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Anne Lewis
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1997 AFL-CIO Meeting

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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

MEMORANDUM

**TO: JOHN PODESTA
GENE SPERLING**

FROM: ANNE LEWIS

RE: BRIEFING MATERIAL FOR AFL CIO CONVENTION

DATE: SEPTEMBER 23, 1997

Attached please find the briefing material that I provided to Staff Secretary for the President's appearance at the AFL-CIO convention. While similar to the package I prepared for the Vice President, this package reflects some very recent developments.

LABOR ISSUES BRIEFING

September 23, 1997

WELFARE REFORM

Fair Labor Standards Act/Minimum Wage: As you know, this summer we worked with the labor unions in a successful effort to defeat Republican legislation that would have weakened labor protections for welfare recipients in workfare programs. The dispute began in May when the Department of Labor issued its legal opinion that labor protections in current law -- including the minimum wage, health and safety laws, and anti-discrimination protections. Governors of both parties argued strongly that this would make workfare prohibitively expensive and create excessive administrative burdens on states. They worked with Republicans on proposals to limit the application of labor laws, as well as to reduce the welfare law's work requirements to make it easier for states to comply.

Governors also objected loudly to having to pay payroll taxes for those on workfare, even though the Treasury Department has not yet ruled on whether FICA and FUTA taxes apply. (The Balanced Budget Act made them ineligible for the EITC, with our support.) The FICA/FUTA exemption is the only issue where we have indicated any willingness to compromise. In fact, we agreed to such an exemption as part of a last-minute compromise that fell apart for other reasons.

Since the signing of the Balanced Budget Act, the Republican leadership has called this a top priority for the remaining weeks of the session. In August, Speaker Gingrich said "the Clinton Administration, working with the unions and the bureaucrats, is trying to undermine and destroy welfare reform." Many Governors, including Carper and Chiles, remain very unhappy about our position on this issue.

Current Status: House Ways and Means Human Resources Subcommittee Chairman Clay Shaw is quietly trying to garner bipartisan support among Governors and House members for a bill to address state concerns. Shaw originally planned to unveil legislation last week, but problems with the Republican caucus have sent him back to the drawing board. He apparently plans to move the measure as a separate piece of legislation.

A confidential draft that Shaw circulated last week has two major problems. First, it appears to weaken labor protections. Although Shaw has stated that it is not his intention to weaken labor protections, other Republicans may insist that these provisions remain in the bill and may try to add more anti-union provisions. Our preliminary understanding is that the unions very much dislike the draft bill.

Second, Shaw's draft bill significantly weakens the welfare law's work requirements. It requires states to pay the minimum wage for work experience and community service programs, but it limits the number of work hours to what states can afford to pay, based on the amount of their welfare grant plus food stamps. The balance of a recipients' time could be spent on job search and education activities. Thus, a welfare recipient could work 10 hours a week and do 10 hours

of job search. Also, there is a concern that the legislation's definition of "work experience" and "community service" may be so broad that nearly all subsidized work could be defined as such, allowing low benefit states to require less than 20 hours of work from nearly all their "working" recipients. The bill would also exempt workfare positions from FICA and unemployment taxes, which we indicated during the balanced budget negotiations that we were willing to do.

Privatization of Welfare Programs: Labor unions, particularly AFSCME and SEIU, have waged a major fight against state efforts to privatize their welfare, food stamp, and Medicaid functions. Last year's welfare law allowed states to privatize the TANF welfare program without federal approval, and some are moving to do so (Wisconsin, for example). However, states can privatize food stamps and Medicaid only with permission from the federal government.

After the Administration denied the state of Texas' request to privatize food stamp and Medicaid earlier this year, the Republicans launched an effort to overturn this decision through legislation. As part of negotiations for the balanced budget agreement, we agreed to a provision allowing Texas to privatize its Medicaid and food stamp provisions in part of the state. In the end, however, Governor Bush rejected this compromise approach, and the legislation did not allow for any privatization.

Current Status: In contrast to the workfare fight, the Republicans have not resurrected the privatization issue so far this fall.

The Administration has requests pending from Arizona and Wisconsin to privatize food stamp and Medicaid functions. The Department of Agriculture is required by law to take some action by October 3 on the Arizona request, which affects less than 20% of the state. We are discussing how to respond. There is no such deadline for Wisconsin.

Welfare to Work: DOL has released \$1.1 billion in welfare to work formula and competitive grants thus beginning implementation of the \$3 billion Welfare to Work program we won in the Balanced Budget Agreement. The grants aim to create job opportunities for the hardest to employ welfare recipients.

PROCUREMENT REFORM

Background: On February 18, 1997, the Vice President announced to the AFL-CIO new initiatives (1) to deny federal contracts to companies with an unsatisfactory record of labor relations and (2) to prevent contractors from receiving reimbursement from the federal government for money spent defending against unfair labor practice charges and opposing union representation. He also announced that you would issue an Executive Order encouraging federal

agencies to consider using project labor agreements in their construction.

We prepared the Project Labor Agreement order first. When a draft leaked, Senate Republican leaders held Alexis Herman's nomination based on their objections. Ultimately, we negotiated a compromise whereby we issued essentially the same Executive Order as a Presidential Memorandum.

On the contracting responsibility proposal, we received objections from Senator Lott, Congressmen Hoekstra and Fawell, and industry groups, as well as a separate objection from 10 House leaders. A key issue regarding that proposal is how to determine if a contractor has a satisfactory record of labor relations -- whether the determination should turn on adjudicated violations of the labor laws, alleged violations, or a more general assessment of employee relations.

In the aftermath of the PLA experience, based on discussions involving, among others, the staffs of Senators Kennedy and Daschle, the AFL-CIO, and the White House, the drafting process was put on hold while we considered the appropriate standard. Based on recent discussions, we expect shortly to produce proposed regulations that do not take the broadest approach.

In addition, on an entirely different track, Congressman Evans and Senator Durbin have introduced legislation that would debar federal contractors for violations of the NLRA or OSHA provisions. The Administration has not taken a position on this legislation.

Talking Points: The Vice President announced on February 18, 1997 that we would act to encourage federal agencies to consider project labor agreements on federal construction projects. After a great deal of give and take with Congress, we issued a memorandum on June 5 directing all federal agencies to do just that. I am proud that of this sensible improvement in government contracting, which recognizes the efficiencies organized labor can offer.

Vice President Gore also announced in February that we would propose new initiatives to deny reimbursement of money spent by federal contractors in defending against unfair labor practice charges and seeking to influence union representation votes. And we suggested that in determining whether a company bidding for government contracts is a responsible contractor, we consider its record of labor relations and employment practices.

We are continuing to work on these proposals, to craft something that is fair, practical, and able to withstand the assault we can expect from Republicans in Congress. We hope to be presenting these proposals shortly.

EDUCATION & TRAINING

Vouchers: The AFL-CIO opposes efforts in Congress to promote vouchers for private schools. The Administration has threatened to veto both (1) the Coverdell amendment, which would allow penalty-free withdrawals from IRAs for education expenses; and (2) a voucher plan in the D.C. Appropriations bill.

Standards & Testing: The American Federation of Teachers (part of the AFL-CIO) has been a strong supporter of the standards effort, and of the national tests in reading and math. (The tests were dealt a blow in the House, but a deal was struck in the Senate. The issue will be settled in Conference, and may result in a veto).

Job Training: The Administration is making progress on its agenda to reform job training programs by empowering workers with Skill Grants. The House passed its version of reform legislation earlier this year and Senators Jeffords and Kennedy have just introduced a bill which incorporates many of the principles of the President's GI Bill for America's Workers.

SAFETY AND HEALTH

OSHA Funding: The Administration requested a 6% increase in funding for Fiscal Year 1998. House and Senate-passed appropriations bills reduced the increase to 3%, or \$11 million over the FY 1997 spending level. We have consistently fought significant budget cuts.

OSHA Enforcement: As part of OSHA's reinvention efforts, the Agency has placed greater emphasis on compliance and less on enforcement. The AFL CIO was very critical of the resulting decline in inspections during the first Administration. In part because of this criticism, inspections in the first three quarters of 1997 are up 32% from Fiscal Year 1996.

Ergonomics: OSHA is working to combat cumulative trauma and other repetitive stress disorders - one of the fastest growing workplace injuries; its four part strategy includes education and outreach; study and analysis; enforcement; and rulemaking. There have been 91 federal OSHA ergonomic investigations so far in FY 1997. Though the FY 1998 bill prohibits OSHA from issuing a final or proposed rule before October 1, 1998, work continues on the development of a standard.

LABOR LAW

The TEAM Act: The TEAM Act would effectively repeal a key provision of the National Labor Relations Act which prohibits employers from dominating worker organizations. You vetoed the TEAM Act in 1996. The bill was reintroduced this year and reported favorably by the Senate Labor Committee. At the AFL CIO Executive Council in February the Vice President reiterated that the you will veto "any bill that undermines the collective bargaining process or permits

company unions filled with employers' hand picked representatives.”

You may be asked about an amendment that Senator Bingaman is circulating. Although the Bingaman amendment aims to narrow the scope of the TEAM Act, thereby making it acceptable to Democrats, it still allows many circumstances where employers may select employee representatives and create company unions. Thus it violates the basic premise of workplace democracy that employees should be able to democratically select their representatives when dealing with their employer over issues of wages, work hours and working conditions.

The Administration has not taken a **public** position on Bingaman's proposal.

Comp Time/Flex Time: In September 1996 you proposed the Family Friendly Workplace Act. In response to unacceptable Republican legislation, you have repeatedly called for responsible comp time legislation and threatened to veto any bill unless it: (i) gives employees real choice, (ii) protects workers against abuse and (iii) preserves the 40 hour work week. The Administration has said it will veto both the House passed Ballenger bill and the Ashcroft bill currently pending in the Senate because they fail the three part test. While the AFL-CIO agrees with your veto positions, they do not support your proposal.

Davis-Bacon & Service Contract Act

Davis-Bacon and the Service Contract Act require payment of prevailing wages and fringe benefits to workers engaged in federal construction & service projects. Both laws are regularly under assault in the Congress, but there are no pending legislative initiatives to repeal or amend the statute. If asked, you should reiterate as you did in February that we will veto attempts to repeal them.

The wage survey used by the Department of Labor to determine the prevailing rate have been flawed. The Department is working to improve their accuracy and timeliness. The building trades unions support the Department's efforts, but oppose using BLS data as a substitute for the current wage survey process.

LABOR DISPUTES

UPS Pilots: Negotiations between UPS and its 2,000 *pilots*, represented by the Independent Pilots Association (IPA), began in 1995. In late August, the IPA agreed to sent out the last UPS contract offer for a vote, but without a recommendation by the union. Results are expected on September 30. The National Mediation Board has indicated that if the contract is rejected, new talks will not be scheduled until early next year. The Teamsters union, which represents 185,000 UPS employees, has promised to honor a strike by the independent pilots union at UPS.

Amtrak: Amtrak's unions have been in negotiations since early 1995. On August 5, the Brotherhood of Maintenance of Way Employees (BMWE) rejected the National Mediation Board's offer to arbitrate the dispute with Amtrak, triggering a 30-day cooling off period that was to end on September 5. However, on August 21, you appointed an emergency board [PEB] to

investigate and make recommendations. Yesterday (September 22) the PEB recommended pay scale increases for Amtrak's Maintenance of Way employees, consistent with those used by the union and the RRs. The PEB also refused to recommend work rule changes, instead recommending a process for concluding negotiations between the parties. The parties now have 30 days to resolve their differences relying on the PEB's recommendations.

PRIVATIZATION OF THE EMPLOYMENT SERVICE

Michigan: Governor Engler recently issued an Executive Order that would allow for the privatization of the Michigan Employment Service. Approximately 400 merit-staffed State employees, represented by SEIU, would be affected by the Executive Order, scheduled to effect on October 6. The Department of Labor directed the Michigan Jobs Commission to suspend implementation of the reorganization plan. The Department has not made a final decision on the legality of Michigan's plan.

Texas: A request by the State of Texas to privatize its Employment Service is on hold. Last spring, HHS rejected Texas' plan to privatize portions of its Medicaid and Food Stamps program. Other states are closely watching the Michigan situation; New York, Illinois and Pennsylvania are considering similar privatization efforts.

OTHER ISSUES OF INTEREST TO THE AFL CIO & ITS MEMBERS

International Linkages and Offsets in Aerospace

The International Association of Machinists and Aerospace Workers (IAM) is sharply critical of U.S. aerospace producers' willingness to provide foreign production contracts in exchange for aircraft sales, which they believe transfers jobs and technology in the short run and, over the longer run, creates new foreign competitors. Boeing and other U.S. producers defend these voluntary international linkages as essential for gaining access to the most rapidly growing markets (70% of Boeing aircraft are exported) and for sharing financial risk. In the case of mandatory offsets, U.S. producers maintain that -- while they would prefer not to provide them -- they are the price of getting foreign sales.

In June, the NEC sponsored a workshop at the National Academy of Sciences on "Policy Issues in Aerospace Offsets."

Although there is no consensus within the Administration on how to deal with the offsets issue, we are committed to analyzing and better understanding the offsets issue, encouraging dialogue among the various interests on this issue; and continuing to take action to reduce government-mandated offsets through multilateral agreements and bilateral discussions.

Pensions: Since the start of the Administration, we have taken strong legislative and administrative action to enhance the ability of Americans to save for retirement and to protect the security of those savings. The Retirement Protection Act, proposed in 1993 and enacted in 1994, has put traditional defined benefit plans and the Pension Benefit Guaranty Corporation back on a firm footing, protecting the security of over 40 million workers who participate in those plans. In 1996, we

passed major pension simplification legislation and took strong administrative steps, which appear to be meeting their goals of expanding coverage, increasing portability and enhancing security. Unfortunately, Congress has not supported the Administration's efforts to do right by the multi employer plans that many union members depend on. We will continue to work to increase the guarantee, and to make other simplifying changes that will enhance the benefits available under these plans.

Credit Unions: Credit unions and banks are engaged in a judicial and legislative battle over whether a single credit union can serve employees of many different and totally unrelated companies, or whether this violates both the letter and spirit of the Credit Union Act under which credit unions do not pay taxes (and are exempt from the Community Reinvestment Act). Credit unions generally have a good record of serving, at relatively low cost, lower income workers who have straight-forward and relatively small financial needs. The Treasury Department is in the middle of a statutorily-required study on the regulation of credit unions, and the Administration has carefully NOT taken a position on the bank/credit union issue, except that -- for reasons related to administrative law, not the substance of the case -- the United States is on the credit unions' side in the Supreme Court. This does not seem to be a top-of-mind issue for labor; labor unions sponsor both credit unions and banks.

Product Liability Reform: Labor has consistently opposed attempts to enact federal legislation that would alter state law concerning product liability, mainly because most federal legislation that has been proposed in the last 15 years has been extremely pro-defendant. The President vetoed a product liability bill in 1996, but stated that he was for "sensible product liability reform," and set out particular issues that needed to be addressed. Congress is currently considering new product liability legislation, which both House and Senate leadership hope to bring to the floor before the recess. Although the bills currently do not meet the President's standards, Senator Rockefeller is attempting to craft a solution that will meet our objections. Labor will probably not be happy if this effort succeeds.

Securities law preemption: While labor in general has been less interested in the issue of limitations on the right to sue under the securities laws than it is in product liability reform, they also opposed the Private Securities Litigation Reform Act, which was passed over the President's veto. Business is now trying to extend that statute by getting Congress to enact legislation to preempt most state securities fraud actions. We will likely support some sort of legislation to the Reform Act work better, but it is unlikely to be as broad as that proposed by the business community.

Electricity Restructuring: Many states have begun restructuring their electrical utilities to afford consumers "retail choice"- the ability to select their electric power provider much like they now select their long distance company. Several federal bills have been introduced, too, and the Administration has been considering whether to offer its own bill. The Department of Energy has estimated that the savings to consumers resulting from retail choice could be over \$10 billion per year. The policy process in the Administration on this issue has been underway since April, when the NEC began convening twice-weekly meetings of an interagency group to develop recommendations about the Administration's position. The interagency task force was made up of representatives from nearly all of the cabinet departments, including Labor, and many of the independent federal agencies in an expert advisor capacity.

The NEC staff (Kathy Wallman and Marc Silverman) have met with the International Brotherhood of Electrical Workers (IBEW) and assured them that we will continue to consult with them throughout this process. A major concern of labor is that restructuring will lead to a reduction in the number of jobs available to their rank and file in the electricity industry. They also point out that the consumer benefits may not be shared by all, particularly residential customers, and warn that large consumers may benefit while residential rates increase. The IBEW feels strongly that there should be no federal mandate on electricity restructuring. Instead, labor would prefer that the process of restructuring be left to individual states to decide on competition. There is also concern on labor's part that competition could lead to diminished reliability as utilities cut back on spending to become more efficient and profitable.

TRADE AND THE ENVIRONMENT UNDER PRESIDENT CLINTON

President Clinton is committed to ensuring that trade expansion and increased international competition contribute to environmental protections at home and abroad. The President fought to ensure that NAFTA comprehensively addressed environmental concerns contained mechanisms to address the unique environmental problems that have long challenged communities along the 2000-mile shared border with Mexico. President Clinton fought for and won important advances on the environment in the WTO Agreement, including a permanent forum to address the link between trade and the environment in the World Trade Organization (WTO). He has strongly and effectively implemented U.S. environmental laws to obtain improvements in other countries' environmental practices, including using, where called for, the threat of trade sanctions.

PRESIDENT CLINTON HAS DONE MORE TO ADVANCE ENVIRONMENTAL INTERESTS IN INTERNATIONAL TRADE FORA THAN ANY OTHER U.S. PRESIDENT.

- **Advancing Environmental Protections in the WTO:** The Administration fought for and won important environmental advances in the Uruguay Round of trade negotiations, including recognition in the Preamble of the WTO Agreement of sustainable development as a key objective of the WTO; strengthened agreements on Sanitary and Phytosanitary Measures and the Agreement on Technical Barriers to Trade to protect legitimate environmental measures from challenge under the Agreements; improvements to the Dispute Settlement Understanding to provide for the use of environmental experts in disputes and to make the process more transparent by allowing disputing parties to make their submissions public and requiring that a public version be provided of all panel submissions; and securing the creation of a Committee on Trade and Environment in the WTO, for the first time creating a permanent forum for addressing the linkage between trade and the environment.
- **Improved Environmental Practices Worldwide:** The Administration has aggressively implemented U.S. environmental laws, using the threat of trade sanctions where appropriate to obtain improvements in other countries' environmental practices. For example, President Clinton imposed trade sanctions on Taiwan for its failure to curb illegal trade in rhino horn and tiger bone. These sanctions were lifted when Taiwan made demonstrable progress in halting this trade.
- **Proposed an APEC Environmental Technologies and Services Sector Liberalization Initiative:** The Administration is working to advance APEC-wide sector liberalization in an industry ignored by previous administrations. High tariffs and disguised barriers to trade have limited the ability of developing countries to use the most advanced and useful technologies and services to address environmental problems from basic water and wastewater treatment needs to the need for the most advanced bioremediation technologies.
- **Forged Agreement to Negotiate Global Phaseout of Persistent Pollutants:** The Clinton Administration is leading the way on a negotiation to withdraw 12 dangerous, persistent organic pollutants, such as PCBs and DDT, from the global marketplace.

THE NORTH AMERICAN AGREEMENT ON ENVIRONMENTAL COOPERATION (NAAEC) HAS LED TO UNPRECEDENTED REGIONAL ENVIRONMENTAL COOPERATION AND IMPROVED ENFORCEMENT OF MEXICO'S ENVIRONMENTAL LAWS. THE INTERNATIONAL PUBLIC SCRUTINY ASSOCIATED WITH THE NAFTA SUBMISSION PROCESS HAS BEEN AN IMPORTANT IMPETUS FOR CHANGE IN MEXICO.

- **Cleaning Up the U.S.-Mexico Border:** NAFTA's environmental institutions are addressing critical environmental infrastructure needs.
 - **\$2-3 Billion in Lending:** Over time, the North American Development Bank (NADBank) will be able to leverage its capital into \$2 to \$3 billion in lending. To date, 16 projects have been certified with a combined cost of nearly \$230 million, and construction has already begun on seven projects.
 - **Border Cleanup Projects:** The NADBank, together with the NAFTA Border Environment Cooperation Commission (BECC) and federal and state officials on both sides of the border, have identified more than 30 environmental projects along the border with a total cost of about \$500 million for their 1997-99 work plan.

- **Affordable Water Cleanup for Poor Border Communities.** NADBank is establishing co-financing mechanisms with U.S. and Mexican grant programs to provide affordable financing for poor border communities. A recent agreement will enable NADBank to combine its loans with up to \$170 million in grants from the Environmental Protection Agency for border water and wastewater projects.
- **Border XXI:** The United States and Mexico have established a five-year blueprint for achieving a clean border environment. We are already cooperating to abate emissions from vehicles at border crossings, tracking transboundary shipments of hazardous wastes, and operating a U.S.-Mexico Joint Response Team to minimize the risk of chemical accidents, to name just a few activities.
- **Submission Process on Environmental Enforcement:** The NAAEC submission process -- which subjects member governments to public and international scrutiny for alleged violations of environmental laws, and can also lead to economic sanctions -- is working as intended. Under NAFTA, Mexico's enforcement of its environmental laws has improved and there has been an unprecedented amount of cooperation between the United States and Mexico on environmental enforcement.
 - **Oversight of Enforcement:** The NAFTA Commission for Environmental Cooperation's (CEC) review of citizen submissions alleging nonenforcement of environmental laws has led to an investigation of the adequacy of environmental reviews of a cruise ship pier in Cozumel, Mexico and a report on water use in the Fort Huachuca, Arizona area.
 - **Improved Mexican Enforcement:** Mexico has increased the number of environmental enforcement actions from roughly 3,100 in 1991 to between 12,000 and 13,000 annually since NAFTA was signed. Mexico reports a 72% reduction in serious environmental violations in the maquiladora industry and a 43% increase in the number of maquiladora facilities in complete compliance.
- **Cooperating to Clean up North America:** Through the CEC, Mexico has agreed to join the United States and Canada in banning the pesticides DDT and chlordane, ensuring that these long-lived, toxic substances no longer cross our border.

TRADE AND LABOR PROTECTIONS UNDER PRESIDENT CLINTON

President Clinton is committed to ensuring that trade expansion benefits all American workers and international competition is consistent with internationally accepted labor standards. Internationally, he has done more than any other President -- advancing core labor standards through the North American Free Trade Agreement (NAFTA), the World Trade Organization (WTO), the International Labor Organization (ILO), and the Organization of American States (OAS), and encouraging the voluntary adoption of codes of conduct through Model Business Principles and the Apparel Industry Partnership. At home, he has fought to expand opportunities for dislocated and low wage workers through increases in training, the security of pension and health benefits, the minimum wage and the Earned Income Tax Credit (EITC).

PRESIDENT CLINTON HAS DONE MORE TO PROMOTE LABOR STANDARDS IN INTERNATIONAL TRADE THAN ANY OTHER PRESIDENT. GAINING INTERNATIONAL RECOGNITION OF THE LINK BETWEEN TRADE AND LABOR ISSUES WILL BE A GRADUAL PROCESS, REQUIRING PERSEVERANCE AND COMMITMENT. DESPITE SIGNIFICANT OBSTACLES, THE CLINTON ADMINISTRATION HAS MADE SIGNIFICANT PROGRESS ON LEVELLING THE PLAYING FIELD FOR AMERICAN WORKERS, OBTAINING COMMITMENTS ON CORE LABOR STANDARDS IN INTERNATIONAL TRADE ORGANIZATIONS, AND IMPROVING THE STANDARD OF LIVING FOR WORKERS EVERYWHERE.

- **Winning International Recognition of Core Labor Standards:** At the UN Summit for Social Development in 1995, the Administration succeeded in obtaining a commitment by over one hundred heads of State and government -- for the first time in history -- to recognition of those "core" worker rights that the Administration believes should be protected in every country, regardless of the level of economic development.
- **Protecting Labor Rights in the Hemisphere:** At the OAS Labor Ministerial in 1995, the Administration obtained a commitment from all countries in our hemisphere recognizing the importance of protecting worker rights as we negotiate the Free Trade Area of the Americas.
- **Advancing Labor Standards in the WTO:** At the Singapore Ministerial Meeting of the WTO in 1996, the Administration fought for and won -- for the first time in the GATT/WTO's existence -- a formal commitment by 128 nations to the observance of core labor standards. The WTO also endorsed collaboration with the ILO to advance this agenda.
- **Encouraging Private Sector Codes of Conduct:** In 1994, the Administration developed and disseminated Model Business Principles protecting core worker rights and encouraged private sector adoption through conferences and a best practices award. In 1996, President Clinton helped launch the Apparel Industry Partnership: a collaboration between labor, business and nongovernmental organizations to encourage adoption of a code of conduct prohibiting exploitative child labor and encouraging humane working conditions through external monitoring and consumer awareness.
- **Suspension of Trade Benefits:** The Administration suspended full trade preferences for Burma, Sudan, Mauritania, and Syria and partial preferences for Pakistan for inadequate observance of basic worker rights.
- **International Monitoring of Labor Standards:** In 1997, Administration support was decisive in the adoption of an ILO proposal to establish a mechanism to monitor countries' implementation of core labor standards. The Administration has supported examination of labor standards implementation through the Organization for Economic Cooperation and Development (OECD), conferences on core labor standards in developing economies in Asia and Latin America, and ILO Programs to combat child labor in Pakistan, Bangladesh, Thailand, and Brazil.

NAFTA IS THE FIRST TRADE AGREEMENT TO INCLUDE PROTECTIONS FOR WORKERS. THE NORTH AMERICAN

AGREEMENT ON LABOR COOPERATION (NAALC) HAS ENHANCED OVERSIGHT AND ENFORCEMENT OF NATIONAL LABOR LAWS AND CREATED NORTH AMERICAN COOPERATION ON FUNDAMENTAL LABOR ISSUES -- FOR THE FIRST TIME. THE INTERNATIONAL PUBLIC SCRUTINY ASSOCIATED WITH THE NAFTA SUBMISSION PROCESS HAS BEEN AN IMPORTANT IMPETUS FOR CHANGE IN MEXICO.

- **Union Recognition and Secret Ballots:** The NAALC submission process subjects member governments to public and international scrutiny for alleged violations of labor laws; it can also lead to economic sanctions. To date, the United States has received seven submissions against Mexico, and Mexico has reviewed one submission against the United States. The review of these submissions has yielded concrete remedies. In one case, a Mexican labor tribunal granted recognition to the petitioning union, reversing an earlier decision, and afforded a new hearing for workers dismissed for union activity. In other cases, workers were permitted secret ballot elections, a practice not common in Mexico. In addition, a number of Mexican labor disputes have been settled by companies wishing to avoid the negative publicity associated with the NAFTA review process.
- **Legal Advances:** Important legal advances on labor rights have taken place in Mexico since NAFTA was signed. In 1996, the Supreme Court of Mexico issued two decisions finding state statutes restricting freedom of association unconstitutional. Mexico's Department of Labor has issued recommendations providing for greater autonomy and professionalism of tripartite labor tribunals and making the union registration process a purely administrative decision.
- **Stronger Mexican Enforcement:** Since NAFTA was signed, Mexico's Secretariat of Labor and Social Welfare reports a nearly 250 percent increase in funding for enforcement and a 30 percent reduction in the number of workplace injuries and illnesses.

PRESIDENT CLINTON HAS CONSISTENTLY FOUGHT TO ENSURE THAT THE NEW ECONOMY BENEFITS ALL WORKERS. INDEED, NO PRESIDENT CARES MORE ABOUT THE CONCERNS OF LOW-WAGE AND DISLOCATED WORKERS.

- **NAFTA Transitional Adjustment Assistance (NAFTA TAA).** The President fought for and won a special NAFTA-TAA program that for the first time provides retraining and reemployment assistance and income support to workers displaced by production shifts as well as trade, and provides income support for "secondary" workers.
- **Dislocated Worker Training.** President Clinton has doubled funding for the Dislocated Worker assistance program helping an additional 300,000 workers get training and job search assistance.
- **HOPE Scholarships and Tuition Tax Credits.** To help workers enhance their skills throughout their working lifetimes, the President fought for and won both a \$1,500 two-year HOPE Scholarship and a 20% tuition tax credit.
- **Health Benefits for Job Changers.** The 1996 "Kassebaum-Kennedy" law ensures that as many as 25 million more Americans will no longer have to fear that they will lose their access to health insurance if they lose their job or change jobs.
- **One-Stop Career Centers.** To help workers make a rapid transition between jobs, the Administration is transforming a fragmented array of employment and training programs into a "One-Stop" coordinated information and delivery system. The President's budget proposed \$150 million in funding to expand One-Stop Career Centers to all states in 1998.

RESPONSE TO AFL-CIO CLAIMS ON NAFTA

Claim: THE ADMINISTRATION CLAIMS NAFTA HAS CREATED 700,000 JOBS, BUT ACTUALLY "ON NET, 420,000 JOBS HAVE BEEN LOST DUE TO THE UNFAVORABLE SWING IN OUR NORTH AMERICAN MERCHANDISE TRADE BALANCE."

The Facts: ANY WAY YOU LOOK AT IT, NAFTA HAS BEEN A JOB CREATOR FOR AMERICA.

- **Increased Exports to Our NAFTA Partners Support Over 300,000 Jobs:** Exports to Mexico have grown 37 percent and exports to Canada have grown 34 percent under NAFTA, creating over 300,000 jobs (not 700,000). The jobs supported by new exports to Mexico have already surpassed 200,000 this year -- in line with Administration projections. And export jobs are good jobs, paying 13 to 16 percent more than the national average.
- **NAFTA Boosted Net Exports:** Even if you adopt our critic's methodology and look at net exports, NAFTA was a job creator. Several outside studies have concluded that when you isolate the effects of the peso crisis and America's strong economy, NAFTA itself caused an increase in the trade surplus with Mexico. For instance, DRI estimates that NAFTA boosted real net exports to Mexico by \$7 billion in 1996, controlling for Mexico's financial crisis.
- **Most Imports Do Not Displace Jobs:** It is wrong to assume imports displace U.S. jobs. History shows that the U.S. trade deficit increases most when our job growth is highest because our demand for imports rises as our income grows

Claim: "IT IS IMPOSSIBLE TO SEPARATE THE IMPACT OF NAFTA FROM THAT OF THE PESO CRISIS. NAFTA WAS SOLD AS PART OF A PACKAGE DEAL THAT ALSO INVOLVED REWARDING PRESIDENT CARLOS SALINAS AND HIS ECONOMIC REFORMS. THAT SET OF REFORMS -- INCLUDING NAFTA -- DID CAUSE THE PESO CRISIS."

The Facts: MANY COUNTRIES HAVE EXPERIENCED CURRENCY CRISES -- IN SOUTHEAST ASIA IN 1997, IN EUROPE IN 1994, IN LATIN AMERICA IN 1982, TO NAME JUST A FEW. THEY HAD MANY THINGS IN COMMON, SUCH AS UNSUSTAINABLE EXCHANGE RATES AND BUDGET IMBALANCES, BUT NOT NAFTA. MEXICO ITSELF EXPERIENCED SEVERE CRISES LONG BEFORE NAFTA. IF ANYTHING, NAFTA PROTECTED THE MEXICAN ECONOMY -- AND AMERICAN EXPORTS -- FROM THE FINANCIAL CRISIS BY LOCKING IN MEXICO'S ECONOMIC REFORMS AND PROVIDING SAFEGUARDS FOR FOREIGN INVESTORS.

- **NAFTA Helped Mexico Recover Faster:** Following Mexico's 1982 financial crisis, it took seven years before international investors were sufficiently confident to resume lending to Mexico; in 1995, it took 7 months. Following the 1982 crisis, Mexican output did not recover to pre-crisis levels for five years, while following the 1995 crisis, Mexican output rebounded to pre-crisis peaks in less than 2 years.
- **NAFTA Locked in Preferential Access for American Products.** Following Mexico's 1982 financial crisis, Mexico raised tariffs by 100 percent, and American exports to Mexico fell by half and did not recover for seven years. In 1995, Mexico continued to implement its NAFTA obligations even as it raised tariffs on imports from other countries. As a result, American exports recovered in 18 months and were up 37 percent by the end of 1996 relative to pre-NAFTA levels.

Claim: "U.S. EXPORTS FELL LESS AFTER THE 1994 CRISIS THAN AFTER THE 1982 CRISIS FOR A SIMPLE REASON: MAQUILADORAS...THE U.S. TRADE DEFICIT WITH MEXICO WAS ABOUT TWICE AS HIGH IN 1995 AS IN 1983, AND THE DROP IN MEXICAN GDP WAS GREATER IN 1995 THAN IN THE TWO YEARS FOLLOWING THE 1982 DEBT CRISIS."

The Facts: IN FACT, UNDER NAFTA, THE IMPORTANCE OF MAQUILADORAS IN U.S. TRADE WITH MEXICO HAS DECLINED. IT IS TRUE THAT THE U.S. CONTENT IN IMPORTS FROM MEXICO REMAINS MUCH HIGHER THAN THE IMPORTS FROM ASIA AND ELSEWHERE THAT THEY ARE REPLACING -- BUT THIS SHOULD BE A NET POSITIVE FOR AMERICAN WORKERS.

- **Maquiladora Share is Down Under NAFTA:** Since NAFTA was signed, the share of U.S. imports from Mexico accounted for by maquiladoras has dropped from 49 percent to 38 percent. And the share of U.S. imports made up of U.S. products processed by maquiladoras has fallen by one-fifth.
- **NAFTA Reduces Maquiladora Role:** NAFTA contains explicit provisions expanding the share of maquiladora production that can be sold directly to Mexican consumers rather than to U.S. consumers from 0 in 1993 to 70 percent in 1996 and to 100 percent in 2001.
- **Mexican Imports Displace Imports with Lower U.S. Content:** In many industries, Mexican imports have come at the expense of imports from other regions, which have lower U.S. domestic content. In the apparel industry, the share of U.S. imports supplied by Mexico rose from 4.4 percent in 1993 to 9.6 percent in 1996, while the share supplied by China, Hong Kong, Taiwan and Korea fell from 39 percent in 1993 to 30 percent in 1996. Close to two-thirds of the value of U.S. apparel imports from Mexico in 1996 was comprised of U.S. content -- much higher than Asian imports.

Claim: IT IS WRONG TO CLAIM THAT IF WE DON'T NEGOTIATE A TRADE DEAL WITH LATIN AMERICA, OTHER COUNTRIES WILL GET THERE FIRST. "IN FACT, SIGNING NAFTA DID NOT GUARANTEE THE UNITED STATES EXCLUSIVE ACCESS TO THE MEXICAN MARKET. THE EU AND JAPAN RAN TRADE SURPLUSES WITH MEXICO IN 1995, AS THE U.S. TRADE DEFICIT BALLOONED."

The Facts: THERE IS NO QUESTION THAT THE 10 PERCENTAGE POINT TARIFF ADVANTAGE NAFTA HAS GIVEN U.S. SUPPLIERS OVER THEIR FOREIGN COMPETITORS HAS HELPED OUR FIRMS CAPTURE A 75.5 PERCENT SHARE OF MEXICO'S IMPORT MARKET -- UP BY 6.2 PERCENTAGE POINTS IN ONLY THREE YEARS.

- **EU and Japan Trade Balances Fell Dramatically Following Peso Crisis:** In fact, the EU's trade balance with Mexico deteriorated by two-thirds following Mexico's peso crisis and Japan's trade balance fell by over a quarter. The fact that Japan and the EU maintained small trade surpluses with Mexico -- despite those declines -- reflects the large overall trade surpluses in both countries associated with their weak growth.
- **Our Exports Fell Less than Other Trade Partners:** Because of NAFTA, our exports to Mexico fell substantially less following the peso crisis than those from other countries. European exports to Mexico fell by 29 percent and Korean exports fell by 27 percent -- compared to a short-lived 9 percent drop for the United States.
- **Other Countries Are Concluding Agreements Without Us:** The facts are clear: if we do not move ahead, we will get left behind. Chile has already negotiated a free trade agreement with countries such as Canada and Brazil. If we do not move forward with trade negotiations, our exporters will face a cost disadvantage of 11 percent in Chile's fast-growing market. American telecommunications suppliers have already suffered from that cost disadvantage, losing contracts to their Canadian

competitors.

Claim: "IT IS TRUE THAT THE UNITED STATES HAS LOW TARIFFS RELATIVE TO THOSE IN MANY OTHER COUNTRIES. BUT THIS IS NO GUARANTEE THAT WE WILL SELL MORE PROPORTIONALLY THAN OUR TRADE PARTNERS AFTER SIGNING TRADE AGREEMENTS. IF ANYTHING, THE OPPOSITE TENDS TO HAPPEN."

The Facts: PRESIDENT CLINTON HAS NEGOTIATED TOUGH TRADE AGREEMENTS THAT ARE BRINGING DOWN FOREIGN TRADE BARRIERS MUCH MORE THAN OUR OWN -- RESULTING IN MEASURABLE GAINS. THE FACT THAT WE ALREADY HAVE RELATIVELY LOW TRADE BARRIERS MEANS THAT WE HAVE NOTHING TO LOSE FROM MARKET OPENING AGREEMENTS -- AND EVERYTHING TO GAIN.

- **Mexico's NAFTA Tariff Cuts Five Times Greater:** Since NAFTA went into effect, Mexico has cut tariffs on U.S. exports five times more than the U.S. With a 10 percentage point advantage over their foreign competitors, U.S. suppliers have expanded their share of Mexico's import market by 6.2 percentage points to 75.5 percent.
- **Share Gains in Key Sectors:** Since NAFTA was signed, the U.S. share of Mexican imports is up 19.2 percentage points to 83.1 percent in the transportation equipment sector, where Mexican tariff cuts are more than 9 times greater than U.S. cuts. And the U.S. share is up 5.7 percentage points to 74.3 percent in the electronic goods and appliances sector, where Mexican tariff cuts are more than 4 times greater than U.S. cuts.

Claim: "IT CERTAINLY SEEMS AS THOUGH U.S. COMPANIES ARE ENJOYING PRETTY GOOD ACCESS TO LATIN AMERICAN MARKETS, EVEN WITHOUT OUR OWN REGIONAL AGREEMENT."

The Facts: PRETTY GOOD IS NOT GOOD ENOUGH. OUR EXPORTS COULD BE GROWING FASTER -- CREATING MORE HIGH-WAGE JOB OPPORTUNITIES FOR AMERICAN WORKERS -- IF WE HAD FAST TRACK AUTHORITY TO LEVEL THE PLAYING FIELD WITH FAST-GROWING FOREIGN MARKETS.

- Although U.S. exports to Chile have achieved respectable growth of 14 percent since 1995, Mexico's exports to Chile have growth 3 times faster with the help of a bilateral free trade agreement.
- Although it is true that U.S. exports to South America and the Caribbean grew by 20 percent last year, U.S. exports to Mexico grew by 23 percent, with the help of NAFTA's preferential access.
- American fresh fruit producers have a respectable 39 percent share of Venezuela's market. But we could increase our share to 67 percent if we didn't face a tariff disadvantage relative to countries such as Chile that have a free trade agreement with Venezuela

Claim: IN 1995 AND 1996, U.S. JOB GROWTH WAS CONCENTRATED IN THE NON-TRADED SECTORS OF THE ECONOMY. THE FACT THAT THE OVERALL ECONOMY WAS GROWING PREVENTED MORE UNEMPLOYMENT FROM BEING VISIBLE. BUT MANY WORKERS LOST THEIR JOBS FROM THE GROWTH IN THE TRADE DEFICIT WITH MEXICO.

The Facts: ACTUALLY, TRADE WAS A MAJOR SOURCE OF DYNAMISM IN THE U.S. ECONOMY IN 1995 AND 1996, AND JOBS SUPPORTED BY EXPORTS GREW RAPIDLY -- DESPITE MEXICO'S PESO CRISIS. ALTHOUGH THE MAJORITY OF AMERICAN JOBS ARE IN TRADITIONALLY NONTRADED SECTORS, IN FACT MANY OF THESE JOBS ARE NOW SUPPORTED BY TRADE.

- **Exports Support Jobs in Traditionally Nontraded Sectors:** Fully 57 percent of the 11.5 million jobs supported by exports are indirect. Many of the jobs that are traditionally categorized as

“nontraded” -- food service workers, truck drivers, hotel workers -- are in reality indirectly tied to our dynamic export performance.

- **Overall Exports and Export Jobs Grew Fast in 1995:** In 1995, jobs supported by exports grew by 8.3 percent and trade contributed over half of our overall growth -- despite Mexico's financial crisis.

Claim: “THE ADMINISTRATION CAN AND DOES NEGOTIATE TRADE AGREEMENTS WITHOUT FAST TRACK AUTHORITY. ALL THIS MEANS IS THAT THE AGREEMENTS ARE SUBJECT TO AMENDMENT AND INPUT FROM CONGRESS.”

The Facts: MAJOR OPINION LEADERS AND OUR FOREIGN NEGOTIATING PARTNERS BELIEVE OTHERWISE. FAST TRACK IS VITAL FOR SUSTAINING AMERICAN LEADERSHIP IN THE INTERNATIONAL ECONOMY AND GIVING THE PRESIDENT THE CREDIBILITY TO NEGOTIATE TOUGH DEALS. EVERY PRESIDENT FOR OVER 20 YEARS HAS HAD FAST TRACK AUTHORITY.

- In 1994, the *New York Times* declared: “Mr. Clinton needs fast track if he is to secure the trade agreements called for in his economic strategy.” [11/7/94]
- *Business Week* said fast track “is vitally important as an instrument to help break down global trade barriers.” [5/19/97]
- The *Arizona Republic* stated “Without fast track, the United States will not have the credibility it needs...” [7/10/97]

Claim: “THE WAGES IN INDUSTRIES THAT COMPETE WITH MEXICAN IMPORTS ARE ALMOST IDENTICAL TO THE WAGES IN INDUSTRIES THAT EXPORT TO MEXICO. SECOND, IT IS WRONG TO DISMISS A LARGE CLASS OF JOBS AS “DISPOSABLE...””

The Facts: PRESIDENT CLINTON HAS CONSISTENTLY FOUGHT TO ENSURE THAT TRADE BENEFITS ALL WORKERS. OVER THE PAST 4 YEARS, EXPORTS HAVE GENERATED ONE THIRD OF OUR ECONOMIC GROWTH, SUPPORTING 1.7 MILLION ADDITIONAL JOBS. ANY WAY YOU MEASURE IT, FOR ANY SKILL LEVEL, EXPORT JOBS ARE GOOD JOBS, PAYING 12 TO 16 PERCENT ABOVE THE NATIONAL AVERAGE.

- **The President has worked hard to address the concerns of low-wage and dislocated workers.**
 - **NAFTA Transitional Adjustment Assistance (NAFTA TAA).** The President fought for and won a NAFTA-TAA program that for the first time provides retraining and reemployment assistance and income support to workers displaced by production shifts as well as trade and income support for “secondary” workers.
 - **Dislocated Worker Training.** President Clinton has doubled funding for the Dislocated Worker assistance program helping an additional 300,000 workers get training and job search assistance.
 - **Health Benefits for Job Changers.** The 1996 “Kassebaum-Kennedy” law ensures that as many as 25 million more Americans will no longer have to fear that they will lose their access to health insurance if they lose their job or change jobs.
 - **One-Stop Career Centers.** To help workers make a rapid transition between jobs, the Administration is transforming a fragmented array of employment and training programs into a “One-Stop” coordinated information and delivery system. The President's budget proposed \$150 million in funding to expand One-Stop Career Centers to all states in 1998.
 - **HOPE Scholarships and Tuition Tax Credits.** To help workers enhance their skills throughout their working lifetimes, the President fought for and won a \$1,500 two-year HOPE Scholarship and a 20% tuition tax credit.

LABOR ISSUES BRIEFING

September 23, 1997

WELFARE REFORM

Fair Labor Standards Act/Minimum Wage: As you know, this summer we worked with the labor unions in a successful effort to defeat Republican legislation that would have weakened labor protections for welfare recipients in workfare programs. The dispute began in May when the Department of Labor issued its legal opinion that labor protections in current law -- including the minimum wage, health and safety laws, and anti-discrimination protections. Governors of both parties argued strongly that this would make workfare prohibitively expensive and create excessive administrative burdens on states. They worked with Republicans on proposals to limit the application of labor laws, as well as to reduce the welfare law's work requirements to make it easier for states to comply.

Governors also objected loudly to having to pay payroll taxes for those on workfare, even though the Treasury Department has not yet ruled on whether FICA and FUTA taxes apply. (The Balanced Budget Act made them ineligible for the EITC, with our support.) The FICA/FUTA exemption is the only issue where we have indicated any willingness to compromise. In fact, we agreed to such an exemption as part of a last-minute compromise that fell apart for other reasons.

Since the signing of the Balanced Budget Act, the Republican leadership has called this a top priority for the remaining weeks of the session. In August, Speaker Gingrich said "the Clinton Administration, working with the unions and the bureaucrats, is trying to undermine and destroy welfare reform." Many Governors, including Carper and Chiles, remain very unhappy about our position on this issue.

Current Status: House Ways and Means Human Resources Subcommittee Chairman Clay Shaw is quietly trying to garner bipartisan support among Governors and House members for a bill to address state concerns. Shaw originally planned to unveil legislation last week, but problems with the Republican caucus have sent him back to the drawing board. He apparently plans to move the measure as a separate piece of legislation.

A confidential draft that Shaw circulated last week has two major problems. First, it appears to weaken labor protections. Although Shaw has stated that it is not his intention to weaken labor protections, other Republicans may insist that these provisions remain in the bill and may try to add more anti-union provisions. Our preliminary understanding is that the unions very much dislike the draft bill.

Second, Shaw's draft bill significantly weakens the welfare law's work requirements. It requires states to pay the minimum wage for work experience and community service programs, but it limits the number of work hours to what states can afford to pay, based on the amount of their welfare grant plus food stamps. The balance of a recipients' time could be spent on job search and education activities. Thus, a welfare recipient could work 10 hours a week and do 10 hours

of job search. Also, there is a concern that the legislation's definition of "work experience" and "community service" may be so broad that nearly all subsidized work could be defined as such, allowing low benefit states to require less than 20 hours of work from nearly all their "working" recipients. The bill would also exempt workfare positions from FICA and unemployment taxes, which we indicated during the balanced budget negotiations that we were willing to do.

Privatization of Welfare Programs: Labor unions, particularly AFSCME and SEIU, have waged a major fight against state efforts to privatize their welfare, food stamp, and Medicaid functions. Last year's welfare law allowed states to privatize the TANF welfare program without federal approval, and some are moving to do so (Wisconsin, for example). However, states can privatize food stamps and Medicaid only with permission from the federal government.

After the Administration denied the state of Texas' request to privatize food stamp and Medicaid earlier this year, the Republicans launched an effort to overturn this decision through legislation. As part of negotiations for the balanced budget agreement, we agreed to a provision allowing Texas to privatize its Medicaid and food stamp provisions in part of the state. In the end, however, Governor Bush rejected this compromise approach, and the legislation did not allow for any privatization.

Current Status: In contrast to the workfare fight, the Republicans have not resurrected the privatization issue so far this fall.

The Administration has requests pending from Arizona and Wisconsin to privatize food stamp and Medicaid functions. The Department of Agriculture is required by law to take some action by October 3 on the Arizona request, which affects less than 20% of the state. We are discussing how to respond. There is no such deadline for Wisconsin.

Welfare to Work: DOL has released \$1.1 billion in welfare to work formula and competitive grants thus beginning implementation of the \$3 billion Welfare to Work program we won in the Balanced Budget Agreement. The grants aim to create job opportunities for the hardest to employ welfare recipients.

PROCUREMENT REFORM

Background: On February 18, 1997, the Vice President announced to the AFL-CIO new initiatives (1) to deny federal contracts to companies with an unsatisfactory record of labor relations and (2) to prevent contractors from receiving reimbursement from the federal government for money spent defending against unfair labor practice charges and opposing union representation. He also announced that you would issue an Executive Order encouraging federal

agencies to consider using project labor agreements in their construction.

We prepared the Project Labor Agreement order first. When a draft leaked, Senate Republican leaders held Alexis Herman's nomination based on their objections. Ultimately, we negotiated a compromise whereby we issued essentially the same Executive Order as a Presidential Memorandum.

On the contracting responsibility proposal, we received objections from Senator Lott, Congressmen Hoekstra and Fawell, and industry groups, as well as a separate objection from 10 House leaders. A key issue regarding that proposal is how to determine if a contractor has a satisfactory record of labor relations -- whether the determination should turn on adjudicated violations of the labor laws, alleged violations, or a more general assessment of employee relations.

In the aftermath of the PLA experience, based on discussions involving, among others, the staffs of Senators Kennedy and Daschle, the AFL-CIO, and the White House, the drafting process was put on hold while we considered the appropriate standard. Based on recent discussions, we expect shortly to produce proposed regulations that do not take the broadest approach.

In addition, on an entirely different track, Congressman Evans and Senator Durbin have introduced legislation that would debar federal contractors for violations of the NLRA or OSHA provisions. The Administration has not taken a position on this legislation.

Talking Points: The Vice President announced on February 18, 1997 that we would act to encourage federal agencies to consider project labor agreements on federal construction projects. After a great deal of give and take with Congress, we issued a memorandum on June 5 directing all federal agencies to do just that. I am proud that of this sensible improvement in government contracting, which recognizes the efficiencies organized labor can offer.

Vice President Gore also announced in February that we would propose new initiatives to deny reimbursement of money spent by federal contractors in defending against unfair labor practice charges and seeking to influence union representation votes. And we suggested that in determining whether a company bidding for government contracts is a responsible contractor, we consider its record of labor relations and employment practices.

We are continuing to work on these proposals, to craft something that is fair, practical, and able to withstand the assault we can expect from Republicans in Congress. We hope to be presenting these proposals shortly.

EDUCATION & TRAINING

Vouchers: The AFL-CIO opposes efforts in Congress to promote vouchers for private schools. The Administration has threatened to veto both (1) the Coverdell amendment, which would allow penalty-free withdrawals from IRAs for education expenses; and (2) a voucher plan in the D.C. Appropriations bill.

Standards & Testing: The American Federation of Teachers (part of the AFL-CIO) has been a strong supporter of the standards effort, and of the national tests in reading and math. (The tests were dealt a blow in the House, but a deal was struck in the Senate. The issue will be settled in Conference, and may result in a veto).

Job Training: The Administration is making progress on its agenda to reform job training programs by empowering workers with Skill Grants. The House passed its version of reform legislation earlier this year and Senators Jeffords and Kennedy have just introduced a bill which incorporates many of the principles of the President's GI Bill for America's Workers.

SAFETY AND HEALTH

OSHA Funding: The Administration requested a 6% increase in funding for Fiscal Year 1998. House and Senate-passed appropriations bills reduced the increase to 3%, or \$11 million over the FY 1997 spending level. We have consistently fought significant budget cuts.

OSHA Enforcement: As part of OSHA's reinvention efforts, the Agency has placed greater emphasis on compliance and less on enforcement. The AFL CIO was very critical of the resulting decline in inspections during the first Administration. In part because of this criticism, inspections in the first three quarters of 1997 are up 32% from Fiscal Year 1996.

Ergonomics: OSHA is working to combat cumulative trauma and other repetitive stress disorders - one of the fastest growing workplace injuries; its four part strategy includes education and outreach; study and analysis; enforcement; and rulemaking. There have been 91 federal OSHA ergonomic investigations so far in FY 1997. Though the FY 1998 bill prohibits OSHA from issuing a final or proposed rule before October 1, 1998, work continues on the development of a standard.

LABOR LAW

The TEAM Act: The TEAM Act would effectively repeal a key provision of the National Labor Relations Act which prohibits employers from dominating worker organizations. You vetoed the TEAM Act in 1996. The bill was reintroduced this year and reported favorably by the Senate Labor Committee. At the AFL CIO Executive Council in February the Vice President reiterated that the you will veto "any bill that undermines the collective bargaining process or permits

company unions filled with employers' hand picked representatives.”

You may be asked about an amendment that Senator Bingaman is circulating. Although the Bingaman amendment aims to narrow the scope of the TEAM Act, thereby making it acceptable to Democrats, it still allows many circumstances where employers may select employee representatives and create company unions. Thus it violates the basic premise of workplace democracy that employees should be able to democratically select their representatives when dealing with their employer over issues of wages, work hours and working conditions.

The Administration has not taken a **public** position on Bingaman's proposal.

Comp Time/Flex Time: In September 1996 you proposed the Family Friendly Workplace Act. In response to unacceptable Republican legislation, you have repeatedly called for responsible comp time legislation and threatened to veto any bill unless it: (i) gives employees real choice, (ii) protects workers against abuse and (iii) preserves the 40 hour work week. The Administration has said it will veto both the House passed Ballenger bill and the Ashcroft bill currently pending in the Senate because they fail the three part test. While the AFL-CIO agrees with your veto positions, they do not support your proposal.

Davis-Bacon & Service Contract Act

Davis-Bacon and the Service Contract Act require payment of prevailing wages and fringe benefits to workers engaged in federal construction & service projects. Both laws are regularly under assault in the Congress, but there are no pending legislative initiatives to repeal or amend the statute. If asked, you should reiterate as you did in February that we will veto attempts to repeal them.

The wage survey used by the Department of Labor to determine the prevailing rate have been flawed. The Department is working to improve their accuracy and timeliness. The building trades unions support the Department's efforts, but oppose using BLS data as a substitute for the current wage survey process.

LABOR DISPUTES

UPS Pilots: Negotiations between UPS and its 2,000 *pilots*, represented by the Independent Pilots Association (IPA), began in 1995. In late August, the IPA agreed to sent out the last UPS contract offer for a vote, but without a recommendation by the union. Results are expected on September 30. The National Mediation Board has indicated that if the contract is rejected, new talks will not be scheduled until early next year. The Teamsters union, which represents 185,000 UPS employees, has promised to honor a strike by the independent pilots union at UPS.

Amtrak: Amtrak's unions have been in negotiations since early 1995. On August 5, the Brotherhood of Maintenance of Way Employees (BMWWE) rejected the National Mediation Board's offer to arbitrate the dispute with Amtrak, triggering a 30-day cooling off period that was to end on September 5. However, on August 21, you appointed an emergency board [PEB] to

investigate and make recommendations. Yesterday (September 22) the PEB recommended pay scale increases for Amtrak's Maintenance of Way employees, consistent with those used by the union and the RRs. The PEB also refused to recommend work rule changes, instead recommending a process for concluding negotiations between the parties. The parties now have 30 days to resolve their differences relying on the PEB's recommendations.

PRIVATIZATION OF THE EMPLOYMENT SERVICE

Michigan: Governor Engler recently issued an Executive Order that would allow for the privatization of the Michigan Employment Service. Approximately 400 merit-staffed State employees, represented by SEIU, would be affected by the Executive Order, scheduled to effect on October 6. The Department of Labor directed the Michigan Jobs Commission to suspend implementation of the reorganization plan. The Department has not made a final decision on the legality of Michigan's plan.

Texas: A request by the State of Texas to privatize its Employment Service is on hold. Last spring, HHS rejected Texas' plan to privatize portions of its Medicaid and Food Stamps program. Other states are closely watching the Michigan situation; New York, Illinois and Pennsylvania are considering similar privatization efforts.

OTHER ISSUES OF INTEREST TO THE AFL CIO & ITS MEMBERS

International Linkages and Offsets in Aerospace

The International Association of Machinists and Aerospace Workers (IAM) is sharply critical of U.S. aerospace producers' willingness to provide foreign production contracts in exchange for aircraft sales, which they believe transfers jobs and technology in the short run and, over the longer run, creates new foreign competitors. Boeing and other U.S. producers defend these voluntary international linkages as essential for gaining access to the most rapidly growing markets (70% of Boeing aircraft are exported) and for sharing financial risk. In the case of mandatory offsets, U.S. producers maintain that -- while they would prefer not to provide them -- they are the price of getting foreign sales.

In June, the NEC sponsored a workshop at the National Academy of Sciences on "Policy Issues in Aerospace Offsets."

Although there is no consensus within the Administration on how to deal with the offsets issue, we are committed to analyzing and better understanding the offsets issue, encouraging dialogue among the various interests on this issue; and continuing to take action to reduce government-mandated offsets through multilateral agreements and bilateral discussions.

Pensions: Since the start of the Administration, we have taken strong legislative and administrative action to enhance the ability of Americans to save for retirement and to protect the security of those savings. The Retirement Protection Act, proposed in 1993 and enacted in 1994, has put traditional defined benefit plans and the Pension Benefit Guaranty Corporation back on a firm footing, protecting the security of over 40 million workers who participate in those plans. In 1996, we

passed major pension simplification legislation and took strong administrative steps, which appear to be meeting their goals of expanding coverage, increasing portability and enhancing security. Unfortunately, Congress has not supported the Administration's efforts to do right by the multi employer plans that many union members depend on. We will continue to work to increase the guarantee, and to make other simplifying changes that will enhance the benefits available under these plans.

Credit Unions: Credit unions and banks are engaged in a judicial and legislative battle over whether a single credit union can serve employees of many different and totally unrelated companies, or whether this violates both the letter and spirit of the Credit Union Act under which credit unions do not pay taxes (and are exempt from the Community Reinvestment Act). Credit unions generally have a good record of serving, at relatively low cost, lower income workers who have straight-forward and relatively small financial needs. The Treasury Department is in the middle of a statutorily-required study on the regulation of credit unions, and the Administration has carefully NOT taken a position on the bank/credit union issue, except that -- for reasons related to administrative law, not the substance of the case -- the United States is on the credit unions' side in the Supreme Court. This does not seem to be a top-of-mind issue for labor; labor unions sponsor both credit unions and banks.

Product Liability Reform: Labor has consistently opposed attempts to enact federal legislation that would alter state law concerning product liability, mainly because most federal legislation that has been proposed in the last 15 years has been extremely pro-defendant. The President vetoed a product liability bill in 1996, but stated that he was for "sensible product liability reform," and set out particular issues that needed to be addressed. Congress is currently considering new product liability legislation, which both House and Senate leadership hope to bring to the floor before the recess. Although the bills currently do not meet the President's standards, Senator Rockefeller is attempting to craft a solution that will meet our objections. Labor will probably not be happy if this effort succeeds.

Securities law preemption: While labor in general has been less interested in the issue of limitations on the right to sue under the securities laws than it is in product liability reform, they also opposed the Private Securities Litigation Reform Act, which was passed over the President's veto. Business is now trying to extend that statute by getting Congress to enact legislation to preempt most state securities fraud actions. We will likely support some sort of legislation to the Reform Act work better, but it is unlikely to be as broad as that proposed by the business community.

Electricity Restructuring: Many states have begun restructuring their electrical utilities to afford consumers "retail choice"- the ability to select their electric power provider much like they now select their long distance company. Several federal bills have been introduced, too, and the Administration has been considering whether to offer its own bill. The Department of Energy has estimated that the savings to consumers resulting from retail choice could be over \$10 billion per year. The policy process in the Administration on this issue has been underway since April, when the NEC began convening twice-weekly meetings of an interagency group to develop recommendations about the Administration's position. The interagency task force was made up of representatives from nearly all of the cabinet departments, including Labor, and many of the independent federal agencies in an expert advisor capacity.

The NEC staff (Kathy Wallman and Marc Silverman) have met with the International Brotherhood of Electrical Workers (IBEW) and assured them that we will continue to consult with them throughout this process. A major concern of labor is that restructuring will lead to a reduction in the number of jobs available to their rank and file in the electricity industry. They also point out that the consumer benefits may not be shared by all, particularly residential customers, and warn that large consumers may benefit while residential rates increase. The IBEW feels strongly that there should be no federal mandate on electricity restructuring. Instead, labor would prefer that the process of restructuring be left to individual states to decide on competition. There is also concern on labor's part that competition could lead to diminished reliability as utilities cut back on spending to become more efficient and profitable.

TRADE AND THE ENVIRONMENT UNDER PRESIDENT CLINTON

President Clinton is committed to ensuring that trade expansion and increased international competition contribute to environmental protections at home and abroad. The President fought to ensure that NAFTA comprehensively addressed environmental concerns contained mechanisms to address the unique environmental problems that have long challenged communities along the 2000-mile shared border with Mexico. President Clinton fought for and won important advances on the environment in the WTO Agreement, including a permanent forum to address the link between trade and the environment in the World Trade Organization (WTO). He has strongly and effectively implemented U.S. environmental laws to obtain improvements in other countries' environmental practices, including using, where called for, the threat of trade sanctions.

PRESIDENT CLINTON HAS DONE MORE TO ADVANCE ENVIRONMENTAL INTERESTS IN INTERNATIONAL TRADE FORA THAN ANY OTHER U.S. PRESIDENT.

- **Advancing Environmental Protections in the WTO:** The Administration fought for and won important environmental advances in the Uruguay Round of trade negotiations, including recognition in the Preamble of the WTO Agreement of sustainable development as a key objective of the WTO; strengthened agreements on Sanitary and Phytosanitary Measures and the Agreement on Technical Barriers to Trade to protect legitimate environmental measures from challenge under the Agreements; improvements to the Dispute Settlement Understanding to provide for the use of environmental experts in disputes and to make the process more transparent by allowing disputing parties to make their submissions public and requiring that a public version be provided of all panel submissions; and securing the creation of a Committee on Trade and Environment in the WTO, for the first time creating a permanent forum for addressing the linkage between trade and the environment.
- **Improved Environmental Practices Worldwide:** The Administration has aggressively implemented U.S. environmental laws, using the threat of trade sanctions where appropriate to obtain improvements in other countries' environmental practices. For example, President Clinton imposed trade sanctions on Taiwan for its failure to curb illegal trade in rhino horn and tiger bone. These sanctions were lifted when Taiwan made demonstrable progress in halting this trade.
- **Proposed an APEC Environmental Technologies and Services Sector Liberalization Initiative:** The Administration is working to advance APEC-wide sector liberalization in an industry ignored by previous administrations. High tariffs and disguised barriers to trade have limited the ability of developing countries to use the most advanced and useful technologies and services to address environmental problems from basic water and wastewater treatment needs to the need for the most advanced bioremediation technologies.
- **Forged Agreement to Negotiate Global Phaseout of Persistent Pollutants:** The Clinton Administration is leading the way on a negotiation to withdraw 12 dangerous, persistent organic pollutants, such as PCBs and DDT, from the global marketplace.

THE NORTH AMERICAN AGREEMENT ON ENVIRONMENTAL COOPERATION (NAAEC) HAS LED TO UNPRECEDENTED REGIONAL ENVIRONMENTAL COOPERATION AND IMPROVED ENFORCEMENT OF MEXICO'S ENVIRONMENTAL LAWS. THE INTERNATIONAL PUBLIC SCRUTINY ASSOCIATED WITH THE NAFTA SUBMISSION PROCESS HAS BEEN AN IMPORTANT IMPETUS FOR CHANGE IN MEXICO.

- **Cleaning Up the U.S.-Mexico Border:** NAFTA's environmental institutions are addressing critical environmental infrastructure needs.
 - **\$2-3 Billion in Lending:** Over time, the North American Development Bank (NADBank) will be able to leverage its capital into \$2 to \$3 billion in lending. To date, 16 projects have been certified with a combined cost of nearly \$230 million, and construction has already begun on seven projects.
 - **Border Cleanup Projects:** The NADBank, together with the NAFTA Border Environment Cooperation Commission (BECC) and federal and state officials on both sides of the border, have identified more than 30 environmental projects along the border with a total cost of about \$500 million for their 1997-99 work plan.

- **Affordable Water Cleanup for Poor Border Communities.** NADBank is establishing co-financing mechanisms with U.S. and Mexican grant programs to provide affordable financing for poor border communities. A recent agreement will enable NADBank to combine its loans with up to \$170 million in grants from the Environmental Protection Agency for border water and wastewater projects.
- **Border XXI:** The United States and Mexico have established a five-year blueprint for achieving a clean border environment. We are already cooperating to abate emissions from vehicles at border crossings, tracking transboundary shipments of hazardous wastes, and operating a U.S.-Mexico Joint Response Team to minimize the risk of chemical accidents, to name just a few activities.
- **Submission Process on Environmental Enforcement:** The NAAEC submission process -- which subjects member governments to public and international scrutiny for alleged violations of environmental laws, and can also lead to economic sanctions -- is working as intended. Under NAFTA, Mexico's enforcement of its environmental laws has improved and there has been an unprecedented amount of cooperation between the United States and Mexico on environmental enforcement.
- **Oversight of Enforcement:** The NAFTA Commission for Environmental Cooperation's (CEC) review of citizen submissions alleging nonenforcement of environmental laws has led to an investigation of the adequacy of environmental reviews of a cruise ship pier in Cozumel, Mexico and a report on water use in the Fort Huachuca, Arizona area.
- **Improved Mexican Enforcement:** Mexico has increased the number of environmental enforcement actions from roughly 3,100 in 1991 to between 12,000 and 13,000 annually since NAFTA was signed. Mexico reports a 72% reduction in serious environmental violations in the maquiladora industry and a 43% increase in the number of maquiladora facilities in complete compliance.
- **Cooperating to Clean up North America:** Through the CEC, Mexico has agreed to join the United States and Canada in banning the pesticides DDT and chlordane, ensuring that these long-lived, toxic substances no longer cross our border.

TRADE AND LABOR PROTECTIONS UNDER PRESIDENT CLINTON

President Clinton is committed to ensuring that trade expansion benefits all American workers and international competition is consistent with internationally accepted labor standards. Internationally, he has done more than any other President -- advancing core labor standards through the North American Free Trade Agreement (NAFTA), the World Trade Organization (WTO), the International Labor Organization (ILO), and the Organization of American States (OAS), and encouraging the voluntary adoption of codes of conduct through Model Business Principles and the Apparel Industry Partnership. At home, he has fought to expand opportunities for dislocated and low wage workers through increases in training, the security of pension and health benefits, the minimum wage and the Earned Income Tax Credit (EITC).

PRESIDENT CLINTON HAS DONE MORE TO PROMOTE LABOR STANDARDS IN INTERNATIONAL TRADE THAN ANY OTHER PRESIDENT. GAINING INTERNATIONAL RECOGNITION OF THE LINK BETWEEN TRADE AND LABOR ISSUES WILL BE A GRADUAL PROCESS, REQUIRING PERSEVERANCE AND COMMITMENT. DESPITE SIGNIFICANT OBSTACLES, THE CLINTON ADMINISTRATION HAS MADE SIGNIFICANT PROGRESS ON LEVELLING THE PLAYING FIELD FOR AMERICAN WORKERS, OBTAINING COMMITMENTS ON CORE LABOR STANDARDS IN INTERNATIONAL TRADE ORGANIZATIONS, AND IMPROVING THE STANDARD OF LIVING FOR WORKERS EVERYWHERE.

- **Winning International Recognition of Core Labor Standards:** At the UN Summit for Social Development in 1995, the Administration succeeded in obtaining a commitment by over one hundred heads of State and government -- for the first time in history -- to recognition of those "core" worker rights that the Administration believes should be protected in every country, regardless of the level of economic development.
- **Protecting Labor Rights in the Hemisphere:** At the OAS Labor Ministerial in 1995, the Administration obtained a commitment from all countries in our hemisphere recognizing the importance of protecting worker rights as we negotiate the Free Trade Area of the Americas.
- **Advancing Labor Standards in the WTO:** At the Singapore Ministerial Meeting of the WTO in 1996, the Administration fought for and won -- for the first time in the GATT/WTO's existence -- a formal commitment by 128 nations to the observance of core labor standards. The WTO also endorsed collaboration with the ILO to advance this agenda.
- **Encouraging Private Sector Codes of Conduct:** In 1994, the Administration developed and disseminated Model Business Principles protecting core worker rights and encouraged private sector adoption through conferences and a best practices award. In 1996, President Clinton helped launch the Apparel Industry Partnership: a collaboration between labor, business and nongovernmental organizations to encourage adoption of a code of conduct prohibiting exploitative child labor and encouraging humane working conditions through external monitoring and consumer awareness.
- **Suspension of Trade Benefits:** The Administration suspended full trade preferences for Burma, Sudan, Mauritania, and Syria and partial preferences for Pakistan for inadequate observance of basic worker rights.
- **International Monitoring of Labor Standards:** In 1997, Administration support was decisive in the adoption of an ILO proposal to establish a mechanism to monitor countries' implementation of core labor standards. The Administration has supported examination of labor standards implementation through the Organization for Economic Cooperation and Development (OECD), conferences on core labor standards in developing economies in Asia and Latin America, and ILO Programs to combat child labor in Pakistan, Bangladesh, Thailand, and Brazil.

NAFTA IS THE FIRST TRADE AGREEMENT TO INCLUDE PROTECTIONS FOR WORKERS. THE NORTH AMERICAN

AGREEMENT ON LABOR COOPERATION (NAALC) HAS ENHANCED OVERSIGHT AND ENFORCEMENT OF NATIONAL LABOR LAWS AND CREATED NORTH AMERICAN COOPERATION ON FUNDAMENTAL LABOR ISSUES -- FOR THE FIRST TIME. THE INTERNATIONAL PUBLIC SCRUTINY ASSOCIATED WITH THE NAFTA SUBMISSION PROCESS HAS BEEN AN IMPORTANT IMPETUS FOR CHANGE IN MEXICO.

- **Union Recognition and Secret Ballots:** The NAALC submission process subjects member governments to public and international scrutiny for alleged violations of labor laws; it can also lead to economic sanctions. To date, the United States has received seven submissions against Mexico, and Mexico has reviewed one submission against the United States. The review of these submissions has yielded concrete remedies. In one case, a Mexican labor tribunal granted recognition to the petitioning union, reversing an earlier decision, and afforded a new hearing for workers dismissed for union activity. In other cases, workers were permitted secret ballot elections, a practice not common in Mexico. In addition, a number of Mexican labor disputes have been settled by companies wishing to avoid the negative publicity associated with the NAFTA review process.
- **Legal Advances:** Important legal advances on labor rights have taken place in Mexico since NAFTA was signed. In 1996, the Supreme Court of Mexico issued two decisions finding state statutes restricting freedom of association unconstitutional. Mexico's Department of Labor has issued recommendations providing for greater autonomy and professionalism of tripartite labor tribunals and making the union registration process a purely administrative decision.
- **Stronger Mexican Enforcement:** Since NAFTA was signed, Mexico's Secretariat of Labor and Social Welfare reports a nearly 250 percent increase in funding for enforcement and a 30 percent reduction in the number of workplace injuries and illnesses.

PRESIDENT CLINTON HAS CONSISTENTLY FOUGHT TO ENSURE THAT THE NEW ECONOMY BENEFITS ALL WORKERS. INDEED, NO PRESIDENT CARES MORE ABOUT THE CONCERNS OF LOW-WAGE AND DISLOCATED WORKERS.

- **NAFTA Transitional Adjustment Assistance (NAFTA TAA).** The President fought for and won a special NAFTA-TAA program that for the first time provides retraining and reemployment assistance and income support to workers displaced by production shifts as well as trade, and provides income support for "secondary" workers.
- **Dislocated Worker Training.** President Clinton has doubled funding for the Dislocated Worker assistance program helping an additional 300,000 workers get training and job search assistance.
- **HOPE Scholarships and Tuition Tax Credits.** To help workers enhance their skills throughout their working lifetimes, the President fought for and won both a \$1,500 two-year HOPE Scholarship and a 20% tuition tax credit.
- **Health Benefits for Job Changers.** The 1996 "Kassebaum-Kennedy" law ensures that as many as 25 million more Americans will no longer have to fear that they will lose their access to health insurance if they lose their job or change jobs.
- **One-Stop Career Centers.** To help workers make a rapid transition between jobs, the Administration is transforming a fragmented array of employment and training programs into a "One-Stop" coordinated information and delivery system. The President's budget proposed \$150 million in funding to expand One-Stop Career Centers to all states in 1998.

RESPONSE TO AFL-CIO CLAIMS ON NAFTA

Claim: THE ADMINISTRATION CLAIMS NAFTA HAS CREATED 700,000 JOBS, BUT ACTUALLY "ON NET, 420,000 JOBS HAVE BEEN LOST DUE TO THE UNFAVORABLE SWING IN OUR NORTH AMERICAN MERCHANDISE TRADE BALANCE."

The Facts: ANY WAY YOU LOOK AT IT, NAFTA HAS BEEN A JOB CREATOR FOR AMERICA.

- **Increased Exports to Our NAFTA Partners Support Over 300,000 Jobs:** Exports to Mexico have grown 37 percent and exports to Canada have grown 34 percent under NAFTA, creating over 300,000 jobs (not 700,000). The jobs supported by new exports to Mexico have already surpassed 200,000 this year -- in line with Administration projections. And export jobs are good jobs, paying 13 to 16 percent more than the national average.
- **NAFTA Boosted Net Exports:** Even if you adopt our critic's methodology and look at net exports, NAFTA was a job creator. Several outside studies have concluded that when you isolate the effects of the peso crisis and America's strong economy, NAFTA itself caused an increase in the trade surplus with Mexico. For instance, DRI estimates that NAFTA boosted real net exports to Mexico by \$7 billion in 1996, controlling for Mexico's financial crisis.
- **Most Imports Do Not Displace Jobs:** It is wrong to assume imports displace U.S. jobs. History shows that the U.S. trade deficit increases most when our job growth is highest because our demand for imports rises as our income grows

Claim: "IT IS IMPOSSIBLE TO SEPARATE THE IMPACT OF NAFTA FROM THAT OF THE PESO CRISIS. NAFTA WAS SOLD AS PART OF A PACKAGE DEAL THAT ALSO INVOLVED REWARDING PRESIDENT CARLOS SALINAS AND HIS ECONOMIC REFORMS. THAT SET OF REFORMS -- INCLUDING NAFTA -- DID CAUSE THE PESO CRISIS."

The Facts: MANY COUNTRIES HAVE EXPERIENCED CURRENCY CRISES -- IN SOUTHEAST ASIA IN 1997, IN EUROPE IN 1994, IN LATIN AMERICA IN 1982, TO NAME JUST A FEW. THEY HAD MANY THINGS IN COMMON, SUCH AS UNSUSTAINABLE EXCHANGE RATES AND BUDGET IMBALANCES, BUT NOT NAFTA. MEXICO ITSELF EXPERIENCED SEVERE CRISES LONG BEFORE NAFTA. IF ANYTHING, NAFTA PROTECTED THE MEXICAN ECONOMY -- AND AMERICAN EXPORTS -- FROM THE FINANCIAL CRISIS BY LOCKING IN MEXICO'S ECONOMIC REFORMS AND PROVIDING SAFEGUARDS FOR FOREIGN INVESTORS.

- **NAFTA Helped Mexico Recover Faster:** Following Mexico's 1982 financial crisis, it took seven years before international investors were sufficiently confident to resume lending to Mexico; in 1995, it took 7 months. Following the 1982 crisis, Mexican output did not recover to pre-crisis levels for five years, while following the 1995 crisis, Mexican output rebounded to pre-crisis peaks in less than 2 years.
- **NAFTA Locked in Preferential Access for American Products.** Following Mexico's 1982 financial crisis, Mexico raised tariffs by 100 percent, and American exports to Mexico fell by half and did not recover for seven years. In 1995, Mexico continued to implement its NAFTA obligations even as it raised tariffs on imports from other countries. As a result, American exports recovered in 18 months and were up 37 percent by the end of 1996 relative to pre-NAFTA levels.

Claim: "U.S. EXPORTS FELL LESS AFTER THE 1994 CRISIS THAN AFTER THE 1982 CRISIS FOR A SIMPLE REASON: MAQUILADORAS...THE U.S. TRADE DEFICIT WITH MEXICO WAS ABOUT TWICE AS HIGH IN 1995 AS IN 1983, AND THE DROP IN MEXICAN GDP WAS GREATER IN 1995 THAN IN THE TWO YEARS FOLLOWING THE 1982 DEBT CRISIS."

The Facts: IN FACT, UNDER NAFTA, THE IMPORTANCE OF MAQUILADORAS IN U.S. TRADE WITH MEXICO HAS DECLINED. IT IS TRUE THAT THE U.S. CONTENT IN IMPORTS FROM MEXICO REMAINS MUCH HIGHER THAN THE IMPORTS FROM ASIA AND ELSEWHERE THAT THEY ARE REPLACING -- BUT THIS SHOULD BE A NET POSITIVE FOR AMERICAN WORKERS.

- **Maquiladora Share is Down Under NAFTA:** Since NAFTA was signed, the share of U.S. imports from Mexico accounted for by maquiladoras has dropped from 49 percent to 38 percent. And the share of U.S. imports made up of U.S. products processed by maquiladoras has fallen by one-fifth.
- **NAFTA Reduces Maquiladora Role:** NAFTA contains explicit provisions expanding the share of maquiladora production that can be sold directly to Mexican consumers rather than to U.S. consumers from 0 in 1993 to 70 percent in 1996 and to 100 percent in 2001.
- **Mexican Imports Displace Imports with Lower U.S. Content:** In many industries, Mexican imports have come at the expense of imports from other regions, which have lower U.S. domestic content. In the apparel industry, the share of U.S. imports supplied by Mexico rose from 4.4 percent in 1993 to 9.6 percent in 1996, while the share supplied by China, Hong Kong, Taiwan and Korea fell from 39 percent in 1993 to 30 percent in 1996. Close to two-thirds of the value of U.S. apparel imports from Mexico in 1996 was comprised of U.S. content -- much higher than Asian imports.

Claim: IT IS WRONG TO CLAIM THAT IF WE DON'T NEGOTIATE A TRADE DEAL WITH LATIN AMERICA, OTHER COUNTRIES WILL GET THERE FIRST. "IN FACT, SIGNING NAFTA DID NOT GUARANTEE THE UNITED STATES EXCLUSIVE ACCESS TO THE MEXICAN MARKET. THE EU AND JAPAN RAN TRADE SURPLUSES WITH MEXICO IN 1995, AS THE U.S. TRADE DEFICIT BALLOONED."

The Facts: THERE IS NO QUESTION THAT THE 10 PERCENTAGE POINT TARIFF ADVANTAGE NAFTA HAS GIVEN U.S. SUPPLIERS OVER THEIR FOREIGN COMPETITORS HAS HELPED OUR FIRMS CAPTURE A 75.5 PERCENT SHARE OF MEXICO'S IMPORT MARKET -- UP BY 6.2 PERCENTAGE POINTS IN ONLY THREE YEARS.

- **EU and Japan Trade Balances Fell Dramatically Following Peso Crisis:** In fact, the EU's trade balance with Mexico deteriorated by two-thirds following Mexico's peso crisis and Japan's trade balance fell by over a quarter. The fact that Japan and the EU maintained small trade surpluses with Mexico -- despite those declines -- reflects the large overall trade surpluses in both countries associated with their weak growth.
- **Our Exports Fell Less than Other Trade Partners:** Because of NAFTA, our exports to Mexico fell substantially less following the peso crisis than those from other countries. European exports to Mexico fell by 29 percent and Korean exports fell by 27 percent -- compared to a short-lived 9 percent drop for the United States.
- **Other Countries Are Concluding Agreements Without Us:** The facts are clear: if we do not move ahead, we will get left behind. Chile has already negotiated a free trade agreement with countries such as Canada and Brazil. If we do not move forward with trade negotiations, our exporters will face a cost disadvantage of 11 percent in Chile's fast-growing market. American telecommunications suppliers have already suffered from that cost disadvantage, losing contracts to their Canadian

competitors.

Claim: "IT IS TRUE THAT THE UNITED STATES HAS LOW TARIFFS RELATIVE TO THOSE IN MANY OTHER COUNTRIES. BUT THIS IS NO GUARANTEE THAT WE WILL SELL MORE PROPORTIONALLY THAN OUR TRADE PARTNERS AFTER SIGNING TRADE AGREEMENTS. IF ANYTHING, THE OPPOSITE TENDS TO HAPPEN."

The Facts: PRESIDENT CLINTON HAS NEGOTIATED TOUGH TRADE AGREEMENTS THAT ARE BRINGING DOWN FOREIGN TRADE BARRIERS MUCH MORE THAN OUR OWN -- RESULTING IN MEASURABLE GAINS. THE FACT THAT WE ALREADY HAVE RELATIVELY LOW TRADE BARRIERS MEANS THAT WE HAVE NOTHING TO LOSE FROM MARKET OPENING AGREEMENTS -- AND EVERYTHING TO GAIN.

- **Mexico's NAFTA Tariff Cuts Five Times Greater:** Since NAFTA went into effect, Mexico has cut tariffs on U.S. exports five times more than the U.S. With a 10 percentage point advantage over their foreign competitors, U.S. suppliers have expanded their share of Mexico's import market by 6.2 percentage points to 75.5 percent.
- **Share Gains in Key Sectors:** Since NAFTA was signed, the U.S. share of Mexican imports is up 19.2 percentage points to 83.1 percent in the transportation equipment sector, where Mexican tariff cuts are more than 9 times greater than U.S. cuts. And the U.S. share is up 5.7 percentage points to 74.3 percent in the electronic goods and appliances sector, where Mexican tariff cuts are more than 4 times greater than U.S. cuts.

Claim: "IT CERTAINLY SEEMS AS THOUGH U.S. COMPANIES ARE ENJOYING PRETTY GOOD ACCESS TO LATIN AMERICAN MARKETS, EVEN WITHOUT OUR OWN REGIONAL AGREEMENT."

The Facts: PRETTY GOOD IS NOT GOOD ENOUGH. OUR EXPORTS COULD BE GROWING FASTER -- CREATING MORE HIGH-WAGE JOB OPPORTUNITIES FOR AMERICAN WORKERS -- IF WE HAD FAST TRACK AUTHORITY TO LEVEL THE PLAYING FIELD WITH FAST-GROWING FOREIGN MARKETS.

- Although U.S. exports to Chile have achieved respectable growth of 14 percent since 1995, Mexico's exports to Chile have growth 3 times faster with the help of a bilateral free trade agreement.
- Although it is true that U.S. exports to South America and the Caribbean grew by 20 percent last year, U.S. exports to Mexico grew by 23 percent, with the help of NAFTA's preferential access.
- American fresh fruit producers have a respectable 39 percent share of Venezuela's market. But we could increase our share to 67 percent if we didn't face a tariff disadvantage relative to countries such as Chile that have a free trade agreement with Venezuela

Claim: IN 1995 AND 1996, U.S. JOB GROWTH WAS CONCENTRATED IN THE NON-TRADED SECTORS OF THE ECONOMY. THE FACT THAT THE OVERALL ECONOMY WAS GROWING PREVENTED MORE UNEMPLOYMENT FROM BEING VISIBLE. BUT MANY WORKERS LOST THEIR JOBS FROM THE GROWTH IN THE TRADE DEFICIT WITH MEXICO.

The Facts: ACTUALLY, TRADE WAS A MAJOR SOURCE OF DYNAMISM IN THE U.S. ECONOMY IN 1995 AND 1996, AND JOBS SUPPORTED BY EXPORTS GREW RAPIDLY -- DESPITE MEXICO'S PESO CRISIS. ALTHOUGH THE MAJORITY OF AMERICAN JOBS ARE IN TRADITIONALLY NONTRADED SECTORS, IN FACT MANY OF THESE JOBS ARE NOW SUPPORTED BY TRADE.

- **Exports Support Jobs in Traditionally Nontraded Sectors:** Fully 57 percent of the 11.5 million jobs supported by exports are indirect. Many of the jobs that are traditionally categorized as

“nontraded” -- food service workers, truck drivers, hotel workers -- are in reality indirectly tied to our dynamic export performance.

- **Overall Exports and Export Jobs Grew Fast in 1995:** In 1995, jobs supported by exports grew by 8.3 percent and trade contributed over half of our overall growth -- despite Mexico’s financial crisis.

Claim: “THE ADMINISTRATION CAN AND DOES NEGOTIATE TRADE AGREEMENTS WITHOUT FAST TRACK AUTHORITY. ALL THIS MEANS IS THAT THE AGREEMENTS ARE SUBJECT TO AMENDMENT AND INPUT FROM CONGRESS.”

The Facts: MAJOR OPINION LEADERS AND OUR FOREIGN NEGOTIATING PARTNERS BELIEVE OTHERWISE. FAST TRACK IS VITAL FOR SUSTAINING AMERICAN LEADERSHIP IN THE INTERNATIONAL ECONOMY AND GIVING THE PRESIDENT THE CREDIBILITY TO NEGOTIATE TOUGH DEALS. EVERY PRESIDENT FOR OVER 20 YEARS HAS HAD FAST TRACK AUTHORITY.

- In 1994, the *New York Times* declared: “Mr. Clinton needs fast track if he is to secure the trade agreements called for in his economic strategy.” [11/7/94]
- *Business Week* said fast track “is vitally important as an instrument to help break down global trade barriers.” [5/19/97]
- The *Arizona Republic* stated “Without fast track, the United States will not have the credibility it needs...” [7/10/97]

Claim: “THE WAGES IN INDUSTRIES THAT COMPETE WITH MEXICAN IMPORTS ARE ALMOST IDENTICAL TO THE WAGES IN INDUSTRIES THAT EXPORT TO MEXICO. SECOND, IT IS WRONG TO DISMISS A LARGE CLASS OF JOBS AS “DISPOSABLE...”“

The Facts: PRESIDENT CLINTON HAS CONSISTENTLY FOUGHT TO ENSURE THAT TRADE BENEFITS ALL WORKERS. OVER THE PAST 4 YEARS, EXPORTS HAVE GENERATED ONE THIRD OF OUR ECONOMIC GROWTH, SUPPORTING 1.7 MILLION ADDITIONAL JOBS. ANY WAY YOU MEASURE IT, FOR ANY SKILL LEVEL, EXPORT JOBS ARE GOOD JOBS, PAYING 12 TO 16 PERCENT ABOVE THE NATIONAL AVERAGE.

- **The President has worked hard to address the concerns of low-wage and dislocated workers.**
 - **NAFTA Transitional Adjustment Assistance (NAFTA TAA).** The President fought for and won a NAFTA-TAA program that for the first time provides retraining and reemployment assistance and income support to workers displaced by production shifts as well as trade and income support for “secondary” workers.
 - **Dislocated Worker Training.** President Clinton has doubled funding for the Dislocated Worker assistance program helping an additional 300,000 workers get training and job search assistance.
 - **Health Benefits for Job Changers.** The 1996 “Kassebaum-Kennedy” law ensures that as many as 25 million more Americans will no longer have to fear that they will lose their access to health insurance if they lose their job or change jobs.
 - **One-Stop Career Centers.** To help workers make a rapid transition between jobs, the Administration is transforming a fragmented array of employment and training programs into a “One-Stop” coordinated information and delivery system. The President’s budget proposed \$150 million in funding to expand One-Stop Career Centers to all states in 1998.
 - **HOPE Scholarships and Tuition Tax Credits.** To help workers enhance their skills throughout their working lifetimes, the President fought for and won a \$1,500 two-year HOPE Scholarship and a 20% tuition tax credit.

MEMORANDUM

TO: JOHN PODESTA
GENE SPERLING
RON KLAIN
MICHAEL WALDMAN

CC: KAREN TRAMONTANO

FROM: ANNE LEWIS (NEC) *AL*

RE: MATERIALS FOR AFL CIO CONVENTION

DATE: SEPTEMBER 18, 1997

Attached please find the packet of material I provided to Mike Burton for the Vice President's briefing book.

Attachments: Labor Issues Briefing
The Economy Remains on the Right Track fact sheet
Administration Labor Accomplishments
Response to AFL CIO Claims on NAFTA
Numerous Fast Track and trade related fact sheets
Numerous climate change fact sheets
Q&A on EPI Climate Change Study

LABOR ISSUES BRIEFING

September 18, 1997

WELFARE REFORM

Fair Labor Standards Act/Minimum Wage: As you know, this summer we worked with the labor unions in a successful effort to defeat Republican legislation that would have weakened labor protections for welfare recipients in workfare programs. The dispute began in May when the Department of Labor issued its legal opinion that labor protections in current law -- including the minimum wage, health and safety laws, and anti-discrimination protections. Governors of both parties argued strongly that this would make workfare prohibitively expensive and create excessive administrative burdens on states. They worked with Republicans on proposals to limit the application of labor laws, as well as to reduce the welfare law's work requirements to make it easier for states to comply.

Governors also objected loudly to having to pay payroll taxes for those on workfare, even though the Treasury Department has not yet ruled on whether FICA and FUTA taxes apply. (The Balanced Budget Act made them ineligible for the EITC, with our support.) The FICA/FUTA exemption is the only issue where we have indicated any willingness to compromise. In fact, we agreed to such an exemption as part of a last-minute compromise that fell apart for other reasons.

Since the signing of the Balanced Budget Act, the Republican leadership has called this a top priority for the remaining weeks of the session. In August, Speaker Gingrich said "the Clinton Administration, working with the unions and the bureaucrats, is trying to undermine and destroy welfare reform." Many Governors, including Carper and Chiles, remain very unhappy about our position on this issue.

Current Status: House Ways and Means Human Resources Subcommittee Chairman Clay Shaw is quietly trying to garner bipartisan support among Governors and House members for a bill to address state concerns. The Administration has taken no position on it yet, but the confidential draft we have seen has two major problems. First, it appears to weaken labor protections. Although Shaw has stated that it is not his intention to weaken labor protections, other Republicans may insist that these provisions remain in the bill. Indeed, we have heard that some Republicans will try to strengthen these anti-union provisions. Our preliminary understanding is that the unions very much dislike the draft bill.

Second, Shaw's draft bill significantly weakens the welfare law's work requirements. It requires states to pay the minimum wage for work experience and community service programs, but it limits the number of work hours to what states can afford to pay, based on the amount of their welfare grant plus food stamps. The balance of a recipients' time could be spent on job search and education activities. Thus, a welfare recipient could work 10 hours a week and do 10 hours of job search. Also, there is a concern that the legislation's definition of "work experience" and "community service" may be so broad that nearly all subsidized work could be defined as such, allowing low benefit states to require less than 20 hours of work from nearly all their "working" recipients. The bill would also exempt workfare positions from FICA and unemployment taxes, which we indicated during the balanced budget negotiations that we were willing to do.

Shaw originally planned to unveil this legislation this week, but problems with the Republican caucus have pushed it back at least to next week. He apparently plans to move the measure as a separate piece of legislation.

Privatization of Welfare Programs: Labor unions, particularly AFSCME and SEIU, have waged a major fight against state efforts to privatize their welfare, food stamp, and Medicaid functions. Last year's welfare law allowed states to privatize the TANF welfare program without federal approval, and some are moving to do so (Wisconsin, for example). However, states can privatize food stamps and Medicaid only with permission from the federal government.

After the Administration denied the state of Texas' request to privatize food stamp and Medicaid earlier this year, the Republicans launched an effort to overturn this decision through legislation. As part of negotiations for the balanced budget agreement, we agreed to a provision allowing Texas to privatize its Medicaid and food stamp provisions in part of the state. In the end, however, Governor Bush rejected this compromise approach, and the legislation did not allow for any privatization.

Current Status: In contrast to the workfare fight, the Republicans have not resurrected the privatization issue so far this fall.

The Administration has requests pending from Arizona and Wisconsin to privatize food stamp and Medicaid functions. The Department of Agriculture is required by law to take some action by October 3 on the Arizona request, which affects only 20% of the state. We are discussing how to respond. There is no such deadline for Wisconsin.

Welfare to Work: DOL has released \$1.1 billion in welfare to work formula and competitive grants thus beginning implementation of the \$3 billion Welfare to Work program we won in the Balanced Budget Agreement. The grants aim to create job opportunities for the hardest to employ welfare recipients.

PROCUREMENT REFORM

Background: On February 18, 1997, you announced to the AFL-CIO new initiatives (1) to deny federal contracts to companies with an unsatisfactory record of labor relations and (2) to prevent contractors from receiving reimbursement from the federal government for money spent defending against unfair labor practice charges and opposing union representation. You also announced that the President would issue an Executive Order encouraging federal agencies to consider using project labor agreements in their construction.

We prepared the Project Labor Agreement order first. When a draft leaked, Senate Republican leaders held Alexis Herman's nomination based on their objections. Ultimately, we negotiated a compromise whereby we issued essentially the same Executive Order as a Presidential Memorandum.

On the contracting responsibility proposal, we received objections from Senator Lott, Congressmen Hoekstra and Fawell, and industry groups, as well as a separate objection from 10 House leaders. A key issue regarding that proposal is how to determine if a contractor has a satisfactory record of labor relations -- whether the determination should turn on adjudicated violations of the labor laws, alleged violations, or a more general assessment of employee relations.

In the aftermath of the PLA experience, based on discussions involving, among others, the staffs of Senators Kennedy and Daschle, the AFL-CIO, and the White House, the drafting process was put on hold while we considered the appropriate standard. Based on recent discussions, we expect shortly to produce proposed regulations that do not take the broadest approach.

In addition, on an entirely different track, Congressman Evans and Senator Durbin have introduced legislation that would debar federal contractors for violations of the NLRA or OSHA provisions. The Administration has not taken a position on this legislation.

Talking Points: I announced on February 18, 1997 that the President would act to encourage federal agencies to consider project labor agreements on federal construction projects. After a great deal of give and take with Congress, the President issued a memorandum on June 5 directing all federal agencies to do just that. I am proud that of this sensible improvement in government contracting, which recognizes the efficiencies organized labor can offer.

I also announced in February that we would propose new initiatives to deny reimbursement of money spent by federal contractors in defending against unfair labor practice charges and seeking to influence union representation votes. And I suggested that in determining whether a company bidding for government contracts is a responsible contractor, we consider its record of labor relations and employment practices.

We are continuing to work on these proposals, to craft something that is fair, practical, and able to withstand the assault we can expect from Republicans in Congress. We hope to be presenting these proposals shortly.

EDUCATION & TRAINING

Vouchers: The AFL-CIO opposes efforts in Congress to promote vouchers for private schools. The Administration has threatened to veto both (1) the Coverdell amendment, which would allow penalty-free withdrawals from IRAs for education expenses (this might move in the Senate independently or as an amendment); and (2) a voucher plan in the D.C. Appropriations bill.

Standards & Testing: The American Federation of Teachers (part of the AFL-CIO) has been a strong supporter of the standards effort, and of the national tests in reading and math. (The tests were dealt a blow last week in the House, but a deal was struck in the Senate. The issue will be settled in Conference, and may result in a veto).

Job Training: The Administration is making progress on its agenda to reform job training programs by empowering workers with Skill Grants. The House passed its version of reform legislation earlier this year and Senators Jeffords and Kennedy have just introduced a bill which incorporates many of the principles of the President's GI Bill for America's Workers.

SAFETY AND HEALTH

OSHA Funding: The Administration requested a 6% increase in funding for Fiscal Year 1998. House and Senate-passed appropriations bills reduced the increase to 3%, or \$11 million over the FY 1997 spending level. We have consistently fought significant budget cuts.

OSHA Enforcement: As part of OSHA's reinvention efforts, the Agency has placed greater emphasis on compliance and less on enforcement. The AFL CIO was very critical of the resulting decline in inspections during the first Administration. In part because of this criticism, inspections in the first three quarters of 1997 are up 32% from Fiscal Year 1996.

Ergonomics: OSHA is working to combat cumulative trauma and other repetitive stress disorders - one of the fastest growing workplace injuries; its four part strategy includes education and outreach; study and analysis; enforcement; and rulemaking. There have been 91 federal OSHA ergonomic investigations so far in FY 1997. Though the FY 1998 bill prohibits OSHA from issuing a final or proposed rule before October 1, 1998, work continues on the development of a standard.

LABOR LAW

The TEAM Act: The TEAM Act would effectively repeal a key provision of the National Labor Relations Act which prohibits employers from dominating worker organizations. President Clinton vetoed the TEAM Act in 1996. The bill was reintroduced this year and reported favorably by the Senate Labor Committee. At the AFL CIO Executive Council in February you reiterated that the President will veto “any bill that undermines the collective bargaining process or permits company unions filled with employers’ hand picked representatives.”

You may be asked about an amendment that Senator Bingaman is circulating. Although the Bingaman amendment aims to narrow the scope of the TEAM Act, thereby making it acceptable to Democrats, it still allows many circumstances where employers may select employee representatives and create company unions. Thus it violates the basic premise of workplace democracy that employees should be able to democratically select their representatives when dealing with their employer over issues of wages, work hours and working conditions.

The Administration has not taken a **public** position on Bingaman’s proposal.

Comp Time/Flex Time: The President has called for responsible comp time legislation and said he will veto any bill unless it: (I) gives employees real choice, (ii) protects workers against abuse and (iii) preserves the 40 hour work week. The Administration has said it will veto both the House passed Ballenger bill and the Ashcroft bill currently pending in the Senate because they fail the three part test.

Davis-Bacon & Service Contract Act

Davis-Bacon & the Service Contract Act require payment of prevailing wages and fringe benefits to workers engaged in federal construction & service projects. Both laws are regularly under assault in the Congress, but there are no pending legislative initiatives to repeal or amend the statute. If asked, you should reiterate as you did in February that we will veto attempts to repeal them.

The wage survey used by the Department of Labor to determine the prevailing rate have been flawed. The Department is working to improve their accuracy and timeliness. The building trades unions support the Department’s efforts, but oppose using BLS data as a substitute for the current wage survey process.

LABOR DISPUTES

UPS Pilots: Negotiations between UPS and its 2,000 *pilots*, represented by the Independent Pilots Association (IPA), began in 1995. In late August, the IPA agreed to sent out the last UPS contract offer for a vote, but without a recommendation by the union. Results are expected on September 30. The National Mediation Board has indicated that if the contract is rejected, new talks will not be scheduled until early next year. The Teamsters union, which represents 185,000 UPS employees, has promised to honor a strike by the independent pilots union at UPS.

Amtrak: Amtrak's unions have been in negotiations since early 1995. On August 5, the Brotherhood of Maintenance of Way Employees (BMWE) rejected the National Mediation Board's offer to arbitrate the dispute with Amtrak, triggering a 30-day cooling off period that was to end on September 5. However, on August 21, President Clinton appointed an emergency board to investigate and make recommendations within 30 days. The PEB's report will be followed by an additional 30-day cooling off period.

PRIVATIZATION OF THE EMPLOYMENT SERVICE

Michigan: Governor Engler recently issued an Executive Order that would allow for the privatization of the Michigan Employment Service. Approximately 400 merit-staffed State employees, represented by SEIU, would be affected by the Executive Order, scheduled to effect on October 6. The Department of Labor directed the Michigan Jobs Commission to suspend implementation of the reorganization plan. The Department has not made a final decision on the legality of Michigan's plan.

Texas: A request by the State of Texas to privatize its Employment Service is on hold. Last spring, HHS rejected Texas' plan to privatize portions of its Medicaid and Food Stamps program. Other states are closely watching the Michigan situation; New York, Illinois and Pennsylvania are considering similar privatization efforts.

OTHER ISSUES OF INTEREST TO THE AFL CIO & ITS MEMBERS

International Linkages and Offsets in Aerospace

The International Association of Machinists and Aerospace Workers (IAM) is sharply critical of U.S. aerospace producers' willingness to provide foreign production contracts in exchange for aircraft sales, which they believe transfers jobs and technology in the short run and, over the longer run, creates new foreign competitors. Boeing and other U.S. producers defend these voluntary international linkages as essential for gaining access to the most rapidly growing markets (70% of Boeing aircraft are exported) and for sharing financial risk. In the case of mandatory offsets, U.S. producers maintain that -- while they would prefer not to provide them -- they are the price of getting foreign sales.

In June, the NEC sponsored a workshop at the National Academy of Sciences on "Policy Issues in Aerospace Offsets."

Although there is no consensus within the Administration on how to deal with the offsets issue, we are committed to analyzing and better understanding the offsets issue, encouraging dialogue among the various interests on this issue; and continuing to take action to reduce government-mandated offsets through multilateral agreements and bilateral discussions.

Pensions: Since the start of the Administration, we have taken strong legislative and administrative action to enhance the ability of Americans to save for retirement and to protect the security of those savings. The Retirement Protection Act, proposed in 1993 and enacted in 1994, has put traditional

defined benefit plans and the Pension Benefit Guaranty Corporation back on a firm footing, protecting the security of over 40 million workers who participate in those plans. In 1996, we passed major pension simplification legislation and took strong administrative steps, which appear to be meeting their goals of expanding coverage, increasing portability and enhancing security. Unfortunately, Congress has not supported the Administration's efforts to do right by the multi employer plans that many union members depend on. We will continue to work to increase the guarantee, and to make other simplifying changes that will enhance the benefits available under these plans.

Credit Unions: Credit unions and banks are engaged in a judicial and legislative battle over whether a single credit union can serve employees of many different and totally unrelated companies, or whether this violates both the letter and spirit of the Credit Union Act under which credit unions do not pay taxes (and are exempt from the Community Reinvestment Act). Credit unions generally have a good record of serving, at relatively low cost, lower income workers who have straight-forward and relatively small financial needs. The Treasury Department is in the middle of a statutorily-required study on the regulation of credit unions, and the Administration has carefully NOT taken a position on the bank/credit union issue, except that -- for reasons related to administrative law, not the substance of the case -- the United States is on the credit unions' side in the Supreme Court. This does not seem to be a top-of-mind issue for labor; labor unions sponsor both credit unions and banks.

Product Liability Reform: Labor has consistently opposed attempts to enact federal legislation that would alter state law concerning product liability, mainly because most federal legislation that has been proposed in the last 15 years has been extremely pro-defendant. The President vetoed a product liability bill in 1996, but stated that he was for "sensible product liability reform," and set out particular issues that needed to be addressed. Congress is currently considering new product liability legislation, which both House and Senate leadership hope to bring to the floor before the recess. Although the bills currently do not meet the President's standards, Senator Rockefeller is attempting to craft a solution that will meet our objections. Labor will probably not be happy if this effort succeeds.

Securities law preemption: While labor in general has been less interested in the issue of limitations on the right to sue under the securities laws than it is in product liability reform, they also opposed the Private Securities Litigation Reform Act, which was passed over the President's veto. Business is now trying to extend that statute by getting Congress to enact legislation to preempt most state securities fraud actions. Business thinks the President has indicated support of their position, but the situation is somewhat more murky. Even if we support some sort of preemption, it is unlikely to be as broad as that proposed by the business community.

Electricity Restructuring: Many states have begun restructuring their electrical utilities to afford consumers "retail choice"- the ability to select their electric power provider much like they now select their long distance company. Several federal bills have been introduced, too, and the Administration has been considering whether to offer its own bill. The Department of Energy has estimated that the savings to consumers resulting from retail choice could be over \$10 billion per year. The policy process in the Administration on this issue has been underway since April, when the NEC began convening twice-weekly meetings of an interagency group to develop recommendations about the Administration's position. The interagency task force was made up of

representatives from nearly all of the cabinet departments, including Labor, and many of the independent federal agencies in an expert advisor capacity.

The NEC staff (Kathy Wallman and Marc Silverman) have met with the International Brotherhood of Electrical Workers (IBEW) and assured them that we will continue to consult with them throughout this process. A major concern of labor is that restructuring will lead to a reduction in the number of jobs available to their rank and file in the electricity industry. They also point out that the consumer benefits may not be shared by all, particularly residential customers, and warn that large consumers may benefit while residential rates increase. The IBEW feels strongly that there should be no federal mandate on electricity restructuring. Instead, labor would prefer that the process of restructuring be left to individual states to decide on competition. There is also concern on labor's part that competition could lead to diminished reliability as utilities cut back on spending to become more efficient and profitable.

THE ECONOMY REMAINS ON THE RIGHT TRACK: LOW UNEMPLOYMENT, STRONG JOB GROWTH, AND LOW INFLATION

September 5, 1997

TODAY'S DATA SHOW CONTINUED JOB GROWTH WITH HISTORICALLY LOW UNEMPLOYMENT.

- **Unemployment is at 4.9 percent, as low as its been in 24 years.**
 - The August unemployment rate was 4.9% -- its 36th consecutive month below 6% and as low as it's been since 1973. The unemployment rate has been at or below 5% for five months now with no signs of inflationary pressures. In 1992, the unemployment rate was 7.5%. [Source: BLS.]
 - The combined rate of unemployment and inflation has been lower under President Clinton than any other Administration since Lyndon Johnson was President. [Source: Based on data from BLS.]
- **Nearly 13 Million New Jobs.**
 - During the Clinton Administration, the economy has added nearly 13 million new jobs -- a faster annual rate of job growth (2.5 percent per year) than *any* Republican Administration since the Roaring 1920s. [Source: Based on data from the Bureau of Labor Statistics, Current Employment Statistics survey.]
 - The economy has added 2.5 million jobs over the past year.
- **Strong Private-Sector Job Growth.**
 - Over the past year, the private sector has added 2.2 million jobs -- much more than during the entire four-year period before President Clinton took office. [Source: Based on data from BLS.]
 - 92 percent of the nearly 13 million new jobs under President Clinton have been in the private sector -- that's a higher percentage than any Administration since Truman. [Source: Based on data from BLS.]
- **Turning The Corner In Basic American Industries.**
 - After losing 667,000 jobs in construction during the previous four years, 1.1 million new construction jobs have been added since January 1993 -- that's a faster annual rate than any other Administration since Harry S Truman was President. [Source: Bureau of Labor Statistics, Current Employment Statistics survey.]
 - After losing 35,000 jobs in the auto industry during the Bush years, we have 136,000 new auto jobs since President Clinton took office. [Source: Bureau of Labor Statistics, Current Employment Statistics survey.]

LAST WEEK, WE LEARNED THAT THE ECONOMY GREW AT A 3.6 PERCENT ANNUAL RATE LAST QUARTER, WHILE INFLATIONARY PRESSURES REMAIN LOW. BUSINESS INVESTMENT HAS GROWN BY 11 PERCENT PER YEAR SINCE PRESIDENT CLINTON TOOK OFFICE -- THE FASTEST FOR ANY ADMINISTRATION SINCE JOHN F. KENNEDY WAS PRESIDENT. THE ECONOMY CONTINUES TO EXPERIENCE ROBUST GROWTH, STRONG INVESTMENT, AND LOW INFLATION.

EXPERTS AGREE THAT THE AMERICAN ECONOMY IS STRONG:

- **Alan Greenspan, Chairman of the Federal Reserve, 7/22/97:** "The recent performance of the economy, characterized by strong growth and low inflation, has been exceptional--and better than most anticipated."
- **David Berson, chief economist, Fannie Mae, 6/14/97:** "What we have now is the best combination of sustained growth and low inflation that we have had in at least a decade."
- **Fortune, 6/9/97:** "Business is booming, inflation is falling, jobs are plentiful, and American industry is way out in front. The U.S. economy is stronger than it's ever been before."
- **Business Week, 5/19/97:** "Clinton's 1993 budget cuts, which reduced projected red ink by more than \$400 billion over five years, sparked a major drop in interest rates that helped boost investment in all the equipment and systems that brought forth the New Age economy of technological innovation and rising productivity."

Administration Labor Accomplishments

“A strong, growing economy -- and more people working for better wages -- are just the beginning. We must ensure that the people who fuel that growth, the people who have built every car, plane and bridge in our nation’s history, can seize its opportunities. That’s why our administration has always been pro-union, pro-worker, and pro-family -- and I have strived to promote and honor work, and ensure that it is rewarded and respected for all Americans.”

President Clinton

April 20, 1997

Creating Good Jobs

13 million New Jobs: During the Clinton Administration, the economy has created 13 million new jobs, a faster annual rate of job growth than any Republican Administration since the 1920s.

High Wage Jobs: In the last two years more than two thirds (68%) of the new full-time jobs were in high-wage job categories.

Lowest Unemployment Rate in 24 Years: The unemployment rate is 4.9%, and has remained below 6 percent for 36 months.

Adding Jobs in Basic American Industries: After a decade of decline, more than 1.5 million new auto, manufacturing and construction jobs have been added since President Clinton took office.

Real Wages are on the Rise: Over the past two years, average hourly wages have increased 3.6% -- out pacing the rate of inflation, which means real wage increases for America’s workers.

Supporting Working Families

Supported Collective Bargaining: President Clinton supported the right of workers to organize and join unions by:

- Vetoing the Teamwork for Employees and Managers Act, which would have abolished crucial worker protections and undermined the system of free collective bargaining.
- Issuing a Memorandum encouraging the use of Project Labor Agreements in federal construction.
- Issuing an Executive Order prohibiting Federal agencies from contracting with firms that hire permanent replacement workers during economic strikes.
- Defending the National Labor Relations Board from funding cuts and anti-union riders; and by appointing a Board that is fair to workers and their unions.

- Helping to resolve tough collective bargaining disputes including the Teamsters strike against the United Parcel Service and the Mine Workers strike against the Bituminous Coal Operators Association.
- Creating the National Partnership Council for federal government unions.
- Rescinding Bush Administration Executive Orders prohibiting pre-hire agreements on federal construction projects and requiring all government contractors to post notices telling workers they have the right not to join a union.
- Creating the Task Force on Excellence in State and Local Government through Labor Management Cooperation for non-federal public employees.

Protected Labor Standards and Worker Protections: President Clinton defended crucial labor protections and wage standards for workers by:

- Leading the fight to make work pay for millions of working families through an increase in the minimum wage that has benefited nearly 10 million workers.
- Stopping congressional action to repeal Davis-Bacon and the Service Contract Act by threatening to veto the measures.
- Stopping congressional action to gut OSHA funding for enforcement and defeating riders to prohibit work on an ergonomic standard.
- Threatening to veto any bill that undermines worker health and safety
- Fighting to help families balance work and family, while at the same time fighting to protect the 40-hour week and to preserve employee choice, protections against employer abuse, and employee protections in the congressional debate over comp time.

Fought for a Budget Agreement that Protects Working Families: President Clinton fought for a Balanced Budget Agreement that protects Medicare, Medicaid, education, worker protections and job training. He fought to ensure that welfare recipients entering the workforce would earn the minimum wage and be covered by the Fair Labor Standards Act and other important worker protection laws. President Clinton also kept anti-worker provisions out of the budget agreement. He successfully turned back attempts to

- Privatize the delivery of critical public services by merit-staffed government workers.
- Expand the use of independent contractors.
- Impose burdensome new reporting requirements on union political activity.

Strengthening Worker Rights Around the World: President Clinton has done more than any other president to press countries to improve labor standards and environmental protections -- and he will continue to do so, whether through the ILO, the WTO, the UN, or international trade agreements. The recently introduced Fast Track bill includes authority to seek stronger worker rights through the WTO & ILO.

Family and Medical Leave: President Clinton fought for and signed the Family and Medical Leave Act and supported its expansion to cover school visits and routine medical appointments.

Tax Relief for Working Families: President Clinton provided tax relief for 15 million low wage working families by increasing the Earned Income Tax Credit.

Increased Access to Education: President Clinton provided new opportunities for working class parents to pay for their children's college with HOPE Scholarships and for workers to upgrade their skills with 20% tuition tax credits for college and for working Americans upgrading their skills.

Strengthening and Expanding Pension Coverage: By enacting the Retirement Protection Act, President Clinton helped protect the pensions of more than 40 million workers and retirees by strengthening the federal pension insurance program and requiring companies to keep their pensions adequately funded. President Clinton also enabled more Americans to save for their retirement by enacting legislation to increase pension portability, enhance pension protections, expands coverage, and make it easier for small companies to offer pensions to their employees.

Enhancing Health Security: President Clinton fought for and enacted meaningful health insurance reform to allow workers to keep coverage when they change or lose their jobs and prevent denial of coverage due to pre-existing conditions.

Improving Health Care Quality and Protecting Health Care Workers: President Clinton appointed the Commission on Consumer Protection and Quality in the Health Care Industry Quality to assure that changes in the health care system do not jeopardize quality care, consumer protections or harm workers in the health care industry.

Cracking Down On Sweatshops: The President brought together leaders of labor, industry, and consumers to form the Apparel Industry Partnership to wipe out sweatshops in the garment industry. To date, the Department of Labor has recovered \$12.5 million in back wages for over 40,000 garment workers as part of its effort to eradicate sweatshops in the garment industry. In addition, more than 80 firms across the country have agreed to monitor their contractors.

Improving Employment and Training Services: Under President Clinton, funding for dislocated workers has more than doubled. Over 500,000 dislocated workers are receiving job training each year, with nearly three-quarters making the successful transition to new employment. President Clinton also fought for a \$3 billion Welfare-to-Work initiative that will create job opportunities for the hardest-to-employee recipients of welfare. The Clinton Administration created one-stop career centers to help unemployed and dislocated workers get the services and information they need. The President also has proposed consolidating overlapping, antiquated job-training programs into a simple skills grant that allows unemployed workers to choose the training programs that are right for them.

RESPONSE TO AFL-CIO CLAIMS ON NAFTA

Claim: THE ADMINISTRATION CLAIMS NAFTA HAS CREATED 700,000 JOBS, BUT ACTUALLY “ON NET, 420,000 JOBS HAVE BEEN LOST DUE TO THE UNFAVORABLE SWING IN OUR NORTH AMERICAN MERCHANDISE TRADE BALANCE.”

The Facts: ANY WAY YOU LOOK AT IT, NAFTA HAS BEEN A JOB CREATOR FOR AMERICA.

- **Increased Exports to Our NAFTA Partners Support Over 300,000 Jobs:** Exports to Mexico have grown 37 percent and exports to Canada have grown 34 percent under NAFTA, creating over 300,000 jobs (not 700,000). The jobs supported by new exports to Mexico have already surpassed 200,000 this year -- in line with Administration projections. And export jobs are good jobs, paying 13 to 16 percent more than the national average.
- **NAFTA Boosted Net Exports:** Even if you adopt our critic's methodology and look at net exports, NAFTA was a job creator. Several outside studies have concluded that when you isolate the effects of the peso crisis and America's strong economy, NAFTA itself caused an increase in the trade surplus with Mexico. For instance, DRI estimates that NAFTA boosted real net exports to Mexico by \$7 billion in 1996, controlling for Mexico's financial crisis.
- **Most Imports Do Not Displace Jobs:** It is wrong to assume imports displace U.S. jobs. History shows that the U.S. trade deficit increases most when our job growth is highest because our demand for imports rises as our income grows

Claim: “IT IS IMPOSSIBLE TO SEPARATE THE IMPACT OF NAFTA FROM THAT OF THE PESO CRISIS. NAFTA WAS SOLD AS PART OF A PACKAGE DEAL THAT ALSO INVOLVED REWARDING PRESIDENT CARLOS SALINAS AND HIS ECONOMIC REFORMS. THAT SET OF REFORMS -- INCLUDING NAFTA -- DID CAUSE THE PESO CRISIS.”

The Facts: MANY COUNTRIES HAVE EXPERIENCED CURRENCY CRISES -- IN SOUTHEAST ASIA IN 1997, IN EUROPE IN 1994, IN LATIN AMERICA IN 1982, TO NAME JUST A FEW. THEY HAD MANY THINGS IN COMMON, SUCH AS UNSUSTAINABLE EXCHANGE RATES AND BUDGET IMBALANCES, BUT NOT NAFTA. MEXICO ITSELF EXPERIENCED SEVERE CRISES LONG BEFORE NAFTA. IF ANYTHING, NAFTA PROTECTED THE MEXICAN ECONOMY -- AND AMERICAN EXPORTS -- FROM THE FINANCIAL CRISIS BY LOCKING IN MEXICO'S ECONOMIC REFORMS AND PROVIDING SAFEGUARDS FOR FOREIGN INVESTORS.

- **NAFTA Helped Mexico Recover Faster:** Following Mexico's 1982 financial crisis, it took seven years before international investors were sufficiently confident to resume lending to Mexico; in 1995, it took 7 months. Following the 1982 crisis, Mexican output did not recover to pre-crisis levels for five years, while following the 1995 crisis, Mexican output rebounded to pre-crisis peaks in less than 2 years.
- **NAFTA Locked in Preferential Access for American Products.** Following Mexico's 1982 financial crisis, Mexico raised tariffs by 100 percent, and American exports to Mexico fell by half and did not recover for seven years. In 1995, Mexico continued to implement its NAFTA obligations even as it raised tariffs on imports from other countries. As a result, American exports recovered in 18 months and were up 37 percent by the end of 1996 relative to pre-NAFTA levels.

Claim: "U.S. EXPORTS FELL LESS AFTER THE 1994 CRISIS THAN AFTER THE 1982 CRISIS FOR A SIMPLE REASON: MAQUILADORAS...THE U.S. TRADE DEFICIT WITH MEXICO WAS ABOUT TWICE AS HIGH IN 1995 AS IN 1983, AND THE DROP IN MEXICAN GDP WAS GREATER IN 1995 THAN IN THE TWO YEARS FOLLOWING THE 1982 DEBT CRISIS."

The Facts: IN FACT, UNDER NAFTA, THE IMPORTANCE OF MAQUILADORAS IN U.S. TRADE WITH MEXICO HAS DECLINED. IT IS TRUE THAT THE U.S. CONTENT IN IMPORTS FROM MEXICO REMAINS MUCH HIGHER THAN THE IMPORTS FROM ASIA AND ELSEWHERE THAT THEY ARE REPLACING -- BUT THIS SHOULD BE A NET POSITIVE FOR AMERICAN WORKERS.

- **Maquiladora Share is Down Under NAFTA:** Since NAFTA was signed, the share of U.S. imports from Mexico accounted for by maquiladoras has dropped from 49 percent to 38 percent. And the share of U.S. imports made up of U.S. products processed by maquiladoras has fallen by one-fifth.
- **NAFTA Reduces Maquiladora Role:** NAFTA contains explicit provisions expanding the share of maquiladora production that can be sold directly to Mexican consumers rather than to U.S. consumers from 0 in 1993 to 70 percent in 1996 and to 100 percent in 2001.
- **Mexican Imports Displace Imports with Lower U.S. Content:** In many industries, Mexican imports have come at the expense of imports from other regions, which have lower U.S. domestic content. In the apparel industry, the share of U.S. imports supplied by Mexico rose from 4.4 percent in 1993 to 9.6 percent in 1996, while the share supplied by China, Hong Kong, Taiwan and Korea fell from 39 percent in 1993 to 30 percent in 1996. Close to two-thirds of the value of U.S. apparel imports from Mexico in 1996 was comprised of U.S. content -- much higher than Asian imports.

Claim: IT IS WRONG TO CLAIM THAT IF WE DON'T NEGOTIATE A TRADE DEAL WITH LATIN AMERICA, OTHER COUNTRIES WILL GET THERE FIRST. "IN FACT, SIGNING NAFTA DID NOT GUARANTEE THE UNITED STATES EXCLUSIVE ACCESS TO THE MEXICAN MARKET. THE EU AND JAPAN RAN TRADE SURPLUSES WITH MEXICO IN 1995, AS THE U.S. TRADE DEFICIT BALLOONED."

The Facts: THERE IS NO QUESTION THAT THE 10 PERCENTAGE POINT TARIFF ADVANTAGE NAFTA HAS GIVEN U.S. SUPPLIERS OVER THEIR FOREIGN COMPETITORS HAS HELPED OUR FIRMS CAPTURE A 75.5 PERCENT SHARE OF MEXICO'S IMPORT MARKET -- UP BY 6.2 PERCENTAGE POINTS IN ONLY THREE YEARS.

- **EU and Japan Trade Balances Fell Dramatically Following Peso Crisis:** In fact, the EU's trade balance with Mexico deteriorated by two-thirds following Mexico's peso crisis and Japan's trade balance fell by over a quarter. The fact that Japan and the EU maintained small trade surpluses with Mexico -- despite those declines -- reflects the large overall trade surpluses in both countries associated with their weak growth.
- **Our Exports Fell Less than Other Trade Partners:** Because of NAFTA, our exports to Mexico fell substantially less following the peso crisis than those from other countries. European exports to Mexico fell by 29 percent and Korean exports fell by 27 percent -- compared to a short-lived 9 percent drop for the United States.
- **Other Countries Are Concluding Agreements Without Us:** The facts are clear: if we do not move ahead, we will get left behind. Chile has already negotiated a free trade agreement with countries such as Canada and Brazil. If we do not move forward with trade negotiations, our

exporters will face a cost disadvantage of 11 percent in Chile's fast-growing market. American telecommunications suppliers have already suffered from that cost disadvantage, losing contracts to their Canadian competitors.

Claim: "IT IS TRUE THAT THE UNITED STATES HAS LOW TARIFFS RELATIVE TO THOSE IN MANY OTHER COUNTRIES. BUT THIS IS NO GUARANTEE THAT WE WILL SELL MORE PROPORTIONALLY THAN OUR TRADE PARTNERS AFTER SIGNING TRADE AGREEMENTS. IF ANYTHING, THE OPPOSITE TENDS TO HAPPEN."

The Facts: PRESIDENT CLINTON HAS NEGOTIATED TOUGH TRADE AGREEMENTS THAT ARE BRINGING DOWN FOREIGN TRADE BARRIERS MUCH MORE THAN OUR OWN -- RESULTING IN MEASURABLE GAINS. THE FACT THAT WE ALREADY HAVE RELATIVELY LOW TRADE BARRIERS MEANS THAT WE HAVE NOTHING TO LOSE FROM MARKET OPENING AGREEMENTS -- AND EVERYTHING TO GAIN.

- **Mexico's NAFTA Tariff Cuts Five Times Greater:** Since NAFTA went into effect, Mexico has cut tariffs on U.S. exports five times more than the U.S. With a 10 percentage point advantage over their foreign competitors, U.S. suppliers have expanded their share of Mexico's import market by 6.2 percentage points to 75.5 percent.
- **Share Gains in Key Sectors:** Since NAFTA was signed, the U.S. share of Mexican imports is up 19.2 percentage points to 83.1 percent in the transportation equipment sector, where Mexican tariff cuts are more than 9 times greater than U.S. cuts. And the U.S. share is up 5.7 percentage points to 74.3 percent in the electronic goods and appliances sector, where Mexican tariff cuts are more than 4 times greater than U.S. cuts.

Claim: "IT CERTAINLY SEEMS AS THOUGH U.S. COMPANIES ARE ENJOYING PRETTY GOOD ACCESS TO LATIN AMERICAN MARKETS, EVEN WITHOUT OUR OWN REGIONAL AGREEMENT."

The Facts: PRETTY GOOD IS NOT GOOD ENOUGH. OUR EXPORTS COULD BE GROWING FASTER -- CREATING MORE HIGH-WAGE JOB OPPORTUNITIES FOR AMERICAN WORKERS -- IF WE HAD FAST TRACK AUTHORITY TO LEVEL THE PLAYING FIELD WITH FAST-GROWING FOREIGN MARKETS.

- Although U.S. exports to Chile have achieved respectable growth of 14 percent since 1995, Mexico's exports to Chile have growth 3 times faster with the help of a bilateral free trade agreement.
- Although it is true that U.S. exports to South America and the Caribbean grew by 20 percent last year, U.S. exports to Mexico grew by 23 percent, with the help of NAFTA's preferential access.
- American fresh fruit producers have a respectable 39 percent share of Venezuela's market. But we could increase our share to 67 percent if we didn't face a tariff disadvantage relative to countries such as Chile that have a free trade agreement with Venezuela

Claim: IN 1995 AND 1996, U.S. JOB GROWTH WAS CONCENTRATED IN THE NON-TRADED SECTORS OF THE ECONOMY. THE FACT THAT THE OVERALL ECONOMY WAS GROWING PREVENTED MORE UNEMPLOYMENT FROM BEING VISIBLE. BUT MANY WORKERS LOST THEIR JOBS FROM THE GROWTH IN THE TRADE DEFICIT WITH MEXICO.

The Facts: ACTUALLY, TRADE WAS A MAJOR SOURCE OF DYNAMISM IN THE U.S. ECONOMY IN 1995 AND 1996, AND JOBS SUPPORTED BY EXPORTS GREW RAPIDLY -- DESPITE MEXICO'S PESO CRISIS. ALTHOUGH THE MAJORITY OF AMERICAN JOBS ARE IN TRADITIONALLY NONTRADED SECTORS, IN FACT MANY OF THESE JOBS ARE NOW SUPPORTED BY TRADE.

- **Exports Support Jobs in Traditionally Nontraded Sectors:** Fully 57 percent of the 11.5 million jobs supported by exports are indirect. Many of the jobs that are traditionally categorized as “nontraded” -- food service workers, truck drivers, hotel workers -- are in reality indirectly tied to our dynamic export performance.
- **Overall Exports and Export Jobs Grew Fast in 1995:** In 1995, jobs supported by exports grew by 8.3 percent and trade contributed over half of our overall growth -- despite Mexico’s financial crisis.

Claim: “THE ADMINISTRATION CAN AND DOES NEGOTIATE TRADE AGREEMENTS WITHOUT FAST TRACK AUTHORITY. ALL THIS MEANS IS THAT THE AGREEMENTS ARE SUBJECT TO AMENDMENT AND INPUT FROM CONGRESS.”

The Facts: MAJOR OPINION LEADERS AND OUR FOREIGN NEGOTIATING PARTNERS BELIEVE OTHERWISE. FAST TRACK IS VITAL FOR SUSTAINING AMERICAN LEADERSHIP IN THE INTERNATIONAL ECONOMY AND GIVING THE PRESIDENT THE CREDIBILITY TO NEGOTIATE TOUGH DEALS. EVERY PRESIDENT FOR OVER 20 YEARS HAS HAD FAST TRACK AUTHORITY.

- In 1994, the *New York Times* declared: “Mr. Clinton needs fast track if he is to secure the trade agreements called for in his economic strategy.” [11/7/94]
- *Business Week* said fast track “is vitally important as an instrument to help break down global trade barriers.” [5/19/97]
- The *Arizona Republic* stated “Without fast track, the United States will not have the credibility it needs...” [7/10/97]

Claim: “THE WAGES IN INDUSTRIES THAT COMPETE WITH MEXICAN IMPORTS ARE ALMOST IDENTICAL TO THE WAGES IN INDUSTRIES THAT EXPORT TO MEXICO. SECOND, IT IS WRONG TO DISMISS A LARGE CLASS OF JOBS AS “DISPOSABLE...”“

The Facts: PRESIDENT CLINTON HAS CONSISTENTLY FOUGHT TO ENSURE THAT TRADE BENEFITS ALL WORKERS. OVER THE PAST 4 YEARS, EXPORTS HAVE GENERATED ONE THIRD OF OUR ECONOMIC GROWTH, SUPPORTING 1.7 MILLION ADDITIONAL JOBS. ANY WAY YOU MEASURE IT, FOR ANY SKILL LEVEL, EXPORT JOBS ARE GOOD JOBS, PAYING 12 TO 16 PERCENT ABOVE THE NATIONAL AVERAGE.

- **The President has worked hard to address the concerns of low-wage and dislocated workers.**
 - **NAFTA Transitional Adjustment Assistance (NAFTA TAA).** The President fought for and won a NAFTA-TAA program that for the first time provides retraining and reemployment assistance and income support to workers displaced by production shifts as well as trade and income support for “secondary” workers.
 - **Dislocated Worker Training.** President Clinton has doubled funding for the Dislocated Worker assistance program helping an additional 300,000 workers get training and job search assistance.
 - **Health Benefits for Job Changers.** The 1996 “Kassebaum-Kennedy” law ensures that as many as 25 million more Americans will no longer have to fear that they will lose their access to health insurance if they lose their job or change jobs.
 - **One-Stop Career Centers.** To help workers make a rapid transition between jobs, the Administration is transforming a fragmented array of employment and training programs into a “One-Stop” coordinated information and delivery system. The President’s budget proposed \$150 million in funding to expand One-Stop Career Centers to all states in 1998.

- **HOPE Scholarships and Tuition Tax Credits.** To help workers enhance their skills throughout their working lifetimes, the President fought for and won a \$1,500 two-year HOPE Scholarship and a 20% tuition tax credit.

WHY CONTINUING TO GIVE AMERICA THE ABILITY TO OPEN FOREIGN MARKETS IS IMPORTANT TO AMERICAN WORKERS AND THEIR FAMILIES

As the American people prepare for the challenges of the 21st century, we face a critical choice: We can meet the challenges of the future, write the trade rules and continue America's remarkable economic growth -- or we can turn our back on the world and fail to compete for new markets, new contracts, new business and new jobs. All over America, jobs have been created in small, medium and large companies that would not be here today if we did not have the ability to negotiate tough, fair trade agreements.

AUTOMOTIVE INDUSTRY

- **Over 2.3 million workers are directly employed in the automotive industry.** U.S. vehicle exports totaled over \$24 billion in 1996 and should grow 5% *per year* through 2002. U.S. automotive parts exports totaled \$41 billion in 1996 and are expected to grow 9% *per year* through 2002.
- **U.S. vehicle sales in Japan jumped 34%** and exports of U.S.-made automotive parts rose to \$2 billion in 1996 -- an increase of 20% over 1995 when the agreement was signed.
- **Auto sales in Asia (excluding Japan) grew 65% between 1990-1995** and may grow another 60% by 2005. Sales in Brazil are expected to grow 55% in the next five years.
- **From 1990-1996, U.S. auto exports to the biggest emerging markets (excluding Mexico) rose \$500 million and are estimated to reach \$6.1 billion by 2010.** U.S. parts exports to these emerging markets are expected to more than triple from the current \$3 billion to \$10 billion in 2010.

MANUFACTURING

- **18.5 million American workers -- over 15% of total workforce -- are employed in manufacturing.** Exports of goods and services have risen from about 4% of GDP in the early 1960's to over 13% today.
- **U.S. exports have grown three times faster than Japan's, five times more than Germany's since the mid-1980's.**
- **13 of the 20 largest medical technology companies in the world are U.S. owned.** The U.S. medical device industry is expected to grow 6% *per year* over the next 5 years.

INFORMATION TECHNOLOGY

- **The information technology industry generates 3.5 million domestic jobs** directly and indirectly. America is number one in the world in semiconductors, computers and software. Over the last four years, U.S. semiconductor exports have grown 139%, its telecommunications exports have grown 113% and U.S. computer and parts exports have grown 54%.
- **Nine of the world's top ten software companies are based in the U.S.**
- **U.S. software exports to the Asia-Pacific expanded 57% last year alone,** and over one-third of U.S. computer equipment exports now go to the Asia-Pacific region.

SERVICES

- **Exports of services by U.S. firms supported 3.5 million U.S. jobs in 1994.** U.S. service exports have more than doubled over the last ten years, increasing \$135 billion since 1987, and \$84 billion just since 1990.
- **U.S. exports to emerging markets have grown at impressive rates:** nearly 30% to China, Taiwan and Korea; and over 20% to Hong Kong and Argentina.

AGRICULTURE

- **U.S. agricultural exports support nearly a million jobs -- more than 60 percent of those jobs off the farm** in processing, transportation, and trade.
- **The U.S. is once again the world's largest exporter of food and farm products,** commanding around a 22% share of global agricultural trade. Last year, our agricultural exports were twice the level of our agricultural imports -- a claim no other industry sector can make.

**COSTS OF INACTION: WHY AMERICA WILL NOT GET
A FAIR SHARE OF JOBS WITHOUT FAST TRACK?**

IF CONGRESS FAILS TO GIVE THE PRESIDENT FAST-TRACK AUTHORITY -- THE SAME POWER EVERY PRESIDENT HAS HAD FOR 20 YEARS -- AMERICA WILL NOT GET HER FAIR SHARE OF JOBS. Congress' failure to grant fast-track authority will leave America sitting on the sidelines as trade agreements are negotiated without our participation. This will cost America high-paying jobs, while blocking American workers from competing against the world on a level playing field.

- **Lost Jobs in Telecommunications Industry.** In November 1996, Canada and Chile reached a comprehensive trade agreement that eliminated Chile's 11 percent across-the-board tariff starting this year. As a result, American telecommunications companies competing for contracts in Chile will do so at a significant competitive disadvantage.

Lost Jobs In Fresh Fruit Industry. Chilean fresh fruit pays a 2-percent duty when entering Venezuela (due to the Chile-Venezuela FTA), whereas American producers pay a 15-percent tariff. The U.S. Embassy estimates that the U.S. market share would grow from its current 39 percent to 67 percent if US producers had equivalent access to the Venezuelan market.

- **Lost Job Opportunities In South Asia Without Fast Track.** The South Asian countries -- India, Pakistan, Bangladesh, Nepal, Bhutan, Sri Lanka, and the Maldives -- are creating a free trade zone. Without fast-track authority, America will not be able to make fair trade agreements with this region and will American workers will not have a fair chance to sell their goods to roughly 20 percent of the world's population.
- **Lost Job Opportunities In Textile Industry Without Fast-Track Authority.** Venezuela, Colombia, Ecuador, Peru, and Bolivia comprise a market of 100 million people and a GDP of over \$260 billion. As part of the effort to develop a common external tariff, the import tariff on textile goods, for example, was raised from 5 to 15 percent. Without fast track authority, America will be unable to knock down this barrier to goods made by American workers -- thus costing the United States jobs.
- **Lost Job Opportunities In Latin America Without Fast Track.** Brazil, Argentina, Paraguay, and Uruguay comprise the largest market in Latin America: 200 million people and a GDP of nearly \$1 trillion. These four countries have entered into free trade agreements raising tariffs on most items imported from outside their boundaries. Thus, American firms *not located and producing within* these countries face a competitive disadvantage; this disadvantage will only grow as these countries expand the free-trade zone. Fast-track authority will give the President the chance to pry open this market and allow America to have her fair share of the jobs.

**EXAMPLE: 1.8 MILLION REASONS WHY THE PRESIDENT
SHOULD HAVE FAST-TRACK TRADE AUTHORITY**

- **Quaker Fabric Company Lost Bid For A \$1.8 Million Contract Because They Had To Pay High Tariffs.** Quaker Fabric Company -- located in Fall River, Massachusetts -- is a \$200 million a year corporation with 1,750 employees. Recently, Quaker was informed by its Sales Representative in Chile that it had lost a bid for a \$1.8 million a year account to a competitor from Mexico, solely because of the 11-percent tariff that Quaker must pay, while its competitors can import tariff free.

**PRESIDENT CLINTON'S TRADE POLICY:
A RECORD OF ACHIEVEMENT**

Employment growth is strong. Unemployment is low. Inflation is stable. And incomes for American families are rising again. Part of the reason the American economy has enjoyed such remarkable success is because we are opening foreign markets to American goods and increasing the amount of American-made goods sold abroad.

- **13 Million New Jobs.** Since January 1993, the economy has created nearly 13 million new jobs, including more than 1.5 million new jobs in basic industries (1.1 million in construction and 445,000 in manufacturing). [Source: Bureau of Labor Statistics, Current Employment Statistics survey.]
- **Unemployment Rate Down To 24-Year Low.** In 1992, the unemployment rate was 7.5 percent. Today, it is under 5 percent -- as low as it's been at any time in the last 24 years. [Source: Bureau of Labor Statistics, Current Population Survey.]
- **Exports Are Up More Than \$300 Billion.** Since the beginning of 1993, exports from the United States have grown by nearly 50 percent -- up \$318 billion, after adjusting for inflation. Exports have accounted for 38 percent of the overall growth in the economy since 1993. [Source: Department of Commerce, Bureau of Economic Analysis]
- **1.7 Million New Export-Related Jobs -- Paying On Average 15 Percent Higher Wages.** Since President Clinton took office, the number of export-related jobs has increased by 1.7 million. These jobs pay an average of 15 percent more than non-trade related jobs. [Source: Department of Commerce.]
- **Smallest Deficit Among Major Economies.** After climbing to \$290 billion in 1992, the deficit declined to \$107 billion last year and is expected to fall to \$37 billion this year -- down more than 80 percent from 1992. [Source: CBO] As a share of GDP, the general government deficit is smaller than in any major economy. [Source: OECD Economic Outlook, 6/97]
- **Family Income Up \$1,600.** After stagnating for 20 years, family incomes are rising again. Since 1993, the income of the typical American family increased by \$1,631, after adjusting for inflation. [Source: Bureau of the Census.]
- **High-Tech Exports Are Soaring.** Exports of semiconductors have grown 139 percent under the Clinton Administration; telecommunications exports have grown 113 percent; and exports of computers and computer-related goods have grown 54 percent. [Source: Council of Economic Advisers/Department of Treasury, April 10, 1996]
- **The World's Most Competitive Economy.** The United States has now been ranked Number One on competitiveness for five years in a row -- and up from Number Five in 1992. [Source: World Economic Forum and IMD.]
- **The World's Automobile Leader Once Again.** The United States is the world's Number One producer of automobiles for the first time since the 1970's -- overtaking Japan. [Source: American Automobile Manufacturers Association.]
- **The World's Semiconductor Leader Once Again.** The United States has regained its position as the world's Number One producer of semiconductors -- surpassing Japan. [Source: Dataquest.]

THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

Several outside studies conclude that NAFTA has contributed to America's economic expansion. DRI estimates that NAFTA boosted real exports to Mexico by \$12 billion in 1996, compared to a smaller increase in imports of \$5 billion, and contributed \$13 billion to U.S. real income and \$5 billion to business investment, controlling for Mexico's financial crisis. Since NAFTA was signed, exports have grown 37 percent to Mexico and 34 percent to Canada, reaching record levels. Before NAFTA, Mexico had virtually one-way free trade into the United States. Under NAFTA, Mexico's tariff cuts have been 5 times greater than ours, leveling the playing field.

ANY WAY YOU LOOK AT IT, NAFTA HAS BEEN A JOB CREATOR FOR AMERICA'S WORKERS.

- **Jobs Supported by Exports to Mexico and Canada Have Increased More Than 300,000.** Under NAFTA, jobs supported by exports to Canada have gone up by 189,000 and jobs supported by exports to Mexico by 122,000. Export jobs are good jobs – paying 13 to 16 percent more than the national average. [Study on the Operation and Effects of the NAFTA, 1997; Department of Commerce]
- **NAFTA Increased Net Exports to Mexico.** It is wrong to assume imports displace U.S. jobs: history shows that the U.S. trade deficit increases most when our job growth is highest. But even if you adopt the critics' methodology and look at net exports, NAFTA was a job creator. Outside studies conclude that – isolating for the effects of the peso crisis and America's strong economy – NAFTA caused an increase in net exports of roughly \$7 billion in 1996. [DRI, 1997]

EXPERTS AGREE: IF ANYTHING, NAFTA PROTECTED THE MEXICAN ECONOMY – AND AMERICAN EXPORTS – FROM THE FINANCIAL CRISIS BY LOCKING IN MEXICO'S ECONOMIC REFORMS AND PROVIDING SAFEGUARDS FOR FOREIGN INVESTORS.

- **NAFTA Helped Mexico Recover Faster:** Following Mexico's 1982 financial crisis, it took Mexico 7 years to return to international capital markets, while in 1995, it took 7 months. Following the 1982 crisis, Mexican output did not recover to pre-crisis levels for five years, while following the 1995 crisis, Mexican output rebounded to pre-crisis peaks in less than 2 years. [Study on the Operation and Effects of the NAFTA, 1997]
- **NAFTA Protected American Jobs and Exports by Locking in Preferential Access:** Following its 1982 crisis, Mexico raised tariffs by 100 percent, and American exports to Mexico fell by half and did not recover for seven years. In 1995, Mexico continued to implement its NAFTA obligations even as it raised tariffs on imports from other countries. As a result, American exports recovered in 18 months and were up 37 percent by the end of 1996 relative to pre-NAFTA levels.

SINCE NAFTA WENT INTO EFFECT, MEXICO HAS CUT TARIFFS ON U.S. EXPORTS FIVE TIMES MORE THAN THE U.S.

- **Taking Share from Foreign Competitors:** U.S. suppliers have increased their share of Mexico's import market from 69.3 percent to 75.5 percent, reflecting a 10 percentage point tariff advantage over foreign suppliers.

TRADE AND LABOR PROTECTIONS UNDER PRESIDENT CLINTON

President Clinton is committed to ensuring that trade expansion benefits all American workers and international competition is consistent with internationally accepted labor standards. Internationally, he has done more than any other President -- advancing core labor standards through the North American Free Trade Agreement (NAFTA), the World Trade Organization (WTO), the International Labor Organization (ILO), and the Organization of American States (OAS), and encouraging the voluntary adoption of codes of conduct through Model Business Principles and the Apparel Industry Partnership. At home, he has fought to expand opportunities for dislocated and low wage workers through increases in training, the security of pension and health benefits, the minimum wage and the Earned Income Tax Credit (EITC).

PRESIDENT CLINTON HAS DONE MORE TO PROMOTE LABOR STANDARDS IN INTERNATIONAL TRADE THAN ANY OTHER PRESIDENT. GAINING INTERNATIONAL RECOGNITION OF THE LINK BETWEEN TRADE AND LABOR ISSUES WILL BE A GRADUAL PROCESS, REQUIRING PERSEVERANCE AND COMMITMENT. DESPITE SIGNIFICANT OBSTACLES, THE CLINTON ADMINISTRATION HAS MADE SIGNIFICANT PROGRESS ON LEVELLING THE PLAYING FIELD FOR AMERICAN WORKERS, OBTAINING COMMITMENTS ON CORE LABOR STANDARDS IN INTERNATIONAL TRADE ORGANIZATIONS, AND IMPROVING THE STANDARD OF LIVING FOR WORKERS EVERYWHERE.

- **Winning International Recognition of Core Labor Standards:** At the UN Summit for Social Development in 1995, the Administration succeeded in obtaining a commitment by over one hundred heads of State and government -- for the first time in history -- to recognition of those "core" worker rights that the Administration believes should be protected in every country, regardless of the level of economic development.
- **Protecting Labor Rights in the Hemisphere:** At the OAS Labor Ministerial in 1995, the Administration obtained a commitment from all countries in our hemisphere recognizing the importance of protecting worker rights as we negotiate the Free Trade Area of the Americas.
- **Advancing Labor Standards in the WTO:** At the Singapore Ministerial Meeting of the WTO in 1996, the Administration fought for and won -- for the first time in the GATT/WTO's existence -- a formal commitment by 128 nations to the observance of core labor standards. The WTO also endorsed collaboration with the ILO to advance this agenda.
- **Encouraging Private Sector Codes of Conduct:** In 1994, the Administration developed and disseminated Model Business Principles protecting core worker rights and encouraged private sector adoption through conferences and a best practices award. In 1996, President Clinton helped launch the Apparel Industry Partnership: a collaboration between labor, business and nongovernmental organizations to encourage adoption of a code of conduct prohibiting exploitative child labor and encouraging humane working conditions through external monitoring and consumer awareness.
- **Suspension of Trade Benefits:** The Administration suspended full trade preferences for Burma, Sudan, Mauritania, and Syria and partial preferences for Pakistan for inadequate observance of basic worker rights.
- **International Monitoring of Labor Standards:** In 1997, Administration support was decisive in the adoption of an ILO proposal to establish a mechanism to monitor countries' implementation of core labor standards. The Administration has supported examination of labor standards implementation through the Organization for Economic Cooperation and Development (OECD), conferences on core labor standards in developing economies in Asia and Latin America, and ILO Programs to combat child labor in Pakistan, Bangladesh, Thailand, and Brazil.

NAFTA IS THE FIRST TRADE AGREEMENT TO INCLUDE PROTECTIONS FOR WORKERS. THE NORTH AMERICAN AGREEMENT ON LABOR COOPERATION (NAALC) HAS ENHANCED OVERSIGHT AND ENFORCEMENT OF NATIONAL LABOR LAWS AND CREATED NORTH AMERICAN COOPERATION ON FUNDAMENTAL LABOR ISSUES -- FOR THE FIRST TIME. THE INTERNATIONAL PUBLIC SCRUTINY ASSOCIATED WITH THE NAFTA SUBMISSION PROCESS HAS BEEN AN IMPORTANT IMPETUS FOR CHANGE IN MEXICO.

- **Union Recognition and Secret Ballots:** The NAALC submission process subjects member governments to public and international scrutiny for alleged violations of labor laws; it can also lead to economic sanctions. To date, the United States has received seven submissions against Mexico, and Mexico has reviewed one submission against the United States. The review of these submissions has yielded concrete remedies. In one case, a Mexican labor tribunal granted recognition to the petitioning union, reversing an earlier decision, and afforded a new hearing for workers dismissed for union activity. In other cases, workers were permitted secret ballot elections, a practice not common in Mexico. In addition, a number of Mexican labor disputes have been settled by companies wishing to avoid the negative publicity associated with the NAFTA review process.
- **Legal Advances:** Important legal advances on labor rights have taken place in Mexico since NAFTA was signed. In 1996, the Supreme Court of Mexico issued two decisions finding state statutes restricting freedom of association unconstitutional. Mexico's Department of Labor has issued recommendations providing for greater autonomy and professionalism of tripartite labor tribunals and making the union registration process a purely administrative decision.
- **Stronger Mexican Enforcement:** Since NAFTA was signed, Mexico's Secretariat of Labor and Social Welfare reports a nearly 250 percent increase in funding for enforcement and a 30 percent reduction in the number of workplace injuries and illnesses.

PRESIDENT CLINTON HAS CONSISTENTLY FOUGHT TO ENSURE THAT THE NEW ECONOMY BENEFITS ALL WORKERS. INDEED, NO PRESIDENT CARES MORE ABOUT THE CONCERNS OF LOW-WAGE AND DISLOCATED WORKERS.

- **NAFTA Transitional Adjustment Assistance (NAFTA TAA).** The President fought for and won a special NAFTA-TAA program that for the first time provides retraining and reemployment assistance and income support to workers displaced by production shifts as well as trade, and provides income support for "secondary" workers.
- **Dislocated Worker Training.** President Clinton has doubled funding for the Dislocated Worker assistance program helping an additional 300,000 workers get training and job search assistance.
- **HOPE Scholarships and Tuition Tax Credits.** To help workers enhance their skills throughout their working lifetimes, the President fought for and won both a \$1,500 two-year HOPE Scholarship and a 20% tuition tax credit.
- **Health Benefits for Job Changers.** The 1996 "Kassebaum-Kennedy" law ensures that as many as 25 million more Americans will no longer have to fear that they will lose their access to health insurance if they lose their job or change jobs.
- **One-Stop Career Centers.** To help workers make a rapid transition between jobs, the Administration is transforming a fragmented array of employment and training programs into a "One-Stop" coordinated information and delivery system. The President's budget proposed \$150 million in funding to expand One-Stop Career Centers to all states in 1998.

TRADE AND THE ENVIRONMENT UNDER PRESIDENT CLINTON

President Clinton is committed to ensuring that trade expansion and increased international competition contribute to environmental protections at home and abroad. The President negotiated the first trade agreement to include explicit environmental provisions and fought to ensure that NAFTA contained mechanisms to address the unique environmental problems that have long challenged communities along the 2000-mile shared border with Mexico. President Clinton fought for and won important advances on the environment in the WTO Agreement, including a permanent forum to address the link between trade and the environment in the World Trade Organization (WTO). He has strongly and effectively implemented U.S. environmental laws to obtain improvements in other countries' environmental practices, including using, where called for, the threat of trade sanctions.

PRESIDENT CLINTON HAS DONE MORE TO ADVANCE ENVIRONMENTAL INTERESTS IN INTERNATIONAL TRADE FORA THAN ANY OTHER U.S. PRESIDENT.

- **Advancing Environmental Protections in the WTO:** The Administration fought for and won important environmental advances in the Uruguay Round of trade negotiations, including recognition in the Preamble of the WTO Agreement of sustainable development as a key objective of the WTO; strengthened agreements on Sanitary and Phytosanitary Measures and the Agreement on Technical Barriers to Trade to protect legitimate environmental measures from challenge under the Agreements; improvements to the Dispute Settlement Understanding to provide for the use of environmental experts in disputes and to make the process more transparent by allowing disputing parties to make their submissions public and requiring that a public version be provided of all panel submissions; and securing the creation of a Committee on Trade and Environment in the WTO, for the first time creating a permanent forum for addressing the linkage between trade and the environment.
- **Improved Environmental Practices Worldwide:** The Administration has aggressively implemented U.S. environmental laws, using the threat of trade sanctions where appropriate to obtain improvements in other countries' environmental practices. For example, President Clinton imposed trade sanctions on Taiwan for its failure to curb illegal trade in rhino horn and tiger bone. These sanctions were lifted when Taiwan made demonstrable progress in halting this trade.
- **Proposed an APEC Environmental Technologies and Services Sector Liberalization Initiative:** The Administration is working to advance APEC-wide sector liberalization in an industry ignored by previous administrations. High tariffs and disguised barriers to trade have limited the ability of developing countries to use the most advanced and useful technologies and services to address environmental problems from basic water and wastewater treatment needs to the need for the most advanced bioremediation technologies.
- **Forged Agreement For A Global Phaseout of Persistent Pollutants:** The Clinton Administration led the way on an agreement to phase out the use of 12 dangerous, persistent organic pollutants worldwide, such as PCBs and DDT.

THE NORTH AMERICAN AGREEMENT ON ENVIRONMENTAL COOPERATION (NAAEC) HAS LED TO UNPRECEDENTED REGIONAL ENVIRONMENTAL COOPERATION AND IMPROVED ENFORCEMENT OF MEXICO'S ENVIRONMENTAL LAWS. THE INTERNATIONAL PUBLIC SCRUTINY ASSOCIATED WITH THE NAFTA SUBMISSION PROCESS HAS BEEN AN IMPORTANT IMPETUS FOR CHANGE IN MEXICO.

- **Cleaning Up the U.S.-Mexico Border:** NAFTA's environmental institutions are addressing critical environmental infrastructure needs.
 - **\$2-3 Billion in Lending:** Over time, the North American Development Bank (NADBank) will be able to leverage its capital into \$2 to \$3 billion in lending. To date, 16 projects have been certified with a combined cost of nearly \$230 million, and construction has already begun on seven projects.
 - **Border Cleanup Projects:** The NADBank, together with the NAFTA Border Environment Cooperation Commission (BECC) and federal and state officials on both sides of the border, have identified more than 30 environmental projects along the border with a total cost of about \$500 million for their 1997-99 work plan.

- **Affordable Water Cleanup for Poor Border Communities.** NADBank is establishing co-financing mechanisms with U.S. and Mexican grant programs to provide affordable financing for poor border communities. A recent agreement will enable NADBank to combine its loans with up to \$170 million in grants from the Environmental Protection Agency for border water and wastewater projects.
- **Border XXI:** The United States and Mexico have established a five-year blueprint for achieving a clean border environment. We are already cooperating to abate emissions from vehicles at border crossings, tracking transboundary shipments of hazardous wastes, and operating a U.S.-Mexico Joint Response Team to minimize the risk of chemical accidents, to name just a few activities.
- **Submission Process on Environmental Enforcement:** The NAAEC submission process -- which subjects member governments to public and international scrutiny for alleged violations of environmental laws, and can also lead to economic sanctions -- is working as intended. Under NAFTA, Mexico's enforcement of its environmental laws has improved and there has been an unprecedented amount of cooperation between the United States and Mexico on environmental enforcement.
- **Oversight of Enforcement:** The NAFTA Commission for Environmental Cooperation's (CEC) review of citizen submissions alleging nonenforcement of environmental laws has led to an investigation of the adequacy of environmental reviews of a cruise ship pier in Cozumel, Mexico and a report on water use in the Fort Huachuca, Arizona area.
- **Banning Pesticides.** Through the CEC, Mexico has agreed to join the United States and Canada in banning the pesticides DDT and chlordane, ensuring that these long-lived, toxic substances no longer cross our border.
- **Improved Mexican Enforcement.** Mexico has increased the number of environmental enforcement actions from roughly 3,100 in 1991 to between 12,000 and 13,000 annually since NAFTA was signed. Mexico reports a 72% reduction in serious environmental violations in the maquiladora industry and a 43% increase in the number of maquiladora facilities in complete compliance.

CLAIM ON ECONOMIC DAMAGE

CLAIM: *The Administration's plans on climate change would devastate the economy -- raising unemployment, significantly reducing GDP, and costing hundreds of thousands of American jobs.*

FACT: The Clinton Administration has made no determination about specific emissions reduction policies to be implemented, and has consistently emphasized the importance of securing reductions in the most cost-effective way possible.

- President Clinton's priority is and will remain sustaining a healthy and robust economy. Since the President took office, the private sector of the economy has grown at more than twice the rate of the previous four years, business investment has boomed at a rate not seen since the Kennedy Administration, unemployment is at a 24 year low, and 12.9 million new jobs have been created. (Sources: Bureau of Economic Analysis, Department of Commerce; Bureau of Labor Statistics, Department of Labor)
- More than 2,300 economists, including eight Nobel Laureates, agree that taking preventive steps to confront climate change is justified and that it is possible to do so without harming American living standards. In fact, they state that long-term productivity could be improved by such steps. (Source: Economists' Statement on Climate Change, January 1997)
- A review of the economic literature suggests that the costs of achieving emissions reductions would vary enormously, from substantially negative to slightly positive, depending on which specific policies are chosen. (Source: "The Costs of Climate Protection: A Guide for the Perplexed", Robert Repetto and Duncan Austin, World Resources Institute, 1997)
- While the Administration has not decided on a specific level or timeframe for emissions reductions, nor the policies by which reductions would be achieved, it has tended to favor policies, such as joint implementation, which are widely regarded as having the greatest potential to reduce the overall costs. (Sources: U.S. Climate Protocol Framework, January 1997; "The Costs of Climate Protection: A Guide for the Perplexed", Robert Repetto and Duncan Austin, World Resources Institute, 1997)

"I have devoted my passion and the best ideas I could come up with to try to get this country in good shape economically and socially. But I do believe it is folly for us to believe that we can go into the next century without a strategy that says we're going to be responsible and we're going to do our part and lead the world on environmental issues... Let's find a way to preserve the environment, to meet our international responsibilities, to meet our responsibilities to our children, and grow the economy at the same time."

-- President Clinton

CLAIM ON U.S. COMPETITIVENESS/JOBS MOVING OVERSEAS

CLAIM: *A global warming treaty, particularly one without developing country commitments, would injure U.S. competitiveness and send jobs overseas.*

FACT: There is no substantive evidence to support this claim.

- A review of the academic literature demonstrates, "that there is little to document the view that environmental regulations have had a measurably adverse effect on competitiveness... studies attempting to measure the effect of environmental regulations on net exports, overall trade flows, and plant-location decisions have produced estimates that are small, statistically insignificant, or not robust to tests of model specification." (Sources: Jaffe, Peterson, Portney, and Stavins. "Environmental Regulation and International Competitiveness: What Does the Evidence Tell Us?" Resources for the Future, Discussion Paper 94-08)
- While there is limited empirical literature on the specific impacts of carbon policies, a number of factors suggest that reducing carbon emissions is unlikely to have a serious negative effect on U.S. jobs and competitiveness:
 - ✓ Most emissions come from sectors which cannot move overseas. Transportation and buildings, for example, account for roughly two-thirds of U.S. emissions. (Source: U.S. Climate Action Report, 1997)
 - ✓ Energy costs for manufacturing industries average just 2.2 percent of total costs (Source: 1995 Annual Census of Manufacturers), making it highly unlikely that shifts in the relative price of energy would affect location decisions or trade flows.
 - ✓ Substantial differentials in energy prices between countries already exist. For example, the price of a barrel of heavy fuel oil in Venezuela in 1994 was \$5.06 compared with \$13.65 in the United States, yet American firms did not generally flee to Venezuela. (Source: *Statistical Abstract 1996*, Table 1359, page 848)
- Certain energy intensive industries, accounting for some 2-3 percent of total industrial output, are more sensitive to shifts in relative energy prices. However, the economic literature illustrates that the effects on these industries would vary tremendously depending on which emissions reduction policies are chosen. (Source: "The Costs of Climate Protection: A Guide for the Perplexed", Robert Repetto and Duncan Austin, World Resources Institute, 1997)
- The Clinton Administration has made no determination about emissions reductions policies to be implemented, yet has tended to favor those, such as joint implementation, which are widely regarded as having the greatest potential to reduce the overall costs. (Sources: U.S. Climate Protocol Framework, January 1997; "The Costs of Climate Protection: A Guide for the Perplexed", Robert Repetto and Duncan Austin, World Resources Institute, 1997)
- The Clinton Administration has taken a firm stand on developing country obligations, consistently making it clear that any climate treaty must include meaningful developing country commitments. (Sources: U.S. Climate Protocol Framework, January 1997; Speech by President Clinton to the UN General Assembly, June 1997)

CLAIM ON ENERGY INTENSIVE INDUSTRIES

CLAIM: *Industries that are particularly energy intensive would be especially hard hit by any actions to limit or reduce carbon emissions. This conclusion is supported by the Department of Energy's own Argonne Lab study.*

FACT: **Impacts on energy intensive industries and on the economy as a whole from limitations on carbon emissions will depend on the level of reductions sought and on the policies used to achieve them. The Administration has made no decisions in either area.**

- The Department of Energy's Argonne Lab study assumes fuel price scenarios that fail to account for key policies that have the potential to substantially reduce the cost of emissions reductions, including multi-year emissions budgets, international emissions trading, and joint implementation. These are policies for which the Administration has expressed support. (Sources: U.S. Department of Energy: U.S. Climate Protocol Framework, January 1997)
- While the six energy intensive industries that the Argonne study focused on would tend to be more sensitive to shifts in relative energy prices, the economic literature illustrates that such shifts would vary tremendously depending on the specific emissions reduction policies chosen. (Source: "The Costs of Climate Protection: A Guide for the Perplexed," Robert Repetto and Duncan Austin, World Resources Institute, 1997)

Talking Points on EPI Climate Change Study
September 17, 1997

- * The report released today by the Economic Policy Institute (“Accelerating Globalization? The Economic Effects of Climate Change Policies on U.S. Workers”) examines one possible approach to addressing climate change. But there are many possible approaches, and the Administration has not yet settled on a particular set of new policies to reduce greenhouse gas emissions.
- * The Administration is working to develop the right policies to achieve needed environmental gains without sacrificing continued economic prosperity.
- * President Clinton’s top priority, since his first days in office, has been revitalizing the U.S. economy, creating jobs and investing in people and technology to enhance long-term growth. And we have made tremendous progress. The President is not going to jeopardize that progress. Any policy he ultimately endorses on climate change will be informed by his commitment to sustaining a healthy and robust economy.
- * We can do this smart or we can do it dumb. By using flexible, market-based policies, we can slow climate change without harming the American economy. 2,500 economists, including 8 Nobel laureates, have signed a statement supporting measures to reduce the threat of climate change.
- * The study released today fails to take into account certain measures that have the potential to significantly reduce the costs of emissions reductions, such as international emissions trading. For this reason, the results may be misleading.

AFL-CIO -- 1997 Pre-Convention Conferences

Friday, September 19

Workers Investing in America: A Conference for Union Pension Trustees

9:00 AM to Noon

Hilton Hotel

A national conference of union leaders who serve as pension fund trustees will discuss new pro-worker investment initiatives and strategies. The conference — conducted by the federation's Office of Investment — will focus on the AFL-CIO's Capital Stewardship Program. The Capital Stewardship program seeks to promote pension investment strategies that foster retirement security and long-term economic growth and development.

Building a Political Voice for American Workers: A Conference for Political Activists

1:00 PM to 5:00 PM

Doubletree Hotel

The AFL-CIO's Political Department presents a working session for leaders and executive staff from unions as well as community labor bodies. The conference will focus on labor's strategies for increasing workers' political voices and approaches in the fight for the right to organize.

Saturday, September 20

Building a Movement of American Workers: A National Conference on Organizing

1:00 PM to 5:00 PM

Doubletree Hotel

This conference will focus on the ways labor is successfully changing to organize. Unions and community labor bodies will share strategies for organizing as the cornerstone of labor's comeback effort. Participants will hear from leaders and strategists as well as important allies — including Vice President Al Gore.

Sunday, September 21

Building a Voice for Workers in Our Communities: A Conference for State and Local Central Bodies

10:00 AM to 4:00 PM

Hilton Hotel

Participants will discuss the growing partnership between international unions, state federations, central labor councils and local unions in community-based programs. The conference will focus on the role of the state and local labor communities in educating, motivating and mobilizing union members, defending the right of workers to join unions, organizing new members as well as creating a powerful political and legislative voice for labor. The conference will also focus on ways to leverage labor's influence with political and community allies to increase union membership.

AFL-CIO Convention Calendar (draft as of 8/1)

David L. Lawrence Convention Center / Pittsburgh, PA / September 1997

Wed	Thu	Fri	Sat	Sun
9/17	9/18	9/19	9/20	9/21
<i>FAST Board Mtg.</i>	8:00 A AFL-CIO Policy Resolutions Breakfast Meeting	8:00 A AFL-CIO Rules Committee Breakfast Meeting	8:30 A Registration Continues	8:30 A Registration Continues
<i>Maritime Trades Board Meeting</i>	Noon AFL-CIO Program Resolutions Full Committee Lunch Meeting	8:00 A AFL-CIO Credentials Committee Breakfast Meeting	9:00 A AFL-CIO Executive Council Meeting	9:00 A Service at St. Nicholas Croatian Church
	Noon AFL-CIO Constitution Committee Lunch Meeting	9:00 A AFL-CIO Program Resolutions Full Committee Meeting	1:00 P Building a Movement of American Workers: A National Conference on Organizing	10:00 A Building a Voice for Workers in our Communities: A Conference for State & Local Central Bodies
	1:00 P AFL-CIO Resolutions Subcommittees: Organizing Politics Global Economy Community	9:00 A Workers Investing In America: A Conference for Union Pension Trustees	<i>ILCA Convention</i>	1:30 P Pittsburgh Teach - In Sponsored by local labor community
	4:00 P AFL-CIO Policy Resolutions Meeting	11:00 A AFL-CIO Finance Committee Lunch Meeting		5:00 P Welcome to Steel Town Block Party
	<i>FAST Convention</i>	Noon Registration Opens		<i>ILCA Convention</i>
	<i>Maritime Trades Convention</i>	1:00 P Building a Political Voice for American Workers: A Conference for Political Activists		
		4:00 P AFL-CIO Constitution Committee Meeting		
		<i>Maritime Trades Convention</i>		
		<i>ILCA Exec. Council</i>		

Mon	Tue	Wed	Thu
9/22	9/23	9/24	9/25
<i>Day 1: Building a Movement of American Workers</i>	<i>Day 2: Building a Political Voice for Workers</i>	<i>Day 3: Providing a New Voice for Workers in a Changing Economy</i>	<i>Day 4: Creating a New Voice for Workers in our Communities</i>
Opening Ceremonies	Representative Dick Gephart	President Bill Clinton	Senator Ted Kennedy
Recognition of Union Organizing Victories	Report of Committee on Program Resolutions: Subcommittee on Political Action	Recognition of GE workers from around the globe	Kent Wong, APALA
Keynote Address: President Sweeney	Bob White, President, CLC*	Presentation of George Meany Human Rights Award to Muchtar Pakpahan	Salute to Union Cities
LUNCH RECESS	LUNCH RECESS	Report of the Committee on Program Resolutions: Subcommittee on Representing Workers in the Global Economy	Report of the Committee on Program Resolutions: Subcommittee on Workers in the Community
Senator Tom Daschle	Secretary of Labor Alexis Herman	Margaret Prosser, National Organizer, British Transport and General Workers' Union	Reverend Jesse Jackson
Report of the Committee on Program Resolutions: Subcommittee on Organizing	Report of Committee on Policy Resolutions	Report of Committee on the Constitution	Report of the Committee 2000
Presentation of the Murray-Green-Meany-Kirkland Community Services Award	Report of Committee on the Constitution	Report of Committee on the Constitution	Report of Committee on Policy Resolutions
Report of Committee on Policy Resolutions	Kweisi Mfume, President, NAACP*	Report of Committee on Policy Resolutions	Noon Adjournment
Report of Committee on the Constitution		LUNCH RECESS & lunch for international labor guests & council members	AFL-CIO Executive Council Meeting
<i>Evening:</i>		Report of Committee on Policy Resolutions	
Boat Ride Hosted by Steel Workers		Recognition of significant labor strikes	
		Nominations for Office	
		Evening: Labor Rock Concert	

*TIME TO BE CONFIRMED

ments in nuclear materials security, including several important sites with weapons-usable nuclear material, increased security for nuclear weapons in connection with their dismantlement, and construction of a safe and secure long-term storage facility for fissile material from dismantled weapons. The Presidents endorsed

speedy implementation of these plans and directed that they be expanded and accelerated to the greatest extent possible.

NOTE: An original was not available for verification of the content of this statement.

Remarks to the AFL-CIO Convention in New York City October 23, 1995

The President. Thank you very much for the wonderful welcome. Thank you, Tom, for the great introduction. I wish I'd been here to hear it. [Laughter] But I appreciate it.

You know, I've taken so many controversial positions in the last 3 years, I thought I'd come here and tell you what you ought to do in this election. [Laughter] You should elect—listen to this—you ought to elect an Irish-American from the Bronx who comes out of the Service Employees Union. [Laughter] I just want you to know that whatever you do, I intend to be there with you every step of the way. And I know how important this is. [Applause] Thank you.

Let me say before I get into my remarks, I have just come, as I think all of you know, from Hyde Park and a meeting with President Yeltsin of Russia. We made a lot of progress today in agreeing to work toward peace in Bosnia, something that concerns every citizen of the world whose conscience has been shocked by all the children and other innocent people who have been killed there.

We also agreed on working together, very importantly, to control the spread of nuclear materials, something that is a very serious problem in the aftermath of the cold war, to minimize the prospect that terrorists will ever be able to get small amounts of nuclear material and make bombs out of them.

And finally, President Yeltsin agreed with me that we should go for the strongest possible comprehensive nuclear test ban treaty next year. And that means we will probably get it, and the world will be much safer as a result of it.

I know that you have—all of you—and I came here more than anything else just to thank you, because I know that you have waged a strong

and passionate grassroots campaign for a year now to oppose the cuts in worker safety and job training, in education and health care, being considered in the Congress. The White House mailroom is jammed with postcards from union retirees. [Applause] Thank you. This may be the high-tech age, but you have got the Capitol Hill switchboards groaning with calls from your members. And I say, send more. And I know that those ads you're running have gotten some Members of Congress suffering with heartburn. And we just need to pour it on a little more. I thank you for that.

I come here today with a simple message: This is a very great country. You helped to make it that way. We're on the edge of a new century. We're living in a time of great change. No one can perceive clearly all the implications of that change.

We know that we've moved from an industrial age to an information and technology age, which, as all of you know in your own experience, even industry and agriculture is infused today with more technology. We know we have moved from the bipolar world of the cold war to a global village in which we have dreamed of new possibilities but also a lot of new vulnerabilities because of the changes that are going on.

And we know we've got to somehow harness this change to benefit ordinary people in our country and throughout the world. We have to do it consistent with the basic values that made America great and that make life worth living, values that your movement embodies: a commitment to opportunity for every American; to the dignity of work; to the commitment that the family should be strengthened and children should be nurtured and parents should be hon-

ored; a recognition that we have to go forward or backward together and therefore it is crazy for us to be divided by race, by region, by income, in any way that in any way saps our strength; and the determination to keep this country the strongest nation on Earth. Those are the things which have animated the labor movement in the later half of the 20th century. And those are the values that will take us into the 21st century.

Three years ago, you helped the American people to send me to Washington to uphold these values and to turn our economy around. I had a commitment to make the American dream real for all Americans in the 21st century and to make sure that our country would remain the strongest country in the world. I had a simple strategy to harness change to benefit all of us. I thought we needed to be faithful to the mainstream values I just mentioned. I thought we needed a middle class economic strategy to grow the middle class and shrink the under class. I thought we needed a modern Government that would be less bureaucratic, more entrepreneurial, but still strong enough to take care of the business that the people need done.

The lion's share of the credit belongs to you and the rest of the American people, but we're moving in the right direction. And I know that our policies had something to do with it. We've got 7½ million new jobs in this country, after the slowest job growth in the country since the Great Depression, in the 4 years before I took office. We've got 2½ million more homeowners, 2 million new small business people, the lowest combined rate of inflation and unemployment in 25 years. Our country is safer and stronger. For the first time since the dawn of the nuclear age, there's not a single solitary nuclear missile pointed at the people of the United States of America. And I'm proud of that. And by the grace of God, from Northern Ireland to Haiti to the Middle East, now to Bosnia, the United States is a strong partner in pushing for peace.

Maybe most important of all, this country seems to be slowly coming together around its values again. It's hard to turn a great country around, but when we get going in a certain direction, we can make a real difference. In almost every State, in this great city where you're meeting, the crime rate is down; the murder rate is down; the welfare rolls are down; the food stamp rolls are down. Believe it or not, the poverty rate is down, and the teen

pregnancy rate has dropped for 2 years in a row. America is coming back and moving together.

And we proved you could do it together. Instead of just condemning the Government the way my predecessors did, we made a partnership with the Federal employees, and in a balanced and fair and disciplined way, we tried to downsize the Government so that this big Government attack is a myth today. But we left our Government strong enough for the employees that are there to do their jobs. And we just didn't throw anybody on the street; we gave them good buyout provisions. We tried to protect their retirement. We treated them and their families with decency and the honor and the respect they were entitled to after the years they had served the United States of America. And that's the way this ought to be done everywhere.

Let me tell you what the Federal employees are doing, just a few things. I could talk all day about it. But Federal employees working in the Commerce Department, in the Export-Import Bank, in other areas, have helped to create good jobs, many of them union jobs, in America by increasing our exports 4 percent, 10 percent, and 16 percent this year, in the last 3 years. A lot of that was done because of aggressive actions by people who work for the United States Government.

The Federal Emergency Management Agency—we've had as many natural disasters to deal with in the last 3 years as any time I can remember. And it is probably the most popular arm of the Federal Government because the Federal employees have been there in a timely, aggressive, effective fashion when they were needed, whether it was for floods in the Middle West or fires and earthquakes in the West or anything else. And I am proud of that.

And let me tell you something I'm especially proud of. Business Week magazine, which is hardly an arm of the Federal Government or the Democratic Party, every year gives awards to businesses that perform at the highest level of efficiency in a number of categories. And one of their categories is for customer service over the telephone. So the businesses that compete, for example, are Southwest Airlines or L.L. Bean or, you know, anybody that you call on the telephone. You know who won this year? The Social Security Administration of the Federal Government won that award.

These Federal employees operate a Medicare program that has a 2 percent administrative cost, lower than any private insurance program in the United States of America, something you rarely hear about in the debate going on in Congress today. They have implemented a crime bill that's putting 100,000 police on the streets of America, and they're doing it on time and under budget. They have implemented the motor voter law, the family leave law, both those things that you helped to get.

They have been able to be much tougher in capturing large quantities of drugs before they come into this country. Without going into a bunch of immigrant bashing, they have been able to in a disciplined way strengthen our ability to reduce the problems of illegal immigration in the United States. And they have fought discrimination, something that was out of fashion for the Federal Government to do until this administration came in. And I thank them for it.

And guess what? We've been able to prove you can grow the economy and be decent to working people, something that the people who were there before and the people who are in the Congress today in dominant positions apparently don't believe. If you look at what's happened—and I'm sure Tom mentioned a lot of this—but when we repealed my predecessors' antiunion Executive orders that denied American workers their rights from private industry to public service, it didn't hurt the economy. The economy got better, not worse. When we said in no uncertain terms that you ought to have a fair, decent, effective NLRB, and we did our best to provide that, the economy got better, not worse. It didn't undermine the American economy.

When we refused to go along with repealing Davis-Bacon and the service contract law, the economy didn't collapse; it helped to create more high-wage jobs, not fewer. And when we began to crack down on sweatshops where unscrupulous employers make illegal immigrants work in prisonlike conditions, depriving them of the minimum wage, overtime pay, a safe workplace, and the right to organize, it will make us stronger, not weaker.

And when we have refused to go along with the attempts of some people to weaken our ability to provide a safe workplace, it has not weakened the economy; it has helped to make the American economy stronger. It is time we ac-

cepted a fundamental lesson: Treating working people in a decent, fair, humane, enlightened way gives you a stronger American economy, not a weaker one.

Audience members. Four more years! Four more years! Four more years!

The President. Thank you.

Now, we do have some real challenges before us. You and I know that this recovery's benefits have not been spread evenly to all Americans. We know that we've been in a time of increasing inequality. By the way, this is what usually happens when you move from one economic model to another. When we move from the agricultural age to the industrial age, the labor movement grew up because there were so many people who were being exploited, not benefiting from the benefits of the new industrial age. So whenever you change in a huge way the way people work and live and relate to each other and the rest of the world, some will be well-positioned and do well; others will not be.

That's why people need to come together, because you know in the end you cannot sustain progress unless everybody can benefit. That's one of the big reasons we had the Great Depression, because people did not understand that everybody had to have a stake in the future in order for free enterprise to flourish.

And so we have that happening today, where people who are well-positioned tend to do well; others work harder for less and become more insecure. There are some fundamental things we have to do about it. First and most elementally, it is high time we raise the minimum wage: It is wrong—[*applause*]. Thank you. If we do not do that, next year the minimum wage will reach a 40-year low in purchasing power. That is not my idea of the 21st century America I want our children and grandchildren to live in. I want us to go up together.

It also will be good business. People will have more money to consume, and people who are presently out of the work force will be attracted to get back into it. There is no evidence, no evidence, and I have read all the studies—at least I've read fair summaries of all the studies. I don't want to—[*laughter*—there is no evidence that the minimum wage, a modest increase in the minimum wage, will cause unemployment. There is every evidence that it will strengthen America and bring us together.

The second thing I think we need to do is to make some changes that recognize that there

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is a fundamental difference in the nature of unemployment today and unemployment 30 years ago. The unemployment compensation system, the whole setup was designed for people who were laid off when there was a slowdown and then picked right back up by their employers when the economy picked up again. It was designed to give people a way to just get by until they got called back.

As recently as 30 years ago, 80 percent—85 percent of the people who were laid off and collected unemployment were called back to the same job from which they were laid off. Today, over 80 percent of the people who are laid off are not called back to the same job from which they are laid off. All of you know that. Therefore, I have proposed having the Labor Department, working with the Education Department, create a GI bill for America's workers, which consolidates all of our training programs, puts more money into it, and gives every person who loses a job a right to get a voucher to take to the program that you want, whether it's a union apprenticeship program, a union training program, the local community college. Whatever is best needed for the people that are unemployed, they ought to have it. And I think we ought to do it immediately.

The second thing that we ought to do—if we're going to have a tax cut we ought to target it to working families and what they need the most, which is help raising their children, paying for their child care, and getting an education. So I think we ought to have a tax deduction for the cost of all education after high school. Now, that would help working people a lot. That would help.

The third thing I will say is—and I know we have sometimes disagreed on this—I believe that we win when we expand trade. So it's not enough to have more free trade, which I favor, we also have to have more fair trade. That's what the Japanese auto agreement was about. And thank you, Owen Bieber, for supporting us and for finally giving us a chance to crack some of those markets that have been denied American workers for too long. And we're going to keep doing things like that all the way down.

Against that background, this is how I think you ought to see this balanced budget fight. What has worked for us the last 2½ years? Mainstream values, work and family and responsibility and community and treating people with dignity, all people, without regard to their race

or their region or income; believing that you have to lift working people up if you want other people to do well. That has worked for us. What's worked for us? Middle class economics, help the small business people, help the entrepreneurs, also help to grow the middle class working people and shrink the under class. That's what works. That's what is at stake in this budget battle.

This is not—I want to say this, and I want you to go home and tell everybody you know this—this is not a battle about balancing the budget. That has nothing to do with what is going on in Washington today. I gave the Congress a balanced budget. You'd be better off if we could balance the budget. When we quadrupled the debt in 12 years before I showed up, what happened? We had to spend more and more money on interest on the debt. We had less and less money to invest in worker training, in new technology, and the kinds of things that will grow the economy, raise incomes, educate our children.

It would be a good thing to do. But we have to do that, like everything else, consistent with our values and our objectives. That is what is at stake. It is, what kind of America are we going to live in?

I've given the Congress a balanced budget. It cuts all kinds of spending. It eliminates hundreds of programs. But it increases our investment in education, in technology, in research. It protects instead of hurts the old, the poor, the disabled, the little children on Medicare and Medicaid. It supports investment in worker safety and in a clean environment and in the kinds of national treasures that we share together. That is the kind of balanced budget we need.

And that is what I want to talk to you about. I am not about to do something that I think will prevent us from doing what I ran for President to do: giving every American a shot at the American dream and making sure this is the strongest, finest country in the world in the 21st century. I am not going to do that. And you shouldn't put up with it. You shouldn't put up with it.

Now, here's what I mean. I'm going to give you the 10 greatest hits or so of this present budget. This is not the Letterman show, and so it won't all be funny. You may have to laugh a couple of times to keep from crying, but here's what this is really about. Here's what the real contract is.

We all say we believe in honoring our parents for what they have done for us. And Medicare is a way of honoring our parents. We have to slow the rate of growth of medical inflation. We have to secure the Medicare Trust Fund. I presented a budget which will do that.

We have to recognize that health care is changing. I have no problem with giving seniors the option to join managed care plans if they can get lower costs or better services. I think we should do that. I'm sympathetic with doctors and hospitals and their need to have some changes in the law so they can work together to compete with insurance companies to provide managed care. I'm not against that. But I'll tell you what I am against. I'm against this budget that was passed that, believe it or not, makes it easier to commit waste, fraud, and abuse. When the Federal Government says up to 10 percent of the money may be wasted, they passed a budget to make it easier to commit waste, fraud, and abuse but harder for the poorest, the oldest, and the sickest seniors to make sure their health care needs are met. That is wrong. I don't like it. I won't support it. And if it passes, I will veto it. It is wrong.

I want to talk to you about the Medicaid program. There's a lot of AFSCME workers here who work in health care institutions that depend upon Medicaid. New York City has a whole health care network that depends not just on Medicare but Medicaid. Most people think Medicaid is the welfare health program. Let me tell you—70 percent of the Medicaid money goes to the elderly and the disabled for nursing home care, for in-home care, for physician care. Thirty percent of the Medicaid money does go to poor people, not all of them on welfare, some of them even working for very poor wages. And most of that money goes to take care of the little children. Over one in five children in the United States of America is eligible for Medicaid help for health care. And all those kids, they may not be in your family, but they're your kids. And 20 years from now, they're either going to be in jail or in school or in the workplace. And they're going to be a big part of our future. And I don't know about you, but when I retire, I want them out there working, making lots of money, taking care of me. And I want to take care of their health right now.

So my idea of the 21st century is not a Medicaid program that takes away the money that helps the poorest seniors to pay their part of

the Medicare program. That's right; they get rid of it, \$10 billion. We help the poorest old folks pay their copays. We help them pay the fees they owe under Medicare because they don't have any money. There's a lot of old folks out there. There's folks still living on \$300 a month. This budget takes it all away. And there's been a study which estimates that it may take at least a million elderly people out of the Medicare program.

I was in Texas the other night at a fundraiser, and a doctor came up to me. A doctor came up to me, and he said, "You keep fighting on this." He said, "I've been a doctor a long time. I remember when I did not have any older patients, before Medicare, before Medicaid, when I had no older patients, because older people were too proud to come to the doctor if they couldn't pay their bills. So a lot of them just stayed home and got sick and died." It is wrong. I will not put up with it. It is not right. And you shouldn't put up with it either. It is not right. It is not right.

I want to tell you one more thing about this Medicaid plan. It says, "Oh, we're going to block-grant this to the States. We're going to get these terrible Federal rules and regulations out of the States' hair." I was a Governor for 12 years. I used to sing that song. *[Laughter]* I believe in that.

Our administration—don't you let anybody tell you this is about States' rights—our administration has given more waivers, more freedom to get out from under Federal rules to State governments to experiment with moving people from welfare to work or serving more people, getting health insurance to more people, than the last two administrations combined. More in 2½ years than they did in 12 years. This is not about giving the States flexibility.

But let me tell you the kind of things they want to let the States do and what they don't want to let the States do, and it will tell you what's really behind this. They've adopted their Medicaid programs. And among other things, they say that the State ought to get Medicaid block-granted and they ought to have the right to get rid of the so-called spousal impoverishment rule. That's Government language. You know what that means? That means if an elderly couple lived to be 78 years old and they've been married 50 years and they're living on their Social Security and one of them gets so sick that he or she needs to go in the nursing

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home, they want to give back to the State gov- ernments the right to tell the one that doesn't go to the nursing home, "You want your wife or your husband to get any help? You've got to sell your car, sell your house, clean out your bank account, give it to us, and then we'll give you a little help. We don't know how you're going to live." I don't like that. That is not my idea of the 21st century I want to live in.

But you know what? In the next breath, do you know what they did? They took away from the States—they say, "We're going to give you lots of flexibility and a little less money. And we want you to run it however you want to, but, oh, oh, there's one thing you've been doing we're not going to let you do anymore. Right now you can bargain with the drug companies to get the lowest possible price for drugs for elderly people and little kids. And we're not going to let you do that anymore, because the drug companies don't want us to. So I'm sorry, you will have to do more with less money, but here's something you can't do." I don't know about you, but I don't get driving up the price of drugs and driving old folks into the poor-house. I don't think that's right. That's not the America I want to live in. And I'm going to do everything I can to stop it. And I want you to help me.

Now, I want to talk to you about education. Everybody's for education. You ask anybody in the Congress, are you for education? They say, absolutely. But you've always got to ask the next question; the first question is never enough. I'll tell you—you know, the best story I know about that—you know, there's a—this minister was sort of a—not a very effective minister, and people would go to sleep in his sermons. And he was overcome, and he prayed day-in and day-out for inspiration so he could finally give a barn-burning sermon and everybody would stand up. And their hearts would be purified, and their spiritual zeal would be great.

So he worked so hard on this. And he showed up, and he gave the sermon of his life. And people were stomping and clapping and even in this staid church were shouting amen. And he got to the final line of his sermon; he said, "I want everybody that wants to go to heaven to stand up." And the whole congregation stood up, except one woman that hadn't missed church in 45 years. And he was crestfallen. He said, "Sister Jones, don't you want to go to heaven when you die?" And she leapt up, she said,

"I'm sorry, I thought you were trying to get up a load to go right now." [Laughter]

So you always got to ask the next question. Everybody's for education. Our budget balances the budget and increases our investment in education by \$40 billion—by \$40 billion over 7 years—by making choices and setting priorities. Why? Because if 22 percent of the kids in this country are poor enough to be on Medicaid, they need a little extra help through Head Start to get off to a good start in school, because a lot of schools are too poor to have the class sizes they need or the computers we want them to have; because a lot of kids are in danger going to and from school, and we need to give schools more help to remain safe and drug-free; because we want to make it possible for everybody to go to college.

When I ran for President, I came here and I made a specific commitment. I said if you will vote for me and get me elected, I'll do everything I can to cut the cost of college loans, to improve the repayment on college loans, and then to be tougher on people who default. We cut the default rate in half, but we also cut the cost of college loans. We made repayment easier. And to boot, we added more scholarships.

And enrollment is going up, but nowhere near what we need. I want every middle class family in this country and every poor family in this country to be able to send their kids to college. And I don't want anybody ever from now on to have to walk away from a college education because of the cost. That's my idea of the 21st century.

So when the Congress presents a budget that says, "No, it's all right if several thousand more kids—20, 30, whatever it is—more kids don't get to go to Head Start and we have to remove them; it's all right if we don't help as many schools with safe and drug-free programs as we were; it's all right if a whole lot of schools now can't use that money for their poor kids for the smaller classes and the computers; it's okay if because the people that lost money on the direct loan program, the special interests, want their money back, so we're just going to kill this program that the Government's running that's got lower cost college loans and better repayment terms. We're going to get rid of that, and to boot, we'll get rid of somewhere between 150,000 and 380,000 scholarships." I don't know about you folks, that is not the kind of America

I want for the 21st century. And I'm going to do everything I can to stop it. It is wrong. And it's bad for our economy. It doesn't make sense.

And we're getting a little closer to home now. You say to people, are you for family values? Why, of course we are. Who could be against it? Most of those who were there last time—they're in the majority now—when we asked them to stand up for family values by adopting the family and medical leave law, they said no. And we said yes. And there are families that are stronger today because of the family and medical leave law because they don't lose their jobs when there's a kid sick or a parent dying or one of them gets sick. It's a better country. It's a stronger country. And it's a stronger economy because of that.

So what do we mean? Well, family values to me means safe streets, a clean environment, economic opportunity, fair taxes, secure pensions; let's just start there. Well, at least one House of Congress wants to eliminate our program to put 100,000 police on the street and to give communities—the only block grant they don't like is the one we passed to give communities the power to do what they can to prevent crime, to give our children something to say yes to instead of something to say no to, the one all the mayors love, all the Governors love, everybody thinks is great—they don't like that. Well, making us less safe is not my idea of family values.

Then they want to put 315 of our national parks and other national facilities up for sale, including Franklin Roosevelt's home where I was today. I know you find some of this unbelievable, but it's true. That's on the list. They have proposed to do all kinds of things to make it harder to preserve clean air, clean water, safe food. That's not my idea of family values. In economic opportunity, there's not a company in America that if they could avoid it in 1995 would cut research, technology, or training. But this budget cuts research, technology, and training. That's not my idea of how to build strong families. And worst of all, there's \$148 billion of hidden taxes and fees on working families while they propose to give people in my income group a tax cut. And that's not my idea of the kind of 21st century I want to live in.

Now, I want you to listen to this. The Wall Street Journal—hardly an arm of the Democratic Party—[laughter]—reported the other day that if this budget passes with all of the taxes

in it and all the tax cuts in it, with all the tax cuts in it the group of Americans as a group who make less than \$30,000 a year, which is 51 percent of the American people, will have greater tax hikes than tax cuts. I get a tax cut, and we're going to soak people like that?

You know, in 1993, one of the best things about our economic program was that we doubled the family tax credit, the earned-income tax credit, which had bipartisan support, signed into law by Gerald Ford, supported by Ronald Reagan, increased by George Bush, and we doubled it. Why? Because I wanted to be able to say to the American people, "Look, you've got to choose work and family over welfare and dependence. And anybody who'll work 40 hours a week with children in the house—I don't care how low their pay is—we will not tax them into poverty. We will use the tax system to lift them out of poverty." That is the principle. That is the principle. And it's the right thing to do.

I mean, I thought the game plan was we were supposed to be growing the middle class and shrinking the under class. They want to cut this by more than I increased it. They want to kick people out of the middle class and then pull the ladder up so poor people can't work their way into it. You want to get more people on welfare? Raise taxes on people with two kids making \$11,000, \$12,000 a year, and they will say, no thank you. This does not make sense. It violates our values. It violates our interest. It is bad for the economy. It is wrong for America. And if I can stop it with a veto pen or with my voice or whatever it takes, I am going to do everything I can to stop it. And I want you to help me, too.

Audience members. Veto! Veto! Veto!

The President. This is the last issue I want you to focus on. These are great hits. I want you to remember this. I want you to go home, I want you to talk to friends in the workplace, and I want you to talk to friends who aren't in your union. I want you to talk to people at church, at the bowling alley, at the ball park, wherever two or more are gathered. I want you to talk to people. I want people to know about this. This is their country, just like it's your country. This is not about me or the Republicans in Congress. It's about the future of the American family, the future of the American workplace, the future of the United States. And so I want you to listen to this. This is the greatest last hit.

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During the 1980's, when—you know, that "ev-
erything goes" decade where everything was
going to trickle down to ordinary people—thou-
sands and thousands of corporations transferred
some \$20 billion out of their employees' pension
funds for buyouts and other purposes. An awful
lot of workers lost their life savings. Last De-
cember, one of the proudest things I was able
to do in the last Congress, even after the No-
vember election, the Congress passed a bill that
saved 8½ million American pensions and sta-
bilized 40 million others that were in danger
of being in trouble. I don't know what the re-
tirement income of 48½ million Americans is
worth to the strength, the stability of America;
to our pro-family, pro-work values; to our eco-
nomic future, but I think it's worth an awful
lot.

Now, as if we haven't learned anything from
the eighties and didn't have to do that, this
Republican budget would allow companies to
withdraw money from their workers' pension
funds to use it for whatever reason they want.

Audience members. No-o-o!

The President. For whatever reason they want,
corporate buyouts, bonuses, any reason.

Now, folks, we just had to fix this last year.
You know, I don't remember as well as I used
to; my circuits are kind of jammed. But I can
at least remember what I did last year. [*Laugh-*
ter] That is not my idea of what I want America
to look like in the 21st century, taking good
middle class people that worked hard all their
lives, paid into their pension, showed up at
work, did everything they were supposed to,
and, "Oh, I'm sorry, your pension is gone." One
of two things is going to happen. Either the
Government will have to bail it out again, in
which case the deficit reduction won't take
place. Or we'll throw them into the street, and
we'll one more time shrink the middle class
and grow the under class. Say no to that. Say
no to looting the pension funds. Say no. It's
wrong. It's wrong.

And look, the thing that bothers me about
this is that this budget would snatch defeat from

the jaws of victory. This country is in better
shape than it was 2½ years ago. We're moving
in the right direction. What we need to do is
build on what we've done, not tear it down.
We need to build on middle class economics.
We need to build on an economy that has the
largest number of new small businesses in his-
tory. We need to build on the best time for
education in the last 30 years, in the last Con-
gress. We need to build on medical reforms
that are slowing the rate of medical inflation
without stripping elderly people of the security
and dignity of knowing that their health care
is there. We do not need to tear it down. We
need to prove we can make the environment
and the economy go together, not walk away
from our common responsibilities.

Folks, this is about more, even more, than
all the things that we are concerned about that
directly affect any of us individually. This is
about what kind of country we're going to be.
This is about what kind of people we're going
to be. It's about whether we're going to live
by the values we all say we believe in. It's about
whether the American dream is going to be
alive in the 21st century. And what we really
have to do is to do what that sign says. If we'll
just stand up for America's working families,
if we'll just do what we know is right, if we'll
use every tool at our command—I will use the
tools at my command, but I want you to go
home, and I want you to talk to people in the
streets and say we're moving this country. This
country is going into the 21st century. Don't
let these people take us back. If it takes a veto,
you'll have it. But I need you in the streets
standing up for America's future.

God bless you, and thank you.

NOTE: The President spoke at 5:35 p.m. in the
Imperial Ballroom at the Sheraton New York
Hotel and Towers. In his remarks, he referred
to Tom Donahue, president, AFL-CIO, and
Owen Bieber, former president, United Auto
Workers.

work themselves. As the National Performance Review noted, we had good people trapped in bad systems. I promised to cut the work force, and that's what I'm doing. Through our efforts, we have already cut the work force by 102,000 positions and we are on track to cut it by a total of 272,900 positions, bringing it to its smallest size since John Kennedy was President.

While committed to cutting the work force, we want to do it in a humane way. We faced the same dilemma that confronted many private companies; they needed to downsize but wanted to avoid firing large numbers of loyal employees. Many of them have given people an incentive to leave by offering "buyouts." We wanted to do the same.

Early last year, Congress approved my request to allow non-Defense agencies to offer buyouts of up to \$25,000 a person. The Defense Department and a few other agencies already could offer buyouts under existing law. Because normal attrition will help us downsize in the future, we offered buyouts only until March 31, 1995, which was last Friday.

Looking back, I can safely say that our buyout program has been a huge success. It achieved

what we had hoped: to help us cut the work force in a fiscally responsible and humane way.

To reduce the work force by 102,000 positions by the end of fiscal 1994, we offered about 70,000 buyouts. Several non-DOD agencies have offered deferred buyouts that will take place between now and March 1997. Defense will be using buyouts as it continues to downsize through 1999. Counting those, we expect to buy out another 84,000 workers through 1997 as we reduce the work force by a total of 272,900 positions.

The buyouts were not offered in a random fashion, however. We targeted them to reduce the layers of bureaucracy and micro-management that were tying Government in knots. We made sure that departments and agencies tied their buyout strategies to their overall plans to streamline their bureaucracies. As a result, almost 70 percent of our buyouts in the non-Defense agencies have gone to people at higher grade levels, such as managers.

I'm proud that our buyout program was so successful. It shows that we can, in fact, create a Government that works better and costs less.

Remarks to the National Conference of the Building and Construction Trades Department of the AFL-CIO April 5, 1995

Thank you very much. Ladies and gentlemen, thank you for that wonderful welcome. Thank you, Bob Georgine, for that fine introduction, all the distinguished affiliated presidents up here on the platform, and all of you out there in the audience. And I thank those of you who brought your children. Since most of what we're doing and a lot of what I have to say is about them, I'm glad to see them here.

I forgive the person in the back who shouted, "UCLA." I told the Gridiron Dinner the other night at the Press Club—I said my worst nightmare was a final with Arkansas and UCLA, my worst nightmare, the team I love against a team with 54 electoral votes. [Laughter] It was a great tournament, a great game. They won it fair and square, and I congratulate them.

You know, a lot of us here have a lot in common. Bob and I have something in common.

We were both raised by strong mothers who believed in hard work and optimism and practiced what they preached and made sure that we practiced what they preached. It was our first lesson in organized labor. [Laughter]

I'm deeply honored to be here with you today. I want to thank you for the support that you have given to our programs to train America's workers for the future. I believe that good, strong unions and collective bargaining can help us to meet the challenges that are just ahead if all of us are willing to embrace those challenges and to do what has to be done to make sure that we compete and win in the global economy.

That's why one of the very first things I did as President was to rescind the anti-union Executive orders of the last 12 years and why last month I also signed an Executive order which

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bars Federal agencies from doing business with companies that hire permanent replacement workers.

I have been saying as I'm going around the country that we know what works in our own lives. What works in our own lives is when we are well-educated, well-trained, we work hard, and we work together. There is no future in this country in pitting management against labor. All of us are caught up now in a common destiny in the global economy. All of us will have more job security or more job insecurity, as the case may be, depending on how well we adapt to the challenges of today and tomorrow.

That is the way we have to look at this. We are going up or down together. And it is time we stop looking for ways to be divided, one from another, and start at looking harder for how we can resolve these divisions in an open and honest way so we can get about the business of building our future. That's what we ought to be doing in this country, and that's what I'm trying to do for you every day at the White House.

I look at the unions represented here, the carpenters, the painters, the bricklayers, the electricians, the others; you built our homes, our cities, our factories, the biggest industrial system in the world. You have built our country. And then you have had to rebuild our country. One of the greatest wonders I have seen since I have been President is the swift handiwork of your members who rushed in after the natural disasters, from Florida to the Midwest to California. You did a very good job. And we now are doing a better job with our Emergency Management Agency to try to make sure we do our part and the money gets out there to rebuild places who are torn down through no fault of their own.

Many of you have become heroes to folks whose lives were devastated in those disasters, who wouldn't have a bridge to cross a river or roads to get them to work or offices to work in, or roofs over their head if you hadn't worked hard to make sure that the American dream could be restored.

All through 1992 when I was out running for President, I met a lot of people who wondered about the state of the American dream, including construction workers, farmers, office workers, mothers and fathers. I talked with them and listened to them; I worked with them. I walked a picket line with them, with the Cat-

erpillar workers in Illinois. What I found was that most people felt that they were out there on their own, struggling against forces that were bigger than they were without anybody very much concerned about what was going to happen to them.

I ran for President because I felt strongly that the end of the cold war and the dawn of the information age gave us opportunities for peace and prosperity, gave our children opportunities to live out their dreams never before known in human history, but that we also had some very, very profound challenges that unless they were faced, the American dream for all of our people would be at risk.

I wanted to make sure that middle class Americans and their children were not forgotten. I wanted to make sure that poor people would have a chance to work their way into the middle class. I wanted to make sure that we could keep alive opportunities for entrepreneurs to become wildly successful without forgetting that this country was built and this country will endure by the broad middle class and by the fact that they work hard, play by the rules, raise their children, and deserve to be rewarded for it, and must be rewarded for it if we're going to keep the American dream alive. That is why I ran for this job.

I also, very frankly, ran to challenge middle class America, because there are many things that Government cannot and should not do. The most important things in the world to us, our commitments, our values, our work, our family, our communities, by and large operate independent of the Government.

Today we're having a great debate here in Washington about what role our National Government should play and how far we can go in working together and moving together. Really, the debate has been going on for at least 15 years now, a debate that, frankly, I'm getting kind of tired of: an old debate that defends Government at every turn, a new debate that attacks Government at every turn; an old view that says we should spend more on everything, a new view that says we should spend less on everything; an old view that said we should do more of everything, a new view that says we should do less of everything. Both views defy our common experience, our common sense, and what we see about what's working, not only here in the United States but around the world.

What works is when the Government, in my judgment, focuses on four things. First of all, creating economic opportunity, jobs, working for better jobs and higher incomes, and demanding responsible behavior from citizens in return. I had an economic meeting in Atlanta last week, and Hugh McColl, from North Carolina, the chairman of NationsBank, pointed out that about that time, he said, "Tonight your basketball team and mine are going to have a basketball game. And the referee is going to throw the ball up, make sure the playing field is level, enforce the rules, and otherwise get out of the way. And that's about what the Government ought to do." But we have to make sure the playing field is level, that there are rules that are enforced, and we get out of the way.

The second thing that we have to pay attention to is the security of our people, our security from attack from abroad and our security from within. I'm proud of the fact that since I have been President, for the first time since the dawn of the nuclear age there are no Russian missiles pointed at the children of the United States of America. I am proud of that. But I know and you know that our security is also threatened by crime and violence and drugs on our streets. And our security is also threatened by the things which are breaking our families apart and punishing people who are doing their best to do the right things.

That's why we worked so hard to pass that crime bill with 100,000 police on the streets and with prevention programs to give our kids something to say yes to and why we should not walk away from our commitment to putting 100,000 police on the street. Violent crime has tripled in the United States in the last 30 years; the police forces have expanded by 10 percent. You don't have to be a rocket scientist to know that we could lower the crime rate if we did what city after city after city is doing now and put more police on the block, working with kids, trying to prevent crime and catch criminals quicker. And we must not back away from that commitment to our security.

And there is another element to our security, too. It's what happens to families. Are we really going to reward work? Are we going to permit people to be successful workers and successful parents? Most places today, whether they're single-parent or two-parent households, all the parents are working. That's why I fought so hard for the Family and Medical Leave Act—I saw

that as a question of family security; why I want to see all the children in this country immunized; why in the economic plan last year we insisted that we give tax breaks for families with incomes just above the poverty line so we would not encourage anybody to slip back into welfare, and because nobody who works full-time and has children in the home should live in poverty in this country. If you work hard, you ought to be able to have a decent life.

The third thing we have to do is to reform the Government. We do have to change it. It ought to be smaller. It ought to be less bureaucratic. We ought to give more decisions back to the State and local government. We ought to give more decisions back to private citizens in their own lives. We ought to have Government that meets tomorrow's problems, not yesterday's.

That's why we've worked hard at deregulation and why we have given more responsibility to States in the area of welfare and health care reform than—in 2 years—than the last two administrations combined did in 12 years. We have been the administration that has pushed the decentralization of authority for solving a lot of our problems. And we've reduced the size of Government. There are over 100,000 fewer people working for the Federal Government today than there were on the day I became President.

And we have also decided that we have to solve some problems too long ignored. In a little-known action at the end of the last Congress, there was a reform in the United States pension systems which saved the pensions of 8½ million working Americans who were in danger of losing their pensions and protected the pensions of over 30 million more. We still have work to do, and when we have to do it, we should do it well.

The fourth thing we have to do, and maybe the most important of all, is to help our people make the most of their own lives by making sure that everywhere—everywhere—we have a system of lifetime education and training that will permit people always to find work and always to compete and win in the global economy. That is what I think the job of Government is: create jobs, get better paying jobs, increase the security of the American people, make the Government smaller and less bureaucratic, but do the job that has to be done, and give people the skills they need to make the most of their own lives. That should be our road map.

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If we could create opportunity and we can insist on more responsibility from the American people—and I believe that strongly. That's what welfare reform is all about. We'll help you if you're in trouble but not for a lifetime; you've got to go to work sometime. I think that's what child support enforcement is all about. If you've got the money, you ought to be taking care of your kid, not asking the taxpayers to do it. That's what enforcing the student loan program is all about. I increased the availability of student loans, but when I became President, it was costing you \$2.8 billion a year because people weren't paying the loans back. We've cut that down to a billion dollars a year. If people borrowed money from the Government to go to college, they ought to pay it back when they get a job so other kids can borrow the money when they come along.

I have called this new arrangement the New Covenant. What it means to me is simple: The Government should try to create more opportunity, but the citizens of this country are going to have to behave more responsibly in seizing it. And if you put the two together, there will be no stopping the United States.

Now, if you look at what's been accomplished in the last couple of years, I think the most important thing is that we have changed the direction of economic policy in this country. We went beyond the old debate. There's no more tax and spend, but there's not more trickle-down, either. This is invest and grow economics. And look at the results.

Two years ago when we were fighting for the economic plan, the people who were against it said the sky would fall: "If the President's plan passes, the economy will be wrecked. Everything will be terrible." Some said I was cutting too much. Some said it was an error to raise taxes on the wealthiest Americans to put against the deficit because that would hurt the economy. Well, 2 years later, we have over 6 million new jobs and the lowest combined rates of unemployment and inflation in 25 years.

In reducing the deficit by \$600 billion, we took \$10,000 in debt off the future of every family in the United States. In cutting taxes for 15 million working families, this year, on average, families with two kids with an income of \$25,000 a year or less will pay about \$1,000 less in taxes than they would have if that economic plan hadn't passed. We made it possible for our country to say, "If you work 40 hours

a week and you have a child in your home, you will not be in poverty." That is important, folks. If you want people to get off welfare, we have to reward work. And it's also why, by the way, we ought to raise the minimum wage, because people can't live on it.

And we didn't just spend more money on everything. We cut 300 programs, and the new budget I proposed cuts or consolidates 400 more.

We've also done what we could to help those of you in labor who have been taking responsibility all along. Last year, the AFL-CIO listed all the bills supported by organized labor that I signed into law. As of last fall, there were 32 of them—motor voter, family and medical leave, the assault weapons ban, to name just a few—laws that increased our security as workers, parents, and citizens.

But you know, in spite of all this, there's still a lot more to do. I have people all the time come up to me in kind of bewilderment and say, "Well, things are going well in my business. Things are going well for our country. This country is in better shape than it was 2 years ago. Why are people still so negative about the future of the country?" When you ask people what about the direction of the country, they say they are worried. I was interviewed by a magazine the other day saying their annual readers poll said that people understood that things were getting better, but they were more worried about their personal security than ever before. Why is that?

Well, there's a reason for that. The global economy has imposed new challenges and new burdens on our country and every wealthy country in the world and runs the risk in our country of literally splitting apart the American idea. Let me explain what I mean by that.

From the time I was born at the end of World War II until the year I was elected Governor of my State for the first time, 1978, the American people moved forward in absolute lock-step. That is, if you break the economy into people who are in the lowest 20 percent and the second and so forth on to the top 20 percent, all of them had about the same increase in their incomes. Incomes roughly doubled in America from 1950 to 1978 evenly across the board, except the poorest 20 percent had an increase of 140 percent. So we were all going forward, and we were actually coming together.

Since 1978, that's all changed. Wages have been stagnant and not kept up with inflation on average for hourly wage earners. And in the last 15 years, half of the American people are now living for the same or lower earnings that they were making 15 years ago when you adjust for inflation. Why? Because of the way the technology revolution and the global economy, where management and money and technology can fly across national borders, have divided opportunity, so that people with high levels of skill in growth industries tend to do well, and people with lower skill levels tend to get hurt. And then, if our Government walks away from its obligations to invest in our future, even more people get hurt.

The other thing that's happened is because the economy is changing so fast, even a lot of people that are doing well today think they're waiting for the other shoe to drop. So many big companies getting smaller all the time—you ought to read my mail about it, people my age, even young people I grew up with—not so young anymore—writing me, saying, "You know, I've worked for this company for 25 years. I've got to send my kids to college. We're doing great now, but what happens if they lay me off?"

So there is this uncertainty in our country today, even though we are clearly in better shape than we were 2 years ago. We've turned away from the false choice between tax and spend and trickle-down economics. We're moving in the right direction. The question is, how can we get everybody involved in the American dream? How can we reward everyone's work? How can we make people more secure in living with all these changes that are rifling through the world? That is the burden that I carry to the office every day, because I know—I know that if everybody in this country had a chance to live their lives the way most of you have lived your lives and raised your kids, this country would be fine, and our future would be unlimited.

The key to the 21st century, more than anything else, is clearly education for young people, lifetime job training for adults. It is clear that if we can raise the skill levels of our people, constantly and permanently, and continue to change the job mix so that we're always getting America's share of those high-wage jobs, we can keep the American dream alive, and we can stop the middle class from splitting apart, so

that everybody can grow and prosper. That is our great challenge, and that is the one we must not walk away from.

You have been working on this for years. You've had opportunities to train a new generation of builders. I want to especially commend the outreach programs that you've had with the Housing and Urban Development Department, reaching deep into our cities, taking thousands of young people from housing projects, teaching them the skills, and clearing away the obstacles to job opportunities. You have done some things that the Government could not do. And I thank you for that. I know that Bob really cares a lot about this outreach program because he spent his own early years in housing projects in Chicago. This is the kind of partnership we need more of.

For Government's part, we have to do more, as well. In 1994, the educational experts said that the United States Congress, in passing our education program, did more for education than had been done in Washington in 30 years. We expanded Head Start. We established the Goals 2000 program, which writes the national education goals into law but gives our local schools more flexibility in how they spend Federal money to achieve excellence. We dramatically increased the number of programs around our country for apprenticeships from young people leaving high school who aren't going on to college. And we expanded the availability of college loans to the middle class, at lower cost and better repayment terms.

And of course, our national service program, AmeriCorps, is now bigger than the Peace Corps ever was. And there are 20,000 young people all across America working in community service projects, doing things that need to be done and earning funds to go on to college.

Those are the kinds of things we must do more of. Those are the kinds of things that are important. That's why I said a moment ago that if we work on education and we work on incomes, the rest of this will pretty much take care of itself, I think. That's why I hope the Congress this year will not only raise the minimum wage, but with all this tax cut talk, we can't afford a lot of these tax cuts. We've got too big a deficit. But we ought to give the middle class a break. And the most important thing we could do is give people a tax deduction for any costs they or their children have for

and prosper. That is that is the one we

ng on this for years. to train a new genera- to especially commend at you've had with the elopment Department, ities, taking thousands using projects, teaching ing away the obstacles have done some things ld not do. And I thank at Bob really cares a program because he rs in housing projects kind of partnership we

we have to do more, ucational experts said ongress, in passing our ore for education than ngton in 30 years. We established the Goals tes the national edu- gives our local schools they spend Federal nce. We dramatically programs around our s from young people aren't going on to col- e availability of college s, at lower cost and

ional service program, than the Peace Corps 20,000 young people in community service need to be done and college.

f things we must do kinds of things that I said a moment ago tion and we work on will pretty much take hat's why I hope the t only raise the mini- this tax cut talk, we e tax cuts. We've got e ought to give the d the most important eople a tax deduction eir children have for

any education after high school, because that will raise incomes over the long run.

Let me just ask you one other thing I want you to think about. There are a lot of exciting things going on in this town these days. And as I said, we are debating the role of Government, but there must be a distinction made. If you don't believe in tax-and-spend economics and you don't believe in trickle-down economics and you do believe in invest-and-grow economics and you've seen how it is working the last 2 years, then you also have to reject this debate that we should spend more money on everything or we should spend less money on everything.

We have to make judgments up here based on what is important. Therefore, I would say, let's cut more spending. I have cut and cut and cut, and I want to cut some more. We've got to get this budget deficit down further. We can bring this budget into balance, and we can do it in a fair way. But we have to make judgments. We should not be cutting Head Start. We should not be cutting aid to the public schools. We shouldn't be cutting the apprenticeship programs. And we certainly shouldn't be limiting the availability of college loans to the middle class. We shouldn't be adding to the cost of college education for working families. These are proposals that I think are wrong. We shouldn't be eliminating national service. And we certainly shouldn't be doing all these things either to pay for a tax cut for the wealthiest Americans or because we refuse to find other things to cut. That is wrong. Let's make decisions, and let's do it right, and let's stick up for education and training.

And you have issues in this Congress—Bob referred to one of them, the Davis-Bacon law. We need to make this economy more competitive. But we need more high wages. We don't need a low-wage strategy; we need a high-wage strategy for the future. We need a high-wage strategy. Like every other law, it shouldn't be abused. We should not pretend it's something it's not. But it is a decent thing to say that the Government should stand on the side of good wages and the real wages in the community that are good and fair.

I've made appointments, like Bill Gould to the National Labor Relations Board and Fred Feinstein to be the General Counsel, who now have given you a board that believes in the process of collective bargaining and one that believes we can be fair to workers. These are

the kinds of things that we ought to do if you believe our future is in working together.

I'm not for repealing Davis-Bacon. I also believe that we should not walk away from our commitment to safety in the American workplace. In 1993 there were more than half a million construction injuries and over 900 fatalities. We can reform OSHA in ways that you feel better about it and employers feel better about it, where it works better and makes more sense and helps you get more jobs and gain more income and helps them make bigger profits. But we cannot walk away from the fundamental fact that before we were committed to worker safety, a lot more people died in the workplace, a lot more people were permanently maimed in the workplace, a lot of more people were hurt in the workplace. There is a right way and a wrong way to reduce the burden of Government.

I could just—let me mention one other thing that affects some of your industries. I believe with all my heart if we hadn't passed the environmental protection legislation in the 1970's, the air would not be as clean, the water would not be as pure as it is today, and the legacy we're going to pass along to our children would not be as good. I believe that. I also believe, like any Government bureaucracy, there are things about the EPA that ought to be changed. So we're going to more market-based incentives to give companies incentives to clean up the environment. And Carol Browner, our Administrator, is reducing by 25 percent the paperwork burden of the EPA. It will free up 20 million man-hours of work next year. That's a lot of time in a lot of industries that all of you work in.

We're trying to give small businesses a break. We're saying to small businesses—I was at a union print shop in Virginia a couple of weeks ago to announce this—if you worry about whether you've got an EPA violation and you're afraid to call because you're afraid they'll fine you, now we're going to set up a compliance center, and if you call there and ask, if you ask, you can't be fined for 6 months. And you're going to be given a chance to clean up the problems.

I think we can change the way Government regulation works to make it less nutty. But let's not forget that we have a common public interest in a safe workplace. We have a common public interest in a clean environment. And we

have a common public interest in having a high-wage, high-growth partnership economy, not a low-wage, stagnant, divided economy.

So I say to you, engage the Members of Congress; tell them you welcome the debate about the role of Government. But Government has certain responsibilities: first of all, to change and get rid of the past stuff that doesn't work; to create more opportunity; to provide more security; to insist on more responsibility, but to give people the education and training and skills they need to make it in the 21st century.

I'm telling you that if we take advantage of this time, if we keep the economic strategy that we have adopted—that I hammered through the Congress by the narrowest of margins, with all the doubters saying, "Well, we had to either have tax and spend or trickle-down," and I knew this was the right thing to do—if we will stay

with this economic strategy and then aggressively go after strategies to raise wages, raise incomes, educate and train people, and if we don't throw out the baby with the bath water, this country is going to do just fine.

I am looking for a future for America like the ones most of us who are my age in this audience used to take for granted. And we can give it to our kids, but only if we are tough enough and wise enough and compassionate enough to do what we know in our heart is right. You help, we'll do it.

Thank you, and God bless you.

NOTE: The President spoke at 10:20 a.m. in the Grand Ballroom at the Washington Hilton Hotel. In his remarks, he referred to Bob Georgine, president, Building and Construction Trades Department of the AFL-CIO.

Exchange With Reporters Prior to Discussions With President Hosni Mubarak of Egypt

April 5, 1995

President Clinton. Good morning, everybody. Good afternoon.

Q. Good morning. What's on the agenda today?

President Clinton. A lot of things. But we're going to have a press briefing afterwards, so you'll get to ask all the questions.

Q. That's what you said yesterday, Mr. President. [Laughter]

President Clinton. And we did it, didn't we?

Nuclear Non-Proliferation Treaty

Q. President Mubarak, will you support the extension of the Non-Proliferation Treaty?

President Mubarak. We were one of the founders who participated in the drafting of the NPT since 1968. So we support the NPT 100 percent. We have no problem with the United States, anyway, concerning the NPT.

Q. Do you have a problem with Israel?

President Mubarak. No, we would like to find a solution so as to keep our area free of all mass destructive weapons. That's all.

Q. It sounds like you're going to sign.

President Mubarak. I'm not going to tell you now anything.

Q. Was President Clinton persuasive?

President Clinton. We just met 2 seconds ago. We're going to have a press briefing soon.

Q. Thank you.

[At this point, one group of reporters left the room, and another group entered.]

President Clinton. Good afternoon.

Egypt-U.S. Relations

Q. How would you describe the Egyptian-American relations?

President Clinton. I think it's very good. I've enjoyed working with President Mubarak, and I'm looking forward to this discussion. And of course, afterward, we'll have an opportunity to take your questions.

Q. President Clinton, will you ask Israel to fulfill its obligation and to deploy its forces from the West Bank and Gaza?

President Clinton. I'll answer the questions in the press briefing after I visit with President Mubarak.

Statement on the AFL-CIO Election October 25, 1995

There were plenty of winners in today's AFL-CIO election. The working men and women of the labor movement benefit the most. If every American got to choose in every election between candidates such as these, this country would be a better place.

I offer my hearty congratulations to John Sweeney, who has led one of the most progressive, growing, and innovative unions in America. He has been a force for inclusion and activism and has already left a deep and positive imprint on the labor movement.

The outgoing president, Tom Donahue, has been a source of strength and leadership in the labor movement for decades. Working men and women are fortunate for his many years of service, his integrity, and his dedication.

The theme of AFL-CIO convention was "Stand Up for America's Working Families." My administration stands with John and the other newly elected officers as we work together in the months and years ahead on issues important to America's working families.

Remarks at a United Jewish Appeal Reception October 25, 1995

Thank you very much, Stan Chesley. Thank you for your friendship and for your leadership. Mr. Secretary, thank you for what you have done, along with Dennis Ross and so many others here to hasten the day of peace in the Middle East. Senator Lautenberg, distinguished foreign guests, my fellow Americans, and most of all, to Prime Minister and Mrs. Rabin and all the friends who are here from Israel, we're delighted to have you back.

It is a great honor for me to receive this award, an honor amplified by its association with the United Jewish Appeal and with all of you who contribute so much to the UJA and its mission. But it's a special honor to receive it from the Prime Minister.

As the journey toward Middle East peace advances, the courageous leadership and vision of the Prime Minister will become more clear to all the world, and they will serve not only the people of Israel but all people in our generation and those who will inherit the Earth.

This is a time of remarkable progress for peace. You heard the Secretary talk about what we hope and pray will happen when the parties to the war in Bosnia meet in the next few days. We have seen a remarkable transformation in South Africa. In Northern Ireland they have laid down their arms, and we are working and hoping and praying for peace there. But nowhere

has the progress been more dramatic and nowhere has it moved more people than in the Middle East.

We have tried to be a full and reliable partner. I am proud of the agreements that we have worked hard to bring about. I am proud of the handshakes that sealed them, handshakes I never thought I would live to see. I'm not sure he did either. [Laughter] I am proud of our efforts to secure the economic underpinnings of the peace.

We will continue to stand with the peacemakers. But let's be clear on one thing here: The real credit belongs to them. Could we have made peace in the Middle East had Israel not had a Prime Minister like the one who stands before us? He and the members of his government, but most of all, the Prime Minister, a man willing to risk his own political fortunes, a man who for decades had risked his own life to secure the life and the future of Israel. Could we have made it had it not been for King Hussein and had Chairman Arafat not determined that he would take a different course, if President Mubarak had not been supportive? Could we have made it if people who have already reached their mature years had not looked into the eyes of the young people of the Middle East, like the Israeli and Arab children who participated in the Seeds of Peace program?

standards of academic excellence which should apply to all of our children in all of our school districts -- not federal government standards, national standards that should apply to all of our children. (Applause.)

We also have to pass sweeping legislation designed to continue this effort to keep tobacco out of the hands of our young children. (Applause.)

And we have to continue to grow the economy. There are some specific things in this budget agreement that are very important, designed to go right to the heart of the poorest communities in urban and rural America: doubling the number of community development banks that make loans to people in those neighborhoods; continuing to make sure that we have more and more empowerment zones, the program the Vice President has done such a good job on, to give people incentives to invest money where there are people who are unemployed or underemployed. That's good for our economy, to keep the jobs growing.

One other thing -- and I know that we have often disagreed on this -- I just want to say one more time, our analysis is that between one-quarter and one-third of our economic growth that made 13 million jobs in the last four years came because we are selling more American products overseas. Why? We have 4 percent of the world's population, we have 20 percent of the world's wealth. If you want to keep 20 percent of the wealth with 4 percent of the population, you have to sell something to the other 96 percent.

Now, in the next 15 years, our estimates are that the developing countries of Latin America and Asia will grow three times as fast as the United States, Europe, and Japan. And, therefore, we have to be a part of that.

The last point I want to make is -- all of you know this -- our markets are already among the most open in the world. They're more open than all these countries we're making agreements with. So if we agree to have equally open markets, we give up far less than they do. And we open markets largely to our high value-added product. That's why I sought the fast track trade authority -- not because I want unfair trade agreements, but because I think we have earned a presumption, at least, to be taken seriously when I say to you the 220 trade agreements we have negotiated had something to do with the 13 million jobs we have, and the fact that we have the most successful economy we've had in a generation.

Should there be labor and environmental standards? Should we work hard to raise labor standards for working people around the world so that it increases everyone's income? Absolutely. Should we ask people -- (applause) -- should we ask people to adhere to global standards so that we can preserve the global environment? Absolutely. But that means we should, too. (Applause) That means that we should, too. We can't tell another country they should clean up their sewage and clean up their water unless we're willing to

Wishy

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Finny

Jerry M
Gerr McEnder
Bob Georgine

clean up the global air that we -- we have to do it, too.
(Applause.) We have to do it, too.

So we've got a lot, still, to do. But I want to focus in the last few minutes of my talk here on what Andy talked about. I want to talk about health care -- where we are and where are we going. You know, they said if I passed my health care plan, that everybody was going to go into managed care and it would be a bad thing. (Laughter.) Well, we didn't pass the health care plan and everybody's going into managed care. (Laughter and applause.) And it's not all bad.

But also we don't have anything like the choices for health care consumers that we had in our plan. So the good news is, we've rationalized the management of the health care system. The bad news is, we don't have the standards in there and the choices and the consumer protections that we would have had. Now, we can't go strong into the 21st century if millions of our fellow citizens still go to bed every night worrying about whether their sons and daughters and parents can see a doctor. I said, if we don't do something about it, the number of people without health insurance in America will continue to rise. And sure enough, it has. Now there are over 40 million of us without health insurance.

We can't be strong in the 21st century if American patients are only a dollar sign on a ledger book. We cannot be a strong nation. (Applause.) To be fair too, we can't be a strong nation unless we know that Medicare and Medicaid will last and will be relatively free of the fraud and abuse that can so easily infiltrate any big program. So we have a lot to do.

It has become commonplace to say that we have the most excellent health care system in the world but we are not very excellent in making sure all Americans can share in it. That is what we have to focus on. And -- it tickled me when Andy said that Bill and Hillary would outlive Harry and Louise -- I certainly hope so. (Laughter.) I have to tell you, though, a lot of times in my life I've gotten beat trying to do something I thought was right. And I prefer that than not trying in the first place. I'm glad I tried to do the health care. I'm glad I tried to do that. (Applause.) Thank you.

As you might imagine, I've had a lot of time to sort of Monday morning quarterback myself and try to figure out how I could have done a better job. It is ironic that, having reduced the size of the federal government by 300,000 to its smallest size since Kennedy, I was accused of trying to have the government take over the health care system; that having given more authority to the states than even President Reagan did, I was accused of trying to engage in a power grab for the federal government. I wasn't trying to do that. But the fact is that we have a system unlike any in the advanced world. And every other advanced country can figure out how to get health insurance to everybody, and we can't. And we wind up paying more because of it, because we don't do enough preventive health

- Edw / Tony - Bob / Anne
Pell

B/B Repeal Gone? 1
SCA repeal
- OSHA / MSHA gutting Gone?

- Ergo ▽

Mike Fitzpatrick

Fed Contract

→ ~~By~~ Anti-union litigation & no
resp.

→ consider labor record

~~Spain~~

→ ~~CEO~~ - Trends in Union membership

* China State visit - Lael

- Steel grants

- Dan Heath → As

→ NLRB > appointments R. Trammont

Credit union legislation
Pension issues ?
Social Security ?

Werner
& Pater

~~B~~
Sweatshops - Act

Phil Caplan

American Federation of Labor and Congress of Industrial Organizations



815 Sixteenth Street, N.W.
Washington, D.C. 20006
(202) 637-5000

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Da: August 29, 1997

To: Business, labor and political reporters

Fr: Denise Mitchell, Assistant to the President for Public Affairs

Re: AFL-CIO biennial convention

The AFL-CIO's biennial convention will be at the David L. Lawrence Convention Center in Pittsburgh from Monday, September 22 through Thursday, September 25. Pre-convention activities will begin Friday, September 19. The convention will be the first since the AFL-CIO's new leadership took office in 1995 in the only contested election in AFL-CIO history.

Reporters covering the convention should complete the attached reservation sheet by **Friday, September 5**. Some highlights:

Friday, Sept. 19

"Workers Investing in America," a national conference on pro-worker investment initiatives and strategies.

"Building a Political Voice for American Workers," a national conference on increasing workers' political voices.

Saturday, Sept. 20

"Building a Movement of American Workers," a national conference on organizing with remarks from labor leaders, strategists and Vice President **Al Gore**.

Sunday, Sept. 21

"Building a Voice for Workers in our Communities," a conference on the growing partnership of international unions, state federations, central labor councils and local unions.

"Welcome to Steel Town," a **block party**.

Monday, Sept. 22

Convention opens; recognition of union organizing victories; keynote address by AFL-CIO President **John J. Sweeney**.

Tuesday, Sept. 23

Remarks from Rep. **Dick Gephardt**, Labor Secretary **Alexis Herman**, NAACP President **Kweisi Mfume**.

Wednesday, Sept. 24

Remarks from President **Bill Clinton**; recognition of GE workers from around the globe; **evening labor rock concert**.

Thursday, Sept. 25

Remarks from Sen. **Ted Kennedy**, the Rev. **Jesse Jackson**, salute to Union Cities; convention adjourns; AFL-CIO Executive Council meets.

Convention 1997 Calendar (draft as of 8/1)

David L. Lawrence Convention Center / Pittsburgh PA / September 1997

Wed	Thu	Fri	Sat	Sun
9/17	9/18	9/19	9/20	9/21
FAST Board Mtg. Maritime Trades Board Meeting	8:00 A AFL-CIO Policy Resolutions Breakfast Meeting Noon AFL-CIO Program Resolutions Full Committee Lunch Meeting Noon AFL-CIO Constitution Committee Lunch Meeting 1:00 P AFL-CIO Resolutions Subcommittees: Organizing Politics Global Economy Community 4:00 P AFL-CIO Policy Resolutions Meeting FAST Convention Maritime Trades Convention	8:00 A AFL-CIO Rules Committee Breakfast Meeting 8:00 A AFL-CIO Credentials Committee Breakfast Meeting 9:00 A AFL-CIO Program Resolutions Full Committee Meeting 9:00 A Workers Investing in America: A Conference for Union Pension Trustees 11:00 A AFL-CIO Finance Committee Lunch Meeting Noon Registration Opens 1:00 P Building a Political Voice for American Workers: A Conference for Political Activists 4:00 P AFL-CIO Constitution Committee Meeting Maritime Trades Convention ILCA Exec. Council	8:30 A Registration Continues 9:00 A AFL-CIO Executive Council Meeting 1:00 P Building a Movement of American Workers: A National Conference on Organizing ILCA Convention	8:30 A Registration Continues 9:00 A Service at St. Nicholas Croatian Church 10:00 A Building a Voice for Workers in our Communities: A Conference for State & Local Central Bodies 1:30 P Pittsburgh Teach - In Sponsored by local labor community 5:00 P Welcome to Steel Town Block Party ILCA Convention

Mon	Tue	Wed	Thu
9/22	9/23	9/24	9/25
<i>Day 1: Building a Movement of American Workers</i>	<i>Day 2: Building a Political Voice for Workers</i>	<i>Day 3: Providing a New Voice for Workers In a Changing Economy</i>	<i>Day 4: Creating a New Voice for Workers in our Communities</i>
Opening Ceremonies	Representative Dick Gephardt	President Bill Clinton	Senator Ted Kennedy
Recognition of Union Organizing Victories	Report of Committee on Program Resolutions: Subcommittee on Political Action	Recognition of GE workers from around the globe	Kent Wong, APALA
Keynote Address: President Sweeney	Bob White, President, CLC*	Presentation of George Meany Human Rights Award to Muchtar Pakpahan	Salute to Union Cities
LUNCH RECESS	LUNCH RECESS	Report of the Committee on Program Resolutions: Subcommittee on Representing Workers in the Global Economy	Report of the Committee on Program Resolutions: Subcommittee on Workers in the Community
Senator Tom Daschle	Secretary of Labor Alexis Herman	Margaret Prosser, National Organizer, British Transport and General Workers' Union	Reverend Jesse Jackson
Report of the Committee on Program Resolutions: Subcommittee on Organizing	Report of Committee on Policy Resolutions	Report of Committee on the Constitution	Report of the Committee 2000
Presentation of the Murray-Green-Meany-Kirkland Community Services Award	Report of Committee on the Constitution	Report of Committee on the Constitution	Report of Committee on Policy Resolutions
Report of Committee on Policy Resolutions	Kweisi Mfume, President, NAACP*	Report of Committee on Policy Resolutions	Noon Adjournment
Report of Committee on the Constitution		LUNCH RECESS & lunch for International labor guests & council members	AFL-CIO Executive Council Meeting
<i>Evening:</i>		Report of Committee on Policy Resolutions	
Boat Ride Hosted by Steel Workers		Recognition of significant labor strikes	
		Nominations for Office	
		Evening: Labor Rock Concert	

*TIME TO BE CONFIRMED

FAX TRANSMITTAL SHEET



Handwritten notes:
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 Hein Levinson
 855 515 7416
 Tues Sept 23 9:15
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RECEIVER TELECOPIER NUMBER: 456 2223

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FROM: Bill Samuel

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ADDITIONAL COMMENTS:

Handwritten comment:
 Anne. I will attempt to
 update the "labor accomplish"
 piece by COB Wed; then get
 additional ideas from you.

IF YOU HAVE QUESTIONS REGARDING THIS FAX CALL: _____

Lewis - ah @ AFL-CIO.
Gov

Memo to Anne Lewis and Karen Tramontano

From: Bill Samuel
Re: Labor Issues Brief

Here are four DOL issues for the AFL-CIO Convention briefing books; if I can help you with additional issues you have on your list, please call.

I. SAFETY AND HEALTH

1. OSHA Funding

The Administration requested a 6% increase in funding for Fiscal Year 1998. House and Senate-passed appropriations bills reduced the increase to 3%, or \$11 million over the FY 1997 spending level.

2. OSHA Enforcement

~~The labor market has been critical of OSHA for~~
Overall inspection numbers are up 32% from Fiscal Year 1996. There were 31,735 inspections as of 9/15/97, compared to 24,024 in FY 1996. So far in FY 1997, there have been 18 egregious cases and 190 significant cases, compared to 5 egregious cases and 165 significant cases in FY 1996.

~~If asked, state has reiterated that OSHA is seeking a balance & that the 46 inspectors are~~

3. Ergonomics

~~OSHA is working~~ ^{continues} to combat cumulative trauma and other repetitive stress disorders - one of the fastest growing workplace injuries; its four part strategy includes education and outreach; study and analysis; enforcement; and rulemaking. There have been 91 federal OSHA ergonomic investigations so far in FY 1997. Though the FY 1998 bill prohibits OSHA from issuing a final or proposed rule before October 1, 1998, work continues on the development of a standard and guidelines.

In spite of Congressional resistance

stat

II. DAVIS-BACON / SERVICE CONTRACT ACT

^{of the SCA} Davis-Bacon (enacted in 1931) requires the payment of prevailing wages and fringe benefits to workers engaged in federal construction projects; ^{and service} the Service Contract Act covers workers engaged in federal service contracts. Davis-Bacon annually comes under assault in the Congress, but there are no pending legislative initiatives to repeal or amend the statute. ~~If asked, you should reiterate that you will~~ ^{continue to} ~~oppose~~ ^{oppose} repeal.

~~Re-engineering Initiative~~

~~The building trades support the~~
The Department of Labor is working on a plan to improve the accuracy and timeliness of the wage surveys that it uses to make prevailing wage determinations. The building trades unions support the Department's re-engineering efforts, but opposes a plan to examine the

but

As part of OSHA's reinvention efforts, the Agency has placed greater reliance on compliance and less on enforcement. The AFU CIO has been very critical of the resulting decline in inspection

Oppose

~~feasibility of using BLS data as a substitute for the current wage survey process.~~

2. SCA - FASA

9

Unions have written in opposition to an Office of Federal Procurement Policy (OFPP) interpretation of the Federal Acquisition Streamlining Act (FASA) which provides that the Service Contract Act is not applicable to subcontracts for the acquisition of commercial items or commercial components. Fifty-two members of Congress have also written to oppose the OFPP's decision. The Department of Labor is working with the OFPP to resolve this matter.

II. PENDING LABOR DISPUTES

1. UPS Pilots

- o The Teamsters union, which represents 185,000 UPS employees, has promised to honor a strike by the independent pilots union at UPS.
- o Negotiations between UPS and its 2,000 pilots, represented by the Independent Pilots Association (IPA), began in December, 1995. In late August, the IPA agreed to sent out the last UPS contract offer for a vote, but without a recommendation by the union. Results are expected on September 30. The NMB has indicated that if the contract is rejected, new talks will not be scheduled until early next year.

2. AMTRAK

Amtrak's unions have been in negotiations since early 1995. On August 5, the Brotherhood of Maintenance of Way Employees (BMWE) rejected the National Mediation Board's offer to arbitrate the dispute with Amtrak, triggering a 30-day cooling off period that was to end on September 5. However, on August 21, President Clinton appointed an emergency board to investigate and make recommendations within 30 days. The PEB's report will be followed by an additional 30-day cooling off period.

III. PRIVATIZATION OF THE EMPLOYMENT SERVICE

On August 7, 1997, Governor John Engler issued an Executive Order that would allow for the privatization of the Michigan-Employment Service by transferring its authority and ~~funding under the Wagner-Peyser Act to local Workforce Development Boards.~~ Approximately 400 merit-staffed State employees, represented by SEIU, would be affected by the ~~Executive Order~~, *Engler plan* which ~~takes effect on October 6.~~

~~On September 12, the U.S. Department of Labor directed the Michigan Jobs Commission to suspend implementation of the reorganization plan.~~ The Department has asked

an Engler
to privatize the MIES

pending further review

Michigan to explain how its reorganization plan will enable the state to comply with its obligation to provide labor exchange services under the Wagner-Peyser Act. The Department has not made a final decision on the legality of Michigan's plan.

A request by the State of Texas to privatize its Employment Service is on hold. Last spring, HHS rejected Texas' plan to privatize portions of its Medicaid and Food Stamps program. Other states are closely watching the Michigan situation; New York, Illinois and Pennsylvania are considering similar privatization efforts.

IV. WELFARE TO WORK

On September 3, the Labor Department released \$1.1 billion in welfare-to-work formula grants for states and localities. A total of \$3 billion in formula and competitive grants was authorized by Congress to create job opportunities for the hardest to employ welfare recipients.

The Department is working on implementation plans with its stakeholders, including private entities, who may be eligible to provide job placement services, transitional employment and other support services under the welfare to work initiative.

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- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

**SCHEDULE FOR VICE PRESIDENT GORE
SATURDAY, SEPTEMBER 20, 1997
DRAFT 10**

**SCHEDULER: STEVE ADAMSKE
WORK PHONE: 202-395-1750
HOME PHONE: 202-232-8452
WHCA PAGER: #4140**

WASHINGTON, DC -- PITTSBURGH, PA -- WASHINGTON, DC

Note: Today is the Cotham/Humnicky wedding.

Staff Note: Staff vans leave South Court for Andrews AFB at 7:30 am.

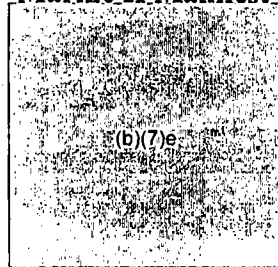
Staff Note: For staff going to both Pittsburgh and Russia, please bring your bags with you and leave them in the vans.

8:00 am **DEPART RESIDENCE**
En Route: LZ
Drive Time: 5 minutes
BRIEFING IN CAR

8:10 am **ARRIVE LZ**

8:10 am **MARINE II DEPARTS**
En Route: Andrews AFB
Flight Time: 10 minutes

Marine II Manifest



[001]

8:20 am **MARINE II ARRIVES ANDREWS AIR FORCE BASE**

8:30 am **AIR FORCE II DEPARTS ANDREWS AFB (C-9)**
En Route: Pittsburgh, PA
Flight Time: 55 minutes

9:25 am

AIR FORCE II ARRIVES PITTSBURGH, PA
Air Reserve Ramp: 412-474-7374

Greeters:

Pittsburgh, PA Advance Information:

Lead: Rebecca McKenzie

cell: 757-9541

skypager: 2168123

Site: Paul Rivera

Site: Clyde Williams

Press: Kristin Brooks

M'cade: Boyden

Hotel: Hilton Hotel and Towers

Hotel Phone: 412-391-4600

Staff Phone: 412-471-2175

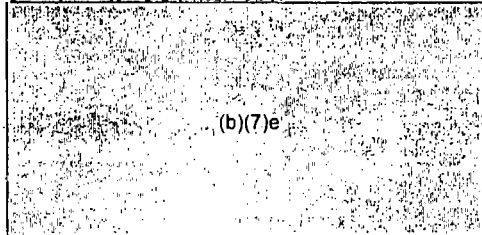
Staff Fax: 412-471-2466

Press Line: 412-471-2485

9:35 am

MOTORCADE DEPARTS PITTSBURGH INTERNATIONAL

Motorcade Manifest:



10:00 am

MOTORCADE ARRIVES CONVENTION CENTER

10:05 am

BRIEFING

10:15 am

Lawrence Convention Center

Room: N-3, Third Floor

Contact: Mike Burton, Joe Eyer

Staff Note: Staff hold is located

10:15 am

MEETING WITH WORKERS

11:15 am

Convention Center

Room: N 5 and 7

Contact: Mike Burton, Joe Eyer

Event Contact: Arlene Gilliam

Participants: 10/100 Call Time:

CLOSED PRESS

Format:

- The Vice President will hold a meeting with about 10 workers.
- The 10 workers will escort the Vice President into room tbd for a meeting with up to 100 workers.
- tbd

11:20 am

HOLD/BRIEFING

Lawrence Convention Center

11:30 am

MEETING WITH THE EXECUTIVE COUNCIL

12:30 pm

Lawrence Convention Center

Room:

Contact: Mike Burton, Joe Eyer

Event Contact: Arlene Gilliam - 412-823-4121/4122

Participants: ~120 Call Time:

CLOSED PRESS

- The Vice President will enter the room tbd and be introduced tbd
- The Vice President will give brief remarks be available for Q and A/Discussion.

12:30 pm

T

LUNCH

1:30 pm

1:30 pm

T

MEETING (McEntee, Stern and Bahr)

2:00 pm

Lawrence Convention Center

Room: N-4

2:05 pm

T

Meeting with Bob Georgine, Building and Construction Trades

2:20 pm

Lawrence Convention Center

Room: N-5

Contact: Karen Tramantano

2:25 pm

T

Meeting with Doug Dority, UFCW

2:40 pm

Lawrence Convention Center

Room: N-4

Contact: Karen Tramantano

2:45 pm

T

Sandy Feldman, AFT

3:00 pm

Lawrence Convention Center

Room: N-5

Contact: Karen Tramantano

3:05 pm T Meeting with Jay Mazur
3:30 pm Lawrence Convention Center
Room: N-4
Contact: Karen Tramantano

3:30 pm T **BRIEFING/SPEECH PREP**
3:45 pm Room: N-3

3:45 pm **DEPART LAWRENCE CONVENTION CENTER**
En Route: Doubletree Hotel
Drive Time: 5 minutes

3:55 pm **HOLD**
Location:

4:00 pm **REMARKS TO ORGANIZING CONFERENCE**
4:45 pm Doubletree Hotel
Room: Allegheny Grand Ballroom
Contact: Mike Burton, Joe Eyer
Event Contact: Arlene Gilliam
Participants: ~750 Call Time: 1:00 pm
OPEN PRESS

Format:

- The Vice President and AFL-CIO President John Sweeney will be announced onto stage via tbd announce.
- President Sweeney will make remarks and introduce the Vice President.
- The Vice President will make remarks, work a ropeline and depart.

TBD DINNER

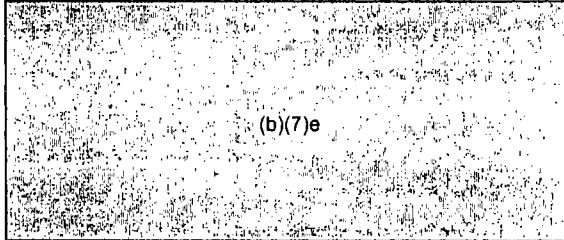
5:00 pm T MEETING (Climate Change)
5:30 pm George Becker, USWA
Rich Trumka, AFL-CIO
Robert E. Wages, OCAW

5:30 pm T Ed Hanley
5:45 pm Doubletree Hotel

5:55 pm

MOTORCADE DEPARTS
En Route: The Westin Hotel
Drive Time:??

Motorcade Manifest:



6:00 pm

MOTORCADE ARRIVES WESTIN HOTEL

6:05 pm

HOLD
Room: 1656

6:10 pm

PROCEED TO RECEPTION

Staff Hold: STAFF is in Room 1654

6:15 pm

RECEPTION

7:00 pm

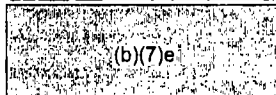
Westin Hotel
Room:
Contact: Mike Burton, Joe Eyer
Event Contact: Arlene Gilliam
Participants: 250 Call Time:6:00 pm
OPEN PRESS

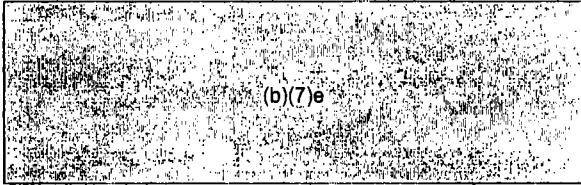
- The Vice President and AFL-CIO President John Sweeney will be announced onto stage via tbd announce.
- President Sweeney will make remarks and introduce the Vice President.
- The Vice President will make remarks, work a ropeline and depart.

7:05 pm

MOTORCADE DEPARTS
En Route: Pittsburgh International Airport
Drive Time: 25 minutes

Motorcade Manifest:





7:30 pm

MOTORCADE ARRIVES PITTSBURGH INTERNATIONAL

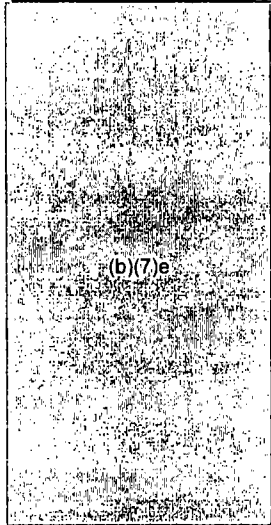
7:40 pm

AIR FORCE II DEPARTS

En Route: Andrews AFB

Flight Time: 50 minutes

Air Force II Manifest:



8:30 pm

AIR FORCE II ARRIVES ANDREWS AFB

Note: You will have to change planes for your departure to Russia.

8:45 pm

AIR FORCE II DEPARTS (Tail #27000)

En Route: Shannon, Ireland

Flight Time: 6:05:00 (+5 hours)

*******PLEASE SEE JOE KEOHAN'S SCHEDULE FOR THE RUSSIA TRIP*******

AFL-CIO Convention Briefing
September 18, 1997
Agenda

I. Review Schedule

- AFL-CIO (See Attached)
- Vice President
- Secretary of Labor
- President

II. Message

- VP's remarks
- Secretary of Labor's
- President's
- Others

III. Announcements

- Procurement
- Team Act
- FLSA
- Privatization
- Other

IV. Fast Track New Repubs

- AFL-CIO
- Administration
- Congress

V. Other issues

- Firefighters
- Climate control

- Trade strategy

- Right way

Δ is good - but it's way / wrong way opening market -

but ~~not~~ help everyone

be a winner in Δ

wrong is to ignore Δ

Trade raises stds internally

→ Level the playing field > lower tariffs

→ Clinton wants to make sure we get a fair shake

Other news?

Positive & principled - heartfelt discussion & winning from Δ // Conviction about role of labor unions

Heartfelt agenda for working people

AFL-CIO -- 1997 Pre-Convention Conferences

Friday, September 19

Workers Investing in America: A Conference for Union Pension Trustees

9:00 AM to Noon

Hilton Hotel

A national conference of union leaders who serve as pension fund trustees will discuss new pro-worker investment initiatives and strategies. The conference — conducted by the federation's Office of Investment — will focus on the AFL-CIO's Capital Stewardship Program. The Capital Stewardship program seeks to promote pension investment strategies that foster retirement security and long-term economic growth and development.

Building a Political Voice for American Workers: A Conference for Political Activists

1:00 PM to 5:00 PM

Doubletree Hotel

The AFL-CIO's Political Department presents a working session for leaders and executive staff from unions as well as community labor bodies. The conference will focus on labor's strategies for increasing workers' political voices and approaches in the fight for the right to organize.

Saturday, September 20

Building a Movement of American Workers: A National Conference on Organizing

1:00 PM to 5:00 PM

Doubletree Hotel

This conference will focus on the ways labor is successfully changing to organize. Unions and community labor bodies will share strategies for organizing as the cornerstone of labor's comeback effort. Participants will hear from leaders and strategists as well as important allies — including Vice President Al Gore.

Sunday, September 21

Building a Voice for Workers in Our Communities: A Conference for State and Local Central Bodies

10:00 AM to 4:00 PM

Hilton Hotel

Participants will discuss the growing partnership between international unions, state federations, central labor councils and local unions in community-based programs. The conference will focus on the role of the state and local labor communities in educating, motivating and mobilizing union members, defending the right of workers to join unions, organizing new members as well as creating a powerful political and legislative voice for labor. The conference will also focus on ways to leverage labor's influence with political and community allies to increase union membership.

AFL-CIO Convention Calendar (draft as of 8/1)

David L. Lawrence Convention Center / Pittsburgh, PA / September 1997

Wed	Thu	Fri	Sat	Sun
9/17	9/18	9/19	9/20	9/21
<i>FAST Board Mtg.</i>	8:00 A AFL-CIO Policy Resolutions Breakfast Meeting	8:00 A AFL-CIO Rules Committee Breakfast Meeting	8:30 A Registration Continues	8:30 A Registration Continues
<i>Maritime Trades Board Meeting</i>	Noon AFL-CIO Program Resolutions Full Committee Lunch Meeting	8:00 A AFL-CIO Credentials Committee Breakfast Meeting	9:00 A AFL-CIO Executive Council Meeting	9:00 A Service at St. Nicholas Croatian Church
	Noon AFL-CIO Constitution Committee Lunch Meeting	9:00 A AFL-CIO Program Resolutions Full Committee Meeting	1:00 P <i>502E</i> Building a Movement of American Workers: A National Conference on Organizing	10:00 A Building a Voice for Workers in our Communities: A Conference for State & Local Central Bodies
	1:00 P AFL-CIO Resolutions Subcommittees:	9:00 A Workers Investing In America: A Conference for Union Pension Trustees	<i>ILCA Convention</i>	1:30 P Pittsburgh Teach - In Sponsored by local labor community
	Organizing Politics Global Economy Community	11:00 A AFL-CIO Finance Committee Lunch Meeting		5:00 P Welcome to Steel Town Block Party.
	4:00 P AFL-CIO Policy Resolutions Meeting	Noon Registration Opens		<i>ILCA Convention</i>
<i>FAST Convention</i>		1:00 P Building a Political Voice for American Workers: A Conference for Political Activists		
<i>Maritime Trades Convention</i>		4:00 P AFL-CIO Constitution Committee Meeting		
		<i>Maritime Trades Convention</i>		
		<i>ILCA Exec. Council</i>		

Mon

Tue

Wed

Thu

9/22

Day 1: *Building a Movement of American Workers*

Opening Ceremonies

Recognition of Union Organizing Victories

Keynote Address: President Sweeney

LUNCH RECESS

Senator Tom Daschle

Report of the Committee on Program Resolutions: Subcommittee on Organizing

Presentation of the Murray-Green-Meany-Kirkland Community Services Award

Report of Committee on Policy Resolutions

Report of Committee on the Constitution

Evening:

Boat Ride Hosted by Steel Workers

9/23

Day 2: *Building a Political Voice for Workers*

Representative Dick Gephardt

Report of Committee on Program Resolutions: Subcommittee on Political Action

Bob White, President, CLC*

LUNCH RECESS

Secretary of Labor Alexis Herman

Report of Committee on Policy Resolutions

Report of Committee on the Constitution

Kweisi Mfume, President, NAACP*

9/24

Day 3: *Providing a New Voice for Workers In a Changing Economy*

President Bill Clinton

Recognition of GE workers from around the globe

Presentation of George Meany Human Rights Award to Muchtar Pakpahan

Report of the Committee on Program Resolutions: Subcommittee on Representing Workers in the Global Economy

Margaret Prosser, National Organizer, British Transport and General Workers' Union

Report of Committee on the Constitution

Report of Committee on Policy Resolutions

LUNCH RECESS & lunch for international labor guests & council members

Report of Committee on Policy Resolutions

Recognition of significant labor strikes

Nominations for Office

Evening: Labor Rock Concert

9/25

Day 4: *Creating a New Voice for Workers in our Communities*

Senator Ted Kennedy

Kent Wong, APALA

Salute to Union Cities

Report of the Committee on Program Resolutions: Subcommittee on Workers in the Community

Reverend Jesse Jackson

Report of the Committee 2000

Report of Committee on Policy Resolutions

Noon Adjournment

AFL-CIO Executive Council Meeting

② Educ & Trng

Job Trng & Skill gr
Vouchers
Standards & Testam

Electricity Restructuring

Aerospace Offsets

US 2002
Pill Summary

③ Safety & Health

MSHA, OSHA, OREGO

④ PREVENTING WASTE

LABOR LAW
- competition
- fees
- BIC
- SCA

⑤ Labour Disputes

⋮

① WELFARE REFORM

WTW
- LISA
- Priv.

⑥ Pension & Soc. Sec.

{ Product L
Schmitter Law
Credit Union

Other Issues of Interest

Education & Job Training

Vouchers: The AFL-CIO opposes efforts in Congress to promote vouchers for private schools. The Administration has threatened to veto both (1) the Coverdell amendment, which would allow penalty-free withdrawals from IRAs for education expenses (this might move in the Senate independently or as an amendment); and (2) a voucher plan in the D.C. Appropriations bill.

Standards & Testing: The American Federation of Teachers (part of the AFL-CIO) has been a strong supporter of the standards effort, and of the national tests in reading and math. (The tests were dealt a blow last week in the House, but a deal was struck in the Senate. The issue will be settled in Conference, and may result in a veto).

JOB TRAINING & SKILL GRANTS

ELECTRICITY RESTRUCTURING

Admin won full funding for ~~the~~ job capl. & they paymen & continues to push for indiv. (more \$ water empoverish tun.

Background and Status

Skills grants (concessions) free principles in our

Many states have begun restructuring their electrical utilities to afford consumers "retail choice" - the ability to select their electric power provider much like they now select their long distance company. Several federal bills have been introduced, too, and the Administration has been considering whether to offer its own bill. The Department of Energy has estimated that the savings to consumers resulting from retail choice could be over \$10 billion per year.

Pres
in Bill
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Sen. voted.
this wk.
when
would

The policy process in the Administration on this issue has been underway since April, when the NEC began convening twice-weekly meetings of an interagency group to develop recommendations about the Administration's position.

The interagency task force was made up of representatives from nearly all of the cabinet departments, including Labor, and many of the independent federal agencies in an expert advisor capacity.

Among the issues considered are the following:

Should federal legislation mandate state adoption of plans to restructure the electricity industry, essentially preempting the states, or should it leave room for the states to act in view of their relatively good progress on the issue so far?

Are there potential adverse air quality effects that may flow from the advent of retail competition, and what steps should be taken to anticipate and counter them?

Are social goals such as energy conservation, support for renewable energy sources and universal service likely to be adversely affected by retail competition, and what steps should be taken to offset those effects?

There were many other issues taken up by the interagency group, which concluded its work at the end of July, having reached a consensus on many of the issues involved. But on some issues there was either no consensus or the issue was deemed so fundamental that, even though there

was a consensus, it was agreed that these issues should be elevated for discussion and decision.

Although we are eager to finish our process so that we can participate in a timely fashion when the legislation eventually begins to move, the prospects for anything happening on the Hill to pass legislation this year are extremely remote.

Labor's Concerns

Shoatz } ~~The~~ NEC staff (Kathy Wallman and Marc Silverman) have met with the IBEW. The IBEW is concerned that restructuring will lead to a reduction in the number of jobs available to their rank and file in the electricity industry. They also point out that the consumer benefits may not be shared by all consumers, particularly residential customers, and warn that large consumers may benefit while residential rates increase. They are also concerned that competition may have an adverse impact on the reliability of electricity services because the electric power system will be tended by fewer skilled workers.

Smute } IBEW's concerns lead it to say that there should be no federal legislation at all on this subject, and that the issue should be left entirely to the states.

Smute } We have assured the IBEW that we will proceed in a balanced and deliberative way that takes account of the concerns they presented, and that we will guard against results such as increases in residential rates. On the subject of whether the issue should be left entirely to the states, we have emphasized that there has been no decision yet, but that the Administration has in the past favored introducing competition in sectors where significant consumer benefits are likely to result, such as in telecommunications. We have committed to continue to talk with them as we develop recommendations, and conveyed that we think that the legislative schedule on this issue is likely to be protracted and will afford us plenty of time to work together on this issue.

International Linkages and Offsets in Aerospace

The International Association of Machinists and Aerospace Workers (IAM) is sharply critical of U.S. aerospace producers' willingness to provide foreign production contracts in exchange for aircraft sales, which they believe transfers jobs and technology in the short run and, over the longer run, creates new foreign competitors. Boeing and other U.S. producers defend these voluntary international linkages as essential for gaining access to the most rapidly growing markets (70% of Boeing aircraft are exported) and for sharing financial risk. In the case of mandatory offsets, U.S. producers maintain that -- while they would prefer not to provide them -- they are the price of getting foreign sales.

In June, the NEC sponsored a workshop at the National Academy of Sciences on "Policy Issues in Aerospace Offsets." The IAM was pleased that the workshop was balanced and attracted high-level interest (Gene Sperling kicked it off and Sen. Jeff Bingaman was the luncheon speaker). Although there is no consensus within the Administration on how to deal with the offsets issue, ~~We~~ we are committed to doing the following:

282

- We will continue to work with the IAM and others to *analyze and better understand the offsets issue* (at the NEC's request, the National Academy has commissioned a half dozen papers by experts on different aspects of this issue);
- We will explore possible mechanisms to *encourage an ongoing dialogue among the various interests on this issue* (e.g., we may ask the National Academy to establish a forum that would bring industry and labor together periodically); and
- We will continue to *take action to reduce government-mandated offsets through multilateral agreements and bilateral discussions.*

Memo to Anne Lewis and Karen Tramontano

From: Bill Samuel
Re: Labor Issues Brief

Here are four DOL issues for the AFL-CIO Convention briefing books; if I can help you with additional issues you have on your list, please call.

I. SAFETY AND HEALTH

1. OSHA Funding

The Administration requested a 6% increase in funding for Fiscal Year 1998. House and Senate-passed appropriations bills reduced the increase to 3%, or \$11 million over the FY 1997 spending level.

2. OSHA Enforcement

Overall inspection numbers are up 32% from Fiscal Year 1996. There were 31,735 inspections as of 9/15/97, compared to 24,024 in FY 1996. So far in FY 1997, there have been 18 egregious cases and 190 significant cases, compared to 5 egregious cases and 165 significant cases in FY 1996.

3. Ergonomics

OSHA is working to combat cumulative trauma and other repetitive stress disorders - one of the fastest growing workplace injuries; its four part strategy includes education and outreach; study and analysis; enforcement; and rulemaking. There have been 91 federal OSHA ergonomic investigations so far in FY 1997. Though the FY 1998 bill prohibits OSHA from issuing a final or proposed rule before October 1, 1998, work continues on the development of a standard.

II. DAVIS-BACON / SERVICE CONTRACT ACT

Davis-Bacon (enacted in 1931) requires the payment of prevailing wages and fringe benefits to workers engaged in federal construction projects; the Service Contract Act covers workers

engaged in federal service contracts. Davis-Bacon annually comes under assault in the Congress, but there are no pending legislative initiatives to repeal or amend the statute.

1. Re-engineering Initiative

The Department of Labor is working on a plan to improve the accuracy and timeliness of the wage surveys that it uses to make prevailing wage determinations. The building trades unions support the Department's re-engineering efforts, but opposes a plan to examine the feasibility of using BLS data as a substitute for the current wage survey process.

2. SCA - FASA

Unions have written in opposition to an Office of Federal Procurement Policy (OFPP) interpretation of the Federal Acquisition Streamlining Act (FASA) which provides that the Service Contract Act is not applicable to subcontracts for the acquisition of commercial items or commercial components. Fifty-two members of Congress have also written to oppose the OFPP's decision. The Department of Labor is working with the OFPP to resolve this matter.

II. PENDING LABOR DISPUTES

1. UPS Pilots

- o The Teamsters union, which represents 185,000 UPS employees, has promised to honor a strike by the independent pilots union at UPS. —
- o Negotiations between UPS and its 2,000 pilots, represented by the Independent Pilots Association (IPA), began in December, 1995. In late August, the IPA agreed to sent out the last UPS contract offer for a vote, but without a recommendation by the union. Results are expected on September 30. The NMB has indicated that if the contract is rejected, new talks will not be scheduled until early next year.

2. AMTRAK

Amtrak's unions have been in negotiations since early 1995. On August 5, the Brotherhood of Maintenance of Way Employees (BMWEE) rejected the National Mediation Board's offer to arbitrate the dispute with Amtrak, triggering a 30-day cooling off period that was to end on September 5. However, on August 21, President Clinton appointed an emergency board to investigate and make recommendations within 30 days. The PEB's report will be followed by an additional 30-day cooling off period.

III. PRIVATIZATION

On August 7, 1997, Governor John Engler issued an Executive Order that would allow for the privatization of the Michigan Employment Service by transferring its authority and funding under the Wagner-Peyser Act to local Workforce Development Boards.

Approximately 400 merit-staffed State employees, represented by SEIU, would be affected by the Executive Order, which takes effect on October 6.

On September 12, the U.S. Department of Labor directed the Michigan Jobs Commission to suspend implementation of the reorganization plan. The Department has asked Michigan to explain how its reorganization plan will enable the state to comply with its obligation to provide labor exchange services under the Wagner-Peyser Act. The Department has not made a final decision on the legality of Michigan's plan.

A request by the State of Texas to privatize its Employment Service is on hold. Last spring, HHS rejected Texas' plan to privatize portions of its Medicaid and Food Stamps program. Other states are closely watching the Michigan situation; New York, Illinois and Pennsylvania are considering similar privatization efforts.

IV. WELFARE TO WORK

On September 3, the Labor Department released \$1.1 billion in welfare-to-work formula grants for states and localities. A total of \$3 billion in formula and competitive grants was authorized by Congress to create job opportunities for the hardest to employ welfare recipients.

The Department is working on implementation plans with its stakeholders, including private entities, who may be eligible to provide job placement services, transitional employment and other support services under the welfare to work initiative.

Pensions

Since the start of the Administration, we have taken strong legislative and administrative action to enhance the ability of Americans to save for retirement and to protect the security of those savings. The Retirement Protection Act, proposed in 1993 and enacted in 1994, has put traditional defined benefit plans and the Pension Benefit Guaranty Corporation back on a firm footing, protecting the security of over 40 million workers who participate in those plans. In 1996, we passed major pension simplification legislation and took strong administrative steps, which appear to be meeting their goals of expanding coverage, increasing portability and enhancing security. Unfortunately, Congress has not supported the Administration's efforts to do right by the multiemployer plans that many union members depend on. We will continue to work to increase the guarantee, and to make other simplifying changes that will enhance the benefits available under these plans.

Credit Unions

Credit unions and banks are engaged in a judicial and legislative battle over whether a single credit union can serve employees of many different and totally unrelated companies, or whether this violates both the letter and spirit of the Credit Union Act under which credit unions do not pay taxes (and are exempt from the Community Reinvestment Act). Credit unions generally have a good record of serving, at relatively low cost, lower income workers who have straight-forward and relatively small financial needs. The Treasury Department is in the middle of a statutorily-required study on the regulation of credit unions, and the Administration has carefully NOT taken a position

on the bank/credit union issue, except that -- for reasons related to administrative law, not the substance of the case -- the United States is on the credit unions' side in the Supreme Court. This does not seem to be a top-of-mind issue for labor; labor unions sponsor both credit unions and banks.

Product Liability Reform

Labor has consistently opposed attempts to enact federal legislation that would alter state law concerning product liability, mainly because most federal legislation that has been proposed in the last 15 years has been extremely pro-defendant. The President vetoed a product liability bill in 1996, but stated that he was for "sensible product liability reform," and set out particular issues that needed to be addressed. Congress is currently considering new product liability legislation, which both House and Senate leadership hope to bring to the floor before the recess. Although the bills currently do not meet the President's standards, Senator Rockefeller is attempting to craft a solution that will meet our objections. Labor will probably not be happy if this effort succeeds.

Securities^F law preemption

While labor in general has been less interested in the issue of limitations on the right to sue under the securities laws than it is in product liability reform, they also opposed the Private Securities Litigation Reform Act, which was passed over the President's veto. Business is now trying to extend that statute by getting Congress to enact legislation to preempt most state securities fraud actions. Business thinks the President has indicated support of their position, but the situation is somewhat more murky. Even if we support some sort of preemption, it is unlikely to be as broad as that proposed by the business community.

ELECTRICITY RESTRUCTURING

Background and Status

Many states have begun restructuring their electrical utilities to afford consumers "retail choice"- the ability to select their electric power provider much like they now select their long distance company. Several federal bills have been introduced, too, and the Administration has been considering whether to offer its own bill. The Department of Energy has estimated that the savings to consumers resulting from retail choice could be over \$10 billion per year.

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Are there potential adverse air quality effects that may flow from the advent of retail competition, and what steps should be taken to anticipate and counter them?

Are social goals such as energy conservation, support for renewable energy sources and universal service likely to be adversely affected by retail competition, and what steps should be taken to offset those effects?

There were many other issues taken up by the interagency group, which concluded its work at the end of July, having reached a consensus on many of the issues involved. But on some issues there was either no consensus or the issue was deemed so fundamental that, even though there was a consensus, it was agreed that these issues should be elevated for discussion and decision.

Although we are eager to finish our process so that we can participate in a timely fashion when the legislation eventually begins to move, the prospects for anything happening on the Hill to pass legislation this year are extremely remote.

Labor's Concerns

The NEC staff (Kathy Wallman and Marc Silverman) have met with the IBEW. The IBEW is concerned that restructuring will lead to a reduction in the number of jobs available to their rank and file in the electricity industry. They also point out that the consumer benefits may not be shared by all consumers, particularly residential customers, and warn that large consumers may benefit while residential rates increase. They are also concerned that competition may have an adverse impact on the reliability of electricity services because the electric power system will be tended by fewer skilled workers.

IBEW's concerns lead it to say that there should be no federal legislation at all on this subject, and that the issue should be left entirely to the states.

We have assured the IBEW that we will proceed in a balanced and deliberative way that takes account of the concerns they presented, and that we will guard against results such as increases in residential rates. On the subject of whether the issue should be left entirely to the states, we have emphasized that there has been no decision yet, but that the Administration has in the past favored introducing competition in sectors where significant consumer benefits are likely to result, such as in telecommunications. We have committed to continue to talk with them as we develop recommendations, and conveyed that we think that the legislative schedule on this issue is likely to be protracted and will afford us plenty of time to work together on this issue.

Labor 3

Pensions

Since the start of the Administration, we have taken strong legislative and administrative action to enhance the ability of Americans to save for retirement and to protect the security of those savings. The Retirement Protection Act, proposed in 1993 and enacted in 1994, has put traditional defined benefit plans and the Pension Benefit Guaranty Corporation back on a firm footing, protecting the security of over 40 million workers who participate in those plans. In 1996, we passed major pension simplification legislation and took strong administrative steps, which appear to be meeting their goals of expanding coverage, increasing portability and enhancing security. Unfortunately, Congress has not supported the Administration's efforts to do right by the multiemployer plans that many union members depend on. We will continue to work to increase the guarantee, and to make other simplifying changes that will enhance the benefits available under these plans.

Credit Unions

Credit unions and banks are engaged in a judicial and legislative battle over whether a single credit union can serve employees of many different and totally unrelated companies, or whether this violates both the letter and spirit of the Credit Union Act under which credit unions do not pay taxes (and are exempt from the Community Reinvestment Act). Credit unions generally have a good record of serving, at relatively low cost, lower income workers who have straight-forward and relatively small financial needs. The Treasury Department is in the middle of a statutorily-required study on the regulation of credit unions, and the Administration has carefully NOT taken a position on the bank/credit union issue, except that -- for reasons related to administrative law, not the substance of the case -- the United States is on the credit unions' side in the Supreme Court. This does not seem to be a top-of-mind issue for labor; labor unions sponsor both credit unions and banks.

Product Liability Reform

Labor has consistently opposed attempts to enact federal legislation that would alter state law concerning product liability, mainly because most federal legislation that has been proposed in the last 15 years has been extremely pro-defendant. The President vetoed a product liability bill in 1996, but stated that he was for "sensible product liability reform," and set out particular issues that needed to be addressed. Congress is currently considering new product liability legislation, which both House and Senate leadership hope to bring to the floor before the recess. Although the bills currently do not meet the President's standards, Senator Rockefeller is attempting to craft a solution that will meet our objections. Labor will probably not be happy if this effort succeeds.

Securities law preemption

While labor in general has been less interested in the issue of limitations on the right to sue under the securities laws than it is in product liability reform, they also opposed the Private Securities Litigation Reform Act, which was passed over the President's veto. Business is now trying to

extend that statute by getting Congress to enact legislation to preempt most state securities fraud actions. Business thinks the President has indicated support of their position, but the situation is somewhat more murky. Even if we support some sort of preemption, it is unlikely to be as broad as that proposed by the business community.

Peter R. Orszag


09/17/97 01:32:57

PM

Record Type: Record

To: Anne H. Lewis/OPD/EOP

cc:

Subject: Re: Breifing for AFL CIO COnvention 

Here's a pretty vacuous answer on Social Security. Climate change will be handled through Katie McGinty's shop.

Q: What are you doing about Social Security?

A: The President and I have emphasized that one of our most serious responsibilities is to make sure that Social Security and Medicare are there for the next generation of Americans. With the historic balanced budget agreement, we have shown that we can put our fiscal house in order while improving services for our elderly. Now, we must move on to addressing the long-term entitlement challenges critical to our nation's future. The President and I are both interested in studying a range of options, and we have begun considering the best way of structuring this process. But we will not support implementing ideas that change Social Security without careful study and review.



Anne H. Lewis
09/10/97 01:16:40 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: AFL CIO



AFLBRIEF.WP[In the department of things that seem light years away, here's a heads up on key issues for the upcoming AFL CIO convention. I'm sure there are issues that I haven't thought of, but this will get you started. Pls keep your paragraphs short and submit them to me via e-mail.

Message Sent To:

Peter R. Orszag/OPD/EOP
Ellen S. Seidman/OPD/EOP
Lael Brainard/CEA/EOP
Kathleen M. Wallman/WHO/EOP
Dorothy Robyn/OPD/EOP
Emil E. Parker/OPD/EOP
Jonathan A. Kaplan/OPD/EOP
Robert M. Shireman/OPD/EOP
Russell W. Horwitz/OPD/EOP

MEMORANDUM

TO: NEC STAFF

FROM: ANNE H. LEWIS

RE: AFL CIO CONVENTION

DATE: SEPT 10

The President will be speaking at the AFL CIO convention on Sept 24th. The Vice President will be speaking and participating in other meetings or events on Sept 20th. We will need to prepare substantive background for both on a number of issues.

For the President, Craig Smith's shop will be the Staff Contact, but we can anticipate that he will need input from us. I would like to prepare the paper early enough so that the VP can also use it. Therefore, the deadline is Wed Sept 17th at 5 PM. Here's a heads up on what we will be asked for:

Issue	Length	Assignment
Fast Track Vicky or whomever)	1 page	Lael (pls coordinate with
Project Labor, procurement Et al	1 page	Kathy
Comp Time	paragraph	Anne
Team Act	"	Anne
Electricity Restructuring	"	Kathy
Aerospace Offsets	"	Dorothy
Climate Change	"	Peter (with CEQ)
Education& Trng (Skill grants)	"	Bob/Anne
FLSA Application	"	DPC
Privatization	"	DPC
Davis Bacon, Service Contract, OSHA, MSHA		Anne
Pensions	"	Ellen
Credit Unions	"	Ellen
Social Security	"	Peter

Please make sure that the paragraphs are short. Staff Secretary does not want a 10 page background memo.



UNITED STATES DEPARTMENT OF LABOR

FACSIMILE TRANSMISSION

OFFICE OF CONGRESSIONAL AND INTERGOVERNMENTAL AFFAIRS

200 Constitution Avenue,
N.W.
Room S-1325
Washington, DC 20210

Confirmation:
202/219-6141

~~July 21, 1997/10:23am~~

To: *Anne Lewis*
DEPARTMENT/COMPANY:
FACSIMILE NUMBER: *456-2223*
FROM: ~~JOHN GOLDBERT~~ *Bill Kamada*
NUMBER OF PAGES INCLUDING COVER: *7*

FACSIMILE REPLIES: CONGRESSIONAL AFFAIRS 202/219-5120
INTERGOVERNMENTAL AFFAIRS 202/219-5736
IMMEDIATE OFFICE OF THE ASSISTANT SECRETARY 202/219-5288

MESSAGE: *Sen. Kennedy statement at job training bill introduction press conference acknowledging the important role played by the President.*

from the office of

*Senator Edward M. Kennedy
of Massachusetts*

**For Immediate Release:
September 17, 1997**

**Contact: Jim Manley
(202) 224-2633**

**STATEMENT OF SENATOR KENNEDY
UPON INTRODUCTION OF
THE WORKFORCE INVESTMENT PARTNERSHIP ACT**

An educated workforce has become the most valuable resource in the modern economy. Our nation's long term economic vitality depends on the creation of an effective, accessible, and accountable system of job training and career development which is open to all our citizens. Schools must assume more responsibility for preparing their students to meet the challenges of the 21st century workplace. Disadvantaged adults and out of school youth need the opportunity to develop job skills which will make them productive members of the community. Dislocated workers who have been displaced by the rapid pace of technological change deserve the chance to pursue new careers. The way in which we respond to these challenges today will determine how prosperous a nation we are in the next century.

The importance of highly developed employment skills has never been greater. The gap in earnings between skilled and unskilled workers is steadily widening. For those who enter the workforce with good academic training and well developed career skills, this new economy offers almost unlimited potential. However, for those who lack basic proficiency in language, math and science and who have no career skills, the new economy presents an increasingly hostile environment.

The Workforce Investment Partnership Act which I am introducing with Senators Jeffords, DeWine and Wellstone will provide employment training opportunities for millions of Americans. It responds to the challenge of the changing workplace by enabling men and women to acquire the skills required to enter the workforce and to upgrade their skills throughout their careers. It will provide them with access to the educational tools they need not only to keep up, but to get ahead.

The legislation which we will be introducing represents a true collaboration of our four offices. I want to publicly commend Senators Jeffords and Dewine for their genuine spirit of bipartisanship which has made this collaborative effort possible. Senator Wellstone and I appreciate it. Over the last six months, each of us has devoted an enormous amount of time and effort to fashioning a legislative consensus which will truly expand career options, encourage greater program innovation, and facilitate cooperative efforts amongst business, labor education and state and local government. While each of us can cite provisions in this bill which we would like to change, we all believe that the Workforce Investment Partnership Act will accomplish our principle goals.

I also want to recognize the important role President Clinton has played in bringing about this dramatic reform of our current job training providers. The philosophy behind his skill grant proposal is reflected in our legislation.

The Workforce Investment Partnership Act is designed to provide easy access to state of the art employment training programs which are geared to real job opportunities in the community. The cornerstones to this new system are individual choice and quality labor market information. In the past, men and women seeking new careers often did not know what job skills were most in demand and which training programs had the best performance record. All too often, they were forced to make one of the most important decisions in their lives based on anecdotes and late-night advertisements.

No training system can function effectively without accurate and timely information. The frequent unavailability of quality labor market information is one of the most serious flaws in the current system. In order to make sound career choices, prospective trainees need both detailed information on local career opportunities and performance based information on training providers. That information will now be available at easily accessible One Stop Employment Centers, along with career counseling and other employment services. The legislation places a strong emphasis on providing accurate and timely information about what area industries are growing, what skills those jobs require, and what earning potential they have. Extensive business community participation is encouraged in developing this information. Once a career choice is made, the individual must still select a training provider. At present, many applicants make that choice with a little or no reliable information. Under our bill, each training provider will have to publicly report graduation rates, job placement and retention rates, and average earnings of graduates.

Because of the extensive information which will be available to each applicant, real consumer choice in the selection of a career and of a training provider will be possible. The legislation establishes individual training accounts for financially eligible participants, which they can use to access career education and skill training programs. Men and women seeking training assistance will no longer be limited to a few predetermined options. As long as there are real job opportunities in the field selected and the training provider meets established performance standards, the individual will be free to choose which option best suits his or her needs.

An essential element of the new system we have designed is accountability. As I noted earlier, each training provider will have to monitor and report the job placement and retention achieved by its graduates and their average earnings. Only those training programs that meet an acceptable performance standard will remain eligible for receipt of public funds. The same principle of accountability is applied to those administering state and local programs. They are being given wide latitude to innovate under this legislation. But they too will be held accountable if their programs fail to meet challenging performance targets.

There is no challenge facing America today which is tougher or more important than providing at risk, often out of school, youth with meaningful education and employment opportunities. Far too many of our teenagers are being left behind without the skills needed to survive in the 21st century economy. I am particularly proud of the commitment which the Workforce Investment Partnership Act makes to these young men and women. This legislation authorizes a new initiative focused on teenagers living in the most impoverished communities in America. These areas range from the poorest neighborhoods of our largest cities to impoverished rural counties. Each year, the Secretary of Labor will award grants from of a \$250 million fund to innovative programs designed to provide

09/17/97 WED 12:56 FAX

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opportunities to youth living in these areas. The programs will emphasize mentoring, strong links between academic and worksite learning, and job placement and retention. It will encourage broad based community participation from local service agencies and area employers. These model programs will, we believe, identify the techniques which are most effective in reaching those youth most at risk.

The Workforce Investment Partnership act includes titles reauthorizing, major vocational education and adult literacy programs. Both programs will continue to be separately funded and independently administered. We have incorporated them in the Workforce Act because they must be integral components of any comprehensive strategy to prepare people to meet the demands of the 21st century workplace. Students who participate in vocational education must be provided with both strong academic preparation and advanced employment skills training. Recognizing this core principle, the legislation supports broad based career preparation education which meets both high academic standards and teaches state of the art technological skills. Adult literacy programs are essential for the 27% of the adult population who have not earned a high school diploma or its equivalent. Learning to read and communicate effectively are the first steps to career advancement. This legislation will increase access to these educational opportunities for those people most in need and enhance the quality of services providers.

The Workforce Investment Partnership Act will make it possible for Americans to gain the skills needed to compete in a global economy. In doing so, we are also enabling them to realize their personal American dreams.

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WORKFORCE INVESTMENT PARTNERSHIP ACT

Highlights
September 17, 1997

WIPA revitalizes the job training structures, making them more flexible and user-friendly.

- The local boards have a new, policy-oriented mandate. They bring together community leaders with expertise, including leading figures at the businesses driving the labor markets, to create local priorities for job training services. The new boards will ensure that the system is continually evolving to meet the changing demands of the marketplace, and that participants are prepared for jobs in demand.
- WIPA accelerates the move to one-stop service centers as the delivery system. Under the bill, job seekers can go to a single office to peruse job listings, select a job training provider, access employment services and receive counseling.
- Each program serving a major population group in need of training services – disadvantaged adults, dislocated workers, and youth – as well as vocational education and adult education, has its own appropriation and funding stream. In addition, the education programs and job training programs remain separately administered.

WIPA builds a job training system around information, allowing the system to meet the changing demands of the labor markets.

- The labor market information system is modernized and expanded, tracking outcomes of participants for four times as long as under the current law.
- WIPA will provide information about local labor markets, including what industries are growing, which jobs are in demand, what skills those jobs require, and wage trends.
- The information system will give participants and policy-makers accurate and timely information about service providers, including their placement rates, and the job retention rates and earnings of their graduates.

WIPA restructures the delivery of adult job training services around individual training accounts to ensure real consumer choice.

- Customers at one-stops are presented with current information about their local labor market so they can make informed decisions concerning their career of choice. Case managers will help them determine what careers offer growth potential and are suitable to their interests and skills.
- Customers may choose from among eligible training programs, and will have timely and accurate data concerning the providers' placement rates and other indicators of success. Case managers are available to help participants select among training service providers. If they require additional skills to qualify for a training program in which they are interested, a case manager can, in appropriate cases, arrange for such services.
- After a participant has selected a training service provider, the case manager will arrange for payment of the provider from an individual training account in the participant's name.

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- WIPA guarantees that the increased opportunities for job seekers in no way harms incumbent workers. Strong anti-displacement language prevents employers from replacing workers with new hires from the WIPA system, or even from reducing workers' hours or impinging on their promotional opportunities.

WIPA demands strict accountability at every level, from state to individual service providers.

- The goal of the workforce development system under WIPA is constant improvement. States are expected to meet challenging performance levels in all job training, vocational education, and adult education programs. To ensure that the levels are not understated by the states, they must be negotiated with the Secretary of the Department of Labor or the Department of Education, as appropriate.

- The system is supposed to prepare participants for jobs. Thus, criteria for performance levels are based on expectations of placement in unsubsidized employment, in the field for which participants are trained, or in further education, which increases employability.

- To promote coordination among all workforce development agencies, incentive grants are available for states exceeding performance levels in all titles of the act.

- Providers will only remain eligible under WIPA if they meet state-determined levels of performance in graduation rates, job placement, retention, and earnings of their enrollees. States will have an incentive to set high levels for training providers in order to meet the state's performance levels negotiated with the Secretary.

WIPA introduces an exciting, new youth initiative to help young people lift themselves out of poverty and realize the American dream.

- The Secretary of Labor will award grants from a new \$250 million fund to Empowerment Zones and Enterprise Communities for youth training. These communities may be the lowest-income area of a larger city or several impoverished rural counties. At least 30% of the area's residents must live below the poverty line. The fund is designed so that it will increase with increases in the overall youth training appropriation.

- The grant program will encourage creation of comprehensive local programs, designed to provide an intensive experience to the youth who participate. They will include such features as strong mentoring components; links between academic and worksite learning; alternative education for out-of-school youth; and coordination with schools, housing authorities, and other community services to help young people overcome the hurdles facing them in impoverished communities.

- Grant recipients will need to demonstrate local support, including a commitment of job opportunities from local employers, and leverage community resources, provide intensive job placement services, and provide follow-up services for up to two years. A community's grant will be phased out over five years, with the understanding that local sources will gradually replace the federal funding.

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- The grants are expected to reward innovation and encourage experimentation. They are designed to spur new models for addressing the problems of youth and poverty, models which may in turn shape future grants and the larger youth programs.

- The new youth initiative complements a continued strong commitment to broader youth programs. WIPA anticipates at least \$1 billion to be allocated to states and localities for programs of tutoring, dropout prevention, summer jobs, and skills training for youth. WIPA's targets 50% of its resources for those youth who are out of school and therefore most at risk.

WIPA preserves the central role of vocational education in the workforce development system and strengthens the links between academics and vocational education.

- The Carl D. Perkins Vocational Education Title guarantees an independent appropriation and independent administration of vocational education programs.

- Recognizing that strong academic skills are increasingly important in securing good jobs, WIPA emphasizes linkages between academic learning and vocational education, and requires high standards of performance in both.

- The Perkins Title will encourage training in new technologies and other skills essential to prepare individuals for tomorrow's jobs.

WIPA guarantees adults the access to education they need to compete in the global marketplace.

" - A separate title and independent appropriation, and administration by the education system at the state level, ensure that adult education will be preserved as an essential component of the nation's workforce development system.

- WIPA provides for coordination between the adult education and job training systems, allowing in appropriate circumstances for adult education to serve as the essential first step in a participant's individualized training program.

- WIPA places priority on adult education programs serving communities with high poverty rates or high illiteracy rates, since illiteracy is a nearly impassable roadblock on the road out of poverty.