ~~PRESIDENT~~

From: Andrew Friendly

You asked me to remind you of Carl W^{ill}ock for possible Ag. Advisor. —

Also, ~~attached is the letter that the woman, Mrs. Zizmor, from the fundraiser last night gave you.~~

call me M. Flein —

BF

Sandy

*Poirier gave this to Mr. Marshall & they
might be helpful - perhaps should have
been lost at some point* PC 1

RESIDENT HAS SEEN
2-2-7

Excerpts from Poirier interview with Governor Harriman, January 10, 1980

--"I had my office in Paris, I wasn't given a staff. I selected a staff and included some of the ablest men in the country, such as lawyers, economists, and businessmen. It was a period when this was a patriotic adventure and we had little difficulty in recruiting the top people."

--"I was appointed. . . to be Chairman of the so called Three Wise Men which was made up of the British Chancellor of the Exchequer, representing the British and Jean Monnet representing the French. We made a study of what the European nations could afford and therefore should develop in the way of military forces. That report was made to the Foreign Ministers of the NATO countries in Lisbon. I think it was in early February or the end of January in 1952 and that was when more progress was made at that time."

--(In the context of the European Payments Union) "Cripps was the British Minister and the British were very much opposed to this. They always were very much opposed to entering Europe. Whereas the French, the Belgians, and the Italians were very helpful. . . You see, self help and mutual aid was the slogan of the day and the cooperation between the countries was one of the very important factors that led to the recovery far more rapidly, more effectively, than we dreamed of in the beginning. It was more successful than, I think, anyone's fondest dreams."

--"You see, the whole conception of the program as proposed by General Marshall, was to give the Europeans a recovery program, and we would assist them. That was the principle on which we operated in Paris. I remember we tried our best to make it plain that the Europeans were doing most of the work themselves. The Congress wanted to have a lot of gratitude from Europe. I thought that was a very limited emotion, but the important thing was to get cooperation, and I remember we used to minimize our assistance in it. You will be surprised when I tell you that the 14 nations' gross national product in 1948 was only about one hundred million dollars. We gave them \$5.7 billion.

So, at this was the time we spoke of when Mr. Friendly, our publicity man, stressed that we were only doing five percent of the job and the Europeans were doing 95%. You see the morale question in Europe was very great because they had gone through a lot of suffering during the war and immediately after the war when they were very short of food and coal. They had the bad winter you remember . . ."

--(Regarding the difference between the Marshall Plan and the Mutual Security Agency program) "Well there was an entirely different situation. You can't compare the two. When I went

over in the spring of 1948, Europe was in desperate shape economically. They had been through some very bad winters. There as great unemployment, hunger and suffering. We had given them interim aid to tide them over, but it was hardly sufficient. Each country had trade restrictions, they were autarkic in their own economy and it was a desperate situation.

The Marshall Plan was an enormous success. While I've forgotten the figures, they are readily available, the Europeans more than doubled their gross national product in that period of time. Their employment had gone up and they were above their pre-war production and were off development."

--(Responding to a question concerning American efforts to save art objects, historically significant buildings, etc.)

"I actually had a very keen desire to be sure that the recovery program wouldn't further disrupt, destroy, or cause damage to historic monuments, in particular to the cathedrals and churches. We saw to it that the roads were built and not in any way to interfere with significant buildings. I don't really recall, through, much being done at that time.

The early work had been done immediately after the War. After the Marshall Plan, they had enough money so that they could afford to do it themselves. They did some of the major reconstruction."

--"I think the Marshall Plan was one of the really most extraordinarily long-sighted undertakings that any nation has undertaken in history. It was self interest but it was generous. Congress supported it. Senator Vandenberg had a great deal to do with giving not only Republican support but also some of the Democratic support. He had been an isolationist you remember. He made a dramatic speech in the early winter of 1947.

From then on he was a leader in getting it through Congress. I think it's very important to record his political role at that time. He was one of the first to support NATO when it became a necessity. The Russian actions in Czechoslovakia and the coup there occurred, I think, in late February or early March of 1948. It did a great deal to stimulate Congressional action in passing the Marshall Plan.

Then the Berlin Blockage was a very important factor in stimulating the discussions which had already started on the necessity of having NATO. You remember when Senator Vandenberg made the first speech outlining the program and was a great supporter of it. He was bipartisan. I have naturally been dedicated to the ideas of bipartisanship in foreign policy. And that ought to be the policy of the leaders of both parties

because it's so important.

Vandenberg called it nonpartisanship, not bipartisanship, but nonpartisanship. I thought that was a great word. The Marshall Plan was an extraordinary success because the European countries worked together and I think getting them to divide the aid saved us from having 14 countries come at the United States, each one trying to compete with the other for the good will of the United States. I had something to do with the decision. I put it up to the Europeans. They said it would destroy the OEEC there would be such concern.

However, I took the position that the only way they could have a united program would be by accepting that responsibility. So they finally agreed to it and several of the permanent members of the OEEC Council went to a secluded place in France. Over the weekend they agreed to the basis of dividing the aid. Washington always kept, and had to under legislation, the final word. But we felt pretty much that the program should be made out by the officials of the OEEC. I don't think such extraordinary cooperation between the countries had ever before happened in history."

--"De Gaulle had a very bad effect on the French political scene by his attempt to rebuild what he called the glory of France. Today, whether it's the United States or any other country, we have to cooperate together and to consider things, not only from the standpoint of our own countries, but from the standpoint of what is good for the free world. We have to work together."

--"I think the spirit of the Marshall Plan days should be recaptured as much as possible and I'm very glad that you are making this study of it because in is a very exciting period in international life. I think everyone, military and civilian, who have to do with international affairs should understand it, not only from the standpoint of the figures, but also from the standpoint of the spirit and cooperation that was developed by this brilliant conception of General Marshall. The plan being a European plan. And incidently, that was why the Russians did not come along.

Marshall took that considered risk in offering it to the Russians. But the Europeans learned to work together and of course the European Community became a direct result. But NATO has a broader membership than the European Community. They now call the OEEC the OECD and the OECD is the Organization of Economic Cooperation and Development."

--"And I think our policies should be to cooperate fully with the work of European unity and to encourage it. They have not achieved the hopes many had, really the hopes Churchill had, but

2-2-87

De Gaulle set it back a good deal. I thought that Stalin had intended to take over western Europe at Potsdam when I went up to congratulate him. I had known him well during the war.

I said to him, "Generalissimo, this must be a great satisfaction to you to be here in Berlin after all you have been through!" He looked at me and said, "Czar Alexander got to Paris!"

It became very clear that he had intended to get to Paris and he failed to cooperate with us in the post-War world because he thought that the Communist Parties in Italy and in France were strong enough to take over those two countries. And of course, if it hadn't been for the Marshall Plan, in my opinion, that with the unemployment, hunger, and suffering that existed, they might very well have done it."

--(In response to a question as to whether any individual such as DeGasperi, Adenauer, Schuman, Eden, Brezhnev, or de Gaulle ever acknowledged Marshall Plan generosity)

"Well, they all did. Churchill was the most vocal! He was always vocal. I think what he said was most appropriate but I've forgotten just what he called it. Everyone except de Gaulle was very appreciative. They were appreciative of what we have done.

And now, it's very interesting, the Europeans are ready to cooperate. In recent years the spirit of NATO has revived. We have got to recognize that we are no longer able to act independently, nor is it wise for us to attempt to.

We have got to learn to cooperate with ~~with~~ other nations to shape our policies, so that we are able to get the cooperation of our allies and friends. I think we're doing that now with the Afghan situation. The Iranian situation is unbelievable. But that's a different story."

--"We are no longer the sole strong nation. The Russians are strong, but they are divided in their command between the hardliners who want to push communist development and those who, like Kosygin, want to develop Russia for the benefit of the Russians rather than for international adventure. We have to recognize whom we're dealing with and encourage the more reasonable people by our actions. We're not able to handle it alone.

We need the help of our allies and it's far healthier for us as a nation to recognize that we must develop cooperation in the free world. Our responsibility for being the leading and strongest nation is to take the lead, but it's going to be through cooperation. I'm very strongly in favor of giving aid, for instance, through the United Nations, although we might have some cases where it cannot be very direct, but I wouldn't be afraid of that. Our role in the future, ~~when we are not going downhill,~~ is

2-2-47

one for the recovery of the world. We are no longer the only strong nation. We have been responsible for the developing strength of our allies. ✓

The Russians have lost their allies. They really have only one satellite anymore and that's Bulgaria. Whereas we have good allies, strong allies, being free countries, we have to recognize we can't dictate to them. We have got to negotiate.

The American people must understand that we have to cooperate and not dictate. We are a little bit apt to be a bit arrogant and try to lay down the line for what other people should do. And because we're no longer the sole strong nation in the world, it isn't that we are less strong, but simply that other nations have become, particularly Russia, strong and it's a situation we cannot handle without cooperation.

We are very lucky to have allies. And we can keep them if we are ready to be a leader of cooperation rather than doing it all ourselves. Trying to do it all ourselves would fail.

THE PRESIDENT HAS SEEN
2-2-97

Nice note
from Michael
Edelman's
mother -
Beverly
at the

cc
Paula Solis
President

January 24, 1997

The White House
President Clinton
1600 Pennsylvania Avenue
1st Floor West Wing
Washington, D.C. 20502

So Mrs. Amy
Edelman has
has seen - she should
see her

Ba
N

Dear Mr. President & First Lady:

Thank you for the tickets you so generously provided to my daughter and myself for your Inauguration. These tickets were requested by Marion Wright Edelman, whom I have much respect and admiration. As I watched you, Mrs. Clinton and Chelsea that day, I couldn't help but think of your mom and how proud she would have been, watching you being sworn in for four more years as President of this nation. During your first Inauguration Ceremony I watched your mother's face and it exuded her pride as a mom!

I will continue to pray for you and the country for peace, and hope for the young people of our country. Over the last four years, Michael, myself and family have been criticized for not attending the trial of my late husband, but we did not intend to feed the media. For you see, the boys who committed this crime knew nothing about love, strong values or perseverance that we as parents teach our children at an early age. Therefore, I could not be angry with these young men, but angry at the parents who do not take this responsibility seriously, nor care about the human beings that *they* gave life to.

As you noticed in my book, "Family First" which I presented to you, I am hoping to enlighten and give insight to families through the family values Mr. Jordan and I tried to give our five children. One whom you commented on during your flight to Chicago on January 22, 1997, "He works hard because he's proud and has pride". Please keep helping all of us who have lost loved ones. Please keep asking the parents to make their children their number one priority. I am praying we can win this war by showing strong leadership as parents and helping our young people to believe in *hope*.

737 North Michigan Avenue Suite 1923 Chicago, IL 60611

D'I

January 24, 1997

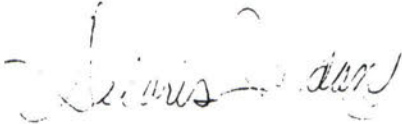
Page 2 of 2

I would like to arrange a meeting with Mrs. Clinton to discuss some ideas we can share on hope. So please make her aware of my intentions and to have her office contact me to set a convenient time that I may travel to Washington to have a brief meeting. My office number is 312/751-9696.

Thank you for reading this letter and for understanding. We can't give up on our youth and their future!

Many Blessings.

Sincerely,

A handwritten signature in cursive script, appearing to read "Deloris Jordan".

Deloris Jordan

/md

DELORIS JORDAN c/o De'Laro, Inc.
~~THE MICHAEL JORDAN FOUNDATION~~
737 NORTH MICHIGAN AVENUE
SUITE 1223
CHICAGO, ILLINOIS 60611



TIME OUT TO REACH OUT

THE WHITE HOUSE
PRESIDENT CLINTON
1600 Pennsylvania Avenue
1st Floor West Wing
Washington, D.C. 20502

ATTN: BETTY CURRIE



THE PRESIDENT HAS SEEN
2-2-97

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from Michael
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Soanabha mbe
at the

cc
Paula Soler
President

January 24, 1997

The White House
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1st Floor West Wing
Washington, D.C. 20502

So Mike my
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Be
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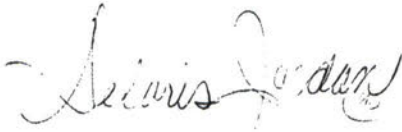
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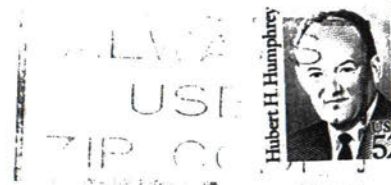
Sincerely,

A handwritten signature in cursive script, appearing to read "Deloris Jordan".

Deloris Jordan

/md

DELORIS JORDAN c/o De'Laro, Inc.
~~THE MICHAEL JORDAN FOUNDATION~~
737 NORTH MICHIGAN AVENUE
SUITE 1223
CHICAGO, ILLINOIS 60611



TIME OUT TO REACH OUT

THE WHITE HOUSE
PRESIDENT CLINTON
1600 Pennsylvania Avenue
1st Floor West Wing
Washington, D.C. 20502

ATTN: BETTY CURRIE



THE WHITE HOUSE
WASHINGTON

97 JAN 25 4:45

January 25, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: DON BAER 
CC: ERSKINE BOWLES
SUBJECT: STATE OF THE UNION ADDRESS

PRESIDENT HAS SEEN
9-2-97

Attached for your review are two preliminary outlines to organize the State of the Union. The first provides an overview of major themes that could be covered, for a quick review of how the speech could flow. The second is more detailed, showing how specific policy areas might fit into the larger framework.

These materials are the result of a planning process that is being run by Erskine and includes the heads of OMB, DPC, NEC and NSC as well as Ann Lewis, Rahm Emanuel, Doug Sosnik, Mark Penn and the speechwriters. I will also be reaching out to people outside the administration whose views you would want included. Our plan now is to give you a first draft of the speech on Tuesday. I am also attaching a schedule that we are proposing to Erskine for the completion of the entire process.

As we move forward with this process we are making several broad assumptions, and it would be useful to know your thoughts:

Working Assumptions

An action plan. Our thinking is that the State of the Union should offer a clear, consistent and concrete plan of action to implement your larger vision of preparing America for the 21st Century. This speech should be considered as the follow-through on the Inaugural address. That was your statement of vision and purpose; this is the work plan to get it done.

Vigor and activism. After a period which has deliberately been more thoughtful and reflective, Mark Penn and others believe you should now convey a sense of vigor and activism to meet our challenges.

A focus on education, foreign policy and race issues -- and critical unfinished business. There is broad agreement among the people we are working with that one purpose of

the State of Union is to emphasize three major, legacy-based areas -- education, foreign policy and race. You will also want to make clear your ongoing commitment to finish the work of balancing the budget (while investing in those things that help the American people thrive and our economy grow); the process of ending welfare and the problems of the underclass, and campaign finance reform. This means that some other priorities necessary to prepare America for the 21st Century might have to be discussed more briskly -- to save time (this will already be a long speech) and to clarify our sense of focus. It will be a real challenge to convey our emphasis on key areas without neglecting other important priorities. It is therefore important to know the importance you place on these issues so that we can determine their relative weight in the speech.

The Larger Sections of the Address

Finishing unfinished business. By opening the speech with a strong statement of determination to finish the job of balancing the budget, reforming welfare and reforming campaign finance laws, you can show that on major historic issues you have already laid the foundation to prepare America for the 21st Century.

Education. There is a strong feeling among most of us that it would be good for the topic of education to stand out. This would include what you could say about K-12 reform, the elementary and secondary issues discussed during the campaign (charter schools, school construction, America Reads) and your entire college opportunity agenda. Policy people are now moving forward to provide more detail for those issues not now fleshed out; in particular, Erskine is arranging for them to work with you this week on the standards debate to see if we can move beyond rhetoric to a concrete plan of action. If we are unable to develop such an action plan, we must seriously consider how to address the issue of standards in this speech.

Foreign policy/global economy. There is strong thinking that these areas should form a larger proportion of the speech than in years past.

Race/unity. Everyone seems to agree that it would be desirable to end the speech with another strong appeal on race/unity. If so, we need to decide whether the focus is simply exhortation or whether we could expand on the approach of the Inaugural and propose any specifics.

Technology. We are including this section because Mark Penn and others believe that as you speak about the challenges of the 21st Century, your commitment to "democratizing" technology in the Information Age would help promote a future-oriented focus.

Stronger families, stronger communities. Given all of the above topics -- especially the first three, which would require greater time and emphasis to signal that they are key priorities -- we are proposing this catch-all section to deal with other domestic issues such as crime, welfare and health care. While we might not spend a great deal of time on these issues, we could at least indicate upcoming announcements in these areas, so that we can focus on them in greater detail in

the weeks following the speech.

Let me know your thoughts. In the meantime, while some policy decisions remain to be made, we will proceed with the drafting of the speech.

STATE OF THE UNION -- OVERVIEW
Saturday, January 25, 1997

Introduction/thesis of speech (5 minutes): Concrete action plan to prepare for challenges of next century.

This is fleeting moment -- we have opportunity, not guarantee, to create future brighter than our past. The enemy is inaction...state of union is strong. opportunity we face as a nation is even stronger. Here is my action plan:

I. Finish the unfinished business before this body: balanced budget, welfare reform, campaign finance reform. (5-10 minutes)

II. Stronger education (10 minutes)

III. Stronger families and communities (families, environment, underclass, service, crime) (5-10 minutes)

IV. Stronger preparation for the Information Age (technology) (5 minutes)

V. Stronger leadership in the world (indispensable nation) (foreign policy/global economy) (10 minutes)

VI. Stronger American union (race/unity) (5 minutes)

TOTAL: 50 minutes

STATE OF THE UNION -- POLICY OUTLINE

Saturday, January 25, 1997

Thesis of speech: This speech will be a concrete action plan to prepare our people for the challenges of the next century.

"This is a fleeting moment -- a time when we have an opportunity, not a guarantee, but an opportunity to create an American future even brighter than our past. It would be easy to be complacent, for we are at a moment of peace and prosperity, and we face no enemy bent on destroying our country. Instead, the enemy of our time is inaction. The opportunity created by the global economy and the Information Age can be lost -- or even turned to our disadvantage -- if we do not act to prepare America for the 21st Century. The state of our union is strong, but the opportunity we face as a nation is even stronger.

"A child born tonight is likely to have almost no memory of the 20th Century. Everything she is likely to know personally about the progress of America will be because of the work we do now to help build the future in which she will live. So tonight, I present a plan of action to prepare our people and our nation for the challenges of the next century."

1. Finish the unfinished business before this body (5-10 minutes)

A. Balance the budget

Support for balanced budget -- our plan to be submitted shows we can balance the budget while investing in our people

Entitlements discussion (Sperling/Raines working up language)

Call for bipartisan action

B. Welfare-to-Work (there is some overlap between this and Underclass issues below, but this seems important to do high up)

Tax credit to private sector employers

Tax credit to private job placement firms

Private sector initiative -- announce CEOs (if ready)

(Fixing last year's bill)

C. Campaign finance reform

McCain-Feingold

[possible proposals to expand electoral participation]

2. Stronger education (10 minutes)

When it comes to preparing our children, nothing is more important than education. Our goal: every 8 year old can read, every 12 year old can log on to the Internet, every 18 year old can go to college -- and all our children go to world-class schools.

A. Plan for America's Schools (present all our efforts/plans as a unified approach to reform K-12 for the 21st Century)

Call for higher standards

[Call for national 4th grade literacy and 8th grade math test -- and set national goal of 12th grade test as graduation requirement; no social promotions; teacher hiring issues]

[Announce state legislative campaign for testing and standards, possibly including model legislation or declaration of principles for school reform]

[One idea is to praise good teachers]

Charter schools (budget doubles #)

America Reads challenge -- work study announcement by college presidents

School construction

Early learning

1 million children in Head Start by 2002

WH Conference on the Brain

VP Family Conference on Parental Involvement in Early Learning

B. College: make the 13th & 14th years of education universal

Hope Scholarship

Tax free savings for college (IRAs, \$10,000 deduction, Hope Scholarship)

Pell Grant expansion

C. Training: GI Bill/skills grants

3. **Stronger families and communities** (5-10 minutes)

A. Families

Health care:

Children's health initiative

Coverage for workers between jobs

Breast cancer benefits (Feinstein-D'Amato proposal) or drive-by mastectomies

Family leave expansion: allow time off for PTA meetings, routine doctor visits
Flextime: employees choose how to use their overtime
Possible tobacco initiative (if anything new)

B. Environment

Toxic waste cleanup: 500 sites, 2/3 by 2000
Make polluters pay

C. Underclass (explain coherence of our policy for urban and rural areas in need -- sparking the creation of private sector economic activity)

(In addition to welfare-to-work:)
Round two of Empowerment Zones
D.C.: as example of approach throughout

D. Service

Service Summit
Presidential Medal of Service (if you went forward, this would be akin to physical fitness award)

E. Crime

Juvenile justice bill (including antigang initiative, Brady expansion to youth offenses, after-school programs, trigger safety lock, other provisions)
Announce Bratton as community crime fighting leader
Set date for 100,000 police on street
Largest anti-drug budget ever

Plea to young people to stay off drugs

4. Stronger preparation for the Information Age (5 minutes)

Computers in the classrooms (in budget)

- more Net Days
- all 6th grade teachers learn computers in 1 summer

Second generation Internet (in budget)

Internet connection to children's hospitals

Putting Smithsonian collection online

Internet obscenity (restating support for law, now in Supreme Court)

Air safety reforms: announce three major recommendations from VP commission

New satellite-based navigation system by 2005 (instead of 2015)

New, tougher standards for aging aircraft (for first time, test old wiring)
\$500 million in NASA funding for air safety R&D
Spectrum allocation for law enforcement

Big items, policy not yet approved:

[Goal of AIDS vaccine by 2000]

[Speed up Human Genome Project: map DNA to help solve genetically-related diseases and defects]

5. Stronger leadership in the world (indispensable nation) (foreign policy/global economy)
(10 minutes)

A. Undivided Europe of democracies at peace

Expand NATO

Strengthen NATO/Russia partnership

B. Build an Asia-Pacific community

Bring China into world community

Denuclearize and advance peace in Korea

C. Strengthen hand of peace and democracy

Bosnia (ask Congress to pay for troops)

[Announce special envoy for Cyprus/Greece/Turkey][?]

[mentions of Middle East, Ireland, Africa]

D. Terror/weapons of mass destruction/drugs

CWC

E. Open global economy (very important to totality of speech; might need to be higher up)

Free Trade Area of the Americas (FTAA)

[Announcing trips to Mexico/Caribbean, South America]

F. Shouldering the burden

Armed forces modernization

Increasing diplomatic budget

UN reform and arrears

5. Stronger American union (race/unity) (5 minutes)

Race (issue raised: we need specific actions)

PROPOSED SCHEDULE FOR STATE-OF-THE-UNION PROCESS

Saturday, 1/25	Outline of State-of-the-Union Address to President
Tuesday, 1/28	Decision Memo to President on Budget language and other politically sensitive issues
	Circulate first draft of State-of-the-Union address
	Submit first draft of State-of-the-Union address to President
	State-of-the-Union policy meeting with President and heads of Policy Councils to review policy issues (non-educational standards) with the President
Wednesday, 1/29	Meeting with President on School Standards for policy action plan decisions
	Speech prep - 1 hour
Thursday, 1/30	Speech prep - 1 hour
Friday, 1/31	Speech prep - 1 hour
Saturday, 2/1	Speech prep - 1 hour
Sunday, 2/2	Rehearse Address in Family Theater - 2.5 hrs
Monday, 2/3	Rehearse Address in Family Theater - 2.5 hrs
Tuesday, 2/4	Rehearse Address in Family Theater - All Day
	STATE-OF-THE-UNION-ADDRESS - U.S. Congress