

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Julia R. Green (CN=Julia R. Green/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:20-MAR-1997 11:07:22.00

SUBJECT: HOPE Legislation Take II Attached for release

TO: newsdesk (newsdesk @ usnewswire.com @ inet [UNKNOWN])

READ:UNKNOWN

TEXT:

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

President Clinton's Hope and Opportunity
for Postsecondary Education (HOPE) Act of 1997
March 20, 1997

TODAY, THE PRESIDENT WILL SEND TO CONGRESS NEW LEGISLATION TO HELP OPEN THE DOORS OF COLLEGE TO MORE AMERICANS. The Hope and Opportunity for Postsecondary Education (HOPE) Act of 1997 -- part of President Clinton's five-year balanced budget -- includes a \$10,000 tuition tax deduction, a \$1,500 Hope Scholarship tax credit, a substantial Pell Grant expansion and increase, a cut in student loan fees, new educational assistance from employers, and other provisions. The new legislation provides:

\$38.4 billion over five years in tax relief for middle-income families struggling to pay for college and make ends meet.

At least \$40 billion in Pell Grants over five years to provide more tuition assistance to low- and moderate-income families, the largest increase in two decades.

\$2.6 billion in savings over five years in reduced loan fees for student loan borrowers -- putting more money into the hands of students when they pay tuition bills and other college expenses.

Financial support for worker training through the tuition deduction and the extension of the tax-free treatment of up to \$5,250 per employee in employer-provided educational assistance.

OVER 250 COLLEGE PRESIDENTS EXPRESS SUPPORT FOR THE PRESIDENT'S HIGHER EDUCATION PLAN. Already, over 250 college presidents -- representing community colleges, public and private colleges and universities -- have expressed support for the President's higher education initiatives.

NEW STATE-BY-STATE ANALYSIS SHOWS EVERY REGION OF THE COUNTRY BENEFITTING FROM THE HOPE ACT. For the 1998-99 academic year, these proposals will provide nearly \$1.7 billion in Federal benefits for students in California, and over \$300 million for students in Virginia.

Highlights of the
Hope and Opportunity for Postsecondary Education (HOPE) Act of 1997

INITIATIVE
DESCRIPTION
AMOUNT
IMPACT

Title I: Higher Education Tax Incentives

HOPE
Scholarship
Tax Credit
Up to \$1,500 per-student tax credit for tuition and fees in student's first year and another \$1,500 in the second year if student earns at least a B-average.
\$18.6 billion over five years.
Expected to help 4.2 million students in 1998.

\$10,000 Tax
Deduction for
Higher
Education and
Training

Phases up from \$5,000 in 1997 to a \$10,000 maximum deduction in 1999 for tuition and fees. Also available for training and lifelong learning.
\$17.5 billion over five years.
Expected to help 8.1 million students in 1998.

Tax-Free
Education
Savings*

Families with incomes up to \$100,000 would be eligible for IRAs, and could make penalty-free withdrawals for higher education. Education specific estimates not available.
Combined with tax deduction, IRA used for education will never be taxed. Will make over 20 million families eligible for such a benefit.

Educational
Assistance
from Employers

Extends tax exclusion for employer-provided education assistance through 2000, for both undergraduate and graduate education. Also provides tax credit to small businesses.
\$2.4 billion between 1997-2001.
Benefits 1.7 million employees a year.

Community
Service: Loan
Forgiveness

Tax relief for community service loan forgiveness and for borrowers who repay through the income contingent repayment plan for 25 years.
\$15 million over five years.
Not available.

Title II: Financial Aid for Needy Students

Pell Grant

Increase and Expansion

Largest increase in two decades -- from \$2,700 in FY97 to \$3,000 in FY98. Combined with the FY97 increase, the maximum grant has increased \$530 since FY96.

At least \$40 billion over five years. \$1.7 billion more in 1998 than the FY97 appropriation -- a 25% increase in aid.

Over 3.6 million students now eligible will receive an increase up to \$300. This increase will also make an additional 130,000 families eligible for the grant.

Pell Grant Expansion for Older, Low- Income Students

Increases eligibility for older, low-income students to receive a Pell Grant.

\$3.9 billion over five years.

An additional 218,000 low-income students generally aged 24 or over will be newly eligible for Pell Grants. The new recipients will receive, on average, a grant of \$1,431.

Cut in Student Loan Fees

Cuts loan fees from 4% to 2% on need-based Stafford loans -- and to 3% on other loans for students and parents.

\$2.6 billion in savings for borrowers over five years

Loan fees will be cut in half for 4 million low- and middle-income students, and by a quarter for 2.5 million other loans.

*The IRA proposal is not part of the HOPE Act but will be transmitted to Congress separately.

Summary of the Hope and Opportunity
for Postsecondary Education (HOPE) Act of 1997
March 20, 1997

Today's employers look for job applicants with more than a high school diploma.

Since the success of the post-World War II GI Bill, the Federal Government has expanded college aid, making it possible for more Americans to attend college. But for too many, the financial strains of continuing their education are still severe. The President's Hope and Opportunity for Postsecondary Education (HOPE) Act of 1997 ensures that these barriers to higher education continue to fall for all Americans and provides tax relief for middle-income families struggling to pay for college.

Title I: HIGHER EDUCATION TAX INCENTIVES

HOPE Scholarship Tax Credits

Up to a \$1,500 per student credit for tuition and fees for course work beginning on or after July 1, 1997.

Credit can be claimed in two tax years for any student who has not finished 13th and 14th years of education.

The tax credit is expected to help 4.2 million students (1998), and would save families \$18.6 billion over five years.

The non-refundable tax credit is available for students enrolled on at least a half-time basis during the first two years of postsecondary education. The credit may be claimed in no more than two years. To receive the credit for the second time, the student must have at least a B minus grade point average in course work completed before that year. Federal grants (but not loans or work-study) generally would reduce the allowable tax credit. No credit would be available for any student convicted of a drug-related felony.

The credit would be phased out for taxpayers filing a joint return with adjusted gross income between \$80,000 and \$100,000. For taxpayers filing single and head-of-household returns, the credit would be phased out for adjusted gross income between \$50,000 and 70,000. (The phase-out ranges and the amount of the credit would be indexed).

Tax Deduction for Higher Education and Training

\$10,000 per family maximum deduction for lifelong learning (\$5,000 maximum in 1997 and 1998).

Available for job training and re-training, in addition to traditional undergraduate and graduate education.

Deduction is "above the line" -- available even if the taxpayer does not itemize.

Expected to help 8.1 million students (1998), and would save families \$17.5 billion over five years.

The deduction could be claimed for out-of-pocket tuition and fees paid for any student enrolled at least half-time in a degree or certificate program, including graduate programs, at an eligible postsecondary institution. In addition, the deduction would be available for the cost of training -- whether or not it leads to a degree -- that helps the student, older worker, or job-seeker improve or acquire job skills. A student in the first two years of postsecondary education could choose either the credit or the deduction, but not both. The deduction phases in, beginning with a \$5,000 maximum per family for payments made after December 31, 1996 to cover course work beginning on or after July 1, 1997. It increases to a \$10,000 maximum deduction beginning in 1999. The deduction would be phased out at the same income levels as the credit.

Tax-free Education Savings*

Families with incomes up to \$100,000 would be eligible for IRAs, and could make penalty-free withdrawals for higher education.

Combined with tuition deduction (above), the IRA savings spent by middle-income families on tuition and fees would never be taxed.

* As part of his balanced budget plan, the President has proposed a number of changes to IRAs to make it possible for families to use them to pay for education tax-free. Although the specific legislation providing for these changes is not included in the HOPE Act, it will be transmitted to Congress soon.

The President's budget plan would allow IRAs to be used for postsecondary education expenses free from early withdrawal tax penalties, and would make over 20 million families eligible to make tax-deductible IRA contributions. Currently, if an individual (or spouse) already participates in

an employer's retirement plan, eligibility is phased out for taxpayers filing a joint return with adjusted gross income between \$40,000 and \$50,000 (between \$25,000 and \$35,000 for single filers). The proposal would expand the phase-out ranges for 1997 through 1999 to \$70,000 to \$90,000 for joint filers (\$45,000 to \$65,000 for single). Beginning in 2000, the phase-out range would match the ranges described for the higher education tax credit. The proposal would also create a special IRA that could be used to save for education and other needs, subject to the same income limits.

Educational Assistance from Employers

Extends tax exclusion for employer-provided education assistance (Section 127) through the year 2000, for both undergraduate and graduate education.

Tax credit to encourage small businesses to offer educational assistance to employees.

Benefits 1.7 million employees a year.

The current exclusion from an employee's income of up to \$5,250 per year of postsecondary educational assistance provided by an employer expires this year, and expired for graduate-level assistance last year. The President would extend the exclusion, and reinstate the graduate-level component, through the year 2000. In addition, for 1998-2000, small businesses would be given a new incentive to provide educational assistance to their employees through a ten-percent tax credit for amounts paid under an employer-provided educational assistance program for education provided by a third party.

Community Service: Loan Forgiveness

Tax-free loan cancellation for public service and forgiveness under the income contingent repayment plan.

Under current law, a charity or private educational institution that forgives a loan as part of a program that enables graduates working in certain professions (such as rural medicine or teaching) to pay off their student loans through community service must report the loan forgiveness as income to the graduate. This proposal would exclude the loan forgiveness from an individual's income and clarify that the same treatment would be provided for forgiveness under the income contingent loan repayment plan for direct loans.

Title II: FINANCIAL AID FOR NEEDY STUDENTS

Pell Grant Increase and Expansion

Largest increase in Pell Grants in two decades.

\$300 boost in the Pell Grant maximum, to a \$3,000 maximum award. Since FY 1996, the maximum award will have increased \$530.

A 25 percent funding increase over last year -- \$1.7 billion more than the FY 1997 appropriation.

3.6 million students now receiving Pell Grants will be eligible to receive an increase of up to \$300. The increase will make 130,000 more moderate-income families eligible for the grant.

Older student provision will make Pell Grants available to additional 218,000 low-income students generally aged 24 or over.

With these changes, the number of Pell Grant recipients will exceed 4 million in FY 1998.

At least \$40 billion available for Pell Grants for needy students over five years.

Pell Grants are the foundation of student aid for low- and moderate-income families. Increasing the maximum award to \$3,000 provides more aid to currently eligible students, and makes an additional 130,000 students eligible for the grants. In addition, the proposal would increase the eligibility of older, low-income students. With this change, more low-income students who are 24 years old or older and financially independent from parents would receive a Pell Grant. Pell Grants are particularly beneficial for low-income students who have little or no tax liability because of the high award level and its availability for all four years of undergraduate education.

Cut Student Loan Fees and Interest

Borrower-paid loan fees cut in half for 4 million low- and middle-income students, and by a quarter for 2.5 million other loans to student and parent borrowers.

\$2.6 billion in borrower savings over five years produced by the fee cut alone.

Interest rate during in-school period cut for 2 million students, saving t

hem an additional \$1 billion.

Before 1993, borrowers lost up to 8 percent of their student loans in required fees before the money ever reached them. In 1993, the President's aggressive student loan reforms spurred a 50 percent cut in allowable fees that has already saved families nearly \$2 billion. The President's plan proposes -- for both the Direct and guaranteed loan programs -- to cut loan fees from 4 percent to just 2 percent on need-based Stafford loans, and to 3 percent on other loans for students and parents.

The Congressional Budget Office and other analysts have noted that lender costs during the in-school period -- when students are not required to make payments on their loans -- are very low. The budget reduces the interest rate during that period by one percentage point.

The proposal provides these benefits to students while saving taxpayers \$3.5 billion over five years by streamlining the guaranty agency system to make it more efficient and cost effective and by eliminating excess lender profits.

College Work-Study*

Budget funds 1 million College Work-Study slots by the year 2000.

Incentives to reach the goal of 100,000 work-study reading tutors by 1999.

The President's 1998 budget also increases aid for students through subsidized jobs in the College Work-Study program. The President has called on colleges to commit half of the increased funding since FY 1996, \$120 million for FY 1998, to supporting community service jobs. The Secretary of Education recently waived the institution's required portion of the awards for students that participate as reading tutors -- part of America's Reading Challenge, helping to ensure that every child can read independently and well by the end of third grade. The President's budget is on a path to achieve the President's goal to raise the number of Work-Study recipients to a million by the year 2000, and 100,000 reading tutors by 1999.

* College Work-Study proposal is included in the President's budget request and appropriations language but not in the HOPE Act.

Case Studies:
How the President's Higher Education Proposals
Benefit Typical American Families

Two Examples of How to Save for College Tax-Free

Taken together, the Administration's proposal to allow penalty-free withdrawals from IRAs for college tuition and the tuition tax deduction allow families to save tax-free for their children's education. Families pay no income taxes on money they contribute to an IRA, and the interest accumulates tax-free. Under the Administration's proposal, families would be allowed to withdraw money from their IRA to pay higher education expenses without paying the usual excise tax. And because they can deduct tuition expenses of up to \$10,000 per year from taxable income, they will not have to pay the income tax normally due on IRA withdrawals. This adds up to tax-free saving for college.

The following examples demonstrate how the Administration's proposals help families save for their children's college tuition:

Example 1 \$35,000 Family Income

A family with combined income of \$35,000 per year in a 15% marginal tax bracket saving for college expenses of \$10,000 per year for 4 years. The family earns an 8% annual return.

Under the Administration's proposal this family would need to put \$955 per year in before tax savings into an IRA for 18 years.

Without the Administration's proposal, the same family would need to put away almost \$1,090 per year after taxes. That means that they need to earn more than \$1,280 per year before taxes, a difference of \$325 per year to reach the same savings goal.

Example 2 \$60,000 Family Income

A family with combined income of \$60,000 per year in a 28% marginal tax bracket saving for college expenses of \$10,000 per year for 4 years. The family earns an 8% annual return.

Under the Administration's proposal this family would need to put \$955 per year in before-tax savings into an IRA for 18 years.

Without the Administration's proposal, the same family would need to put away \$1,220 per year after taxes. That means that they need to earn nearly \$1,700 per year

before taxes, a difference of
almost \$750 per year to reach the same savings goal.

Four Examples of How the HOPE Act Works

The tax liabilities used in the following four examples are based on the personal exemption, standard deduction and the beginning point for the 28 percent rate bracket assumed to be in effect in 1998, the first year the increased Pell Grants will be available under the President's proposal. Under the proposal, the maximum tuition deduction for 1998 is \$5,000. It is \$10,000 for years thereafter. Tax liabilities are estimated on the assumption that itemized deductions of 18 percent of adjusted gross income are claimed if that amount exceeds the standard deduction.

Example 3
\$60,000 Family Income Married Couple With One Child in
College
1998 Benefit: \$1,500

Larry and Jill O'Neill are a married couple with two children. Larry and Jill earn \$60,000 in 1998. They claim both children as dependents because they provide more than half of their support. Bobby, the O'Neills' older child, enrolls as a freshman in a community college in the fall of 1998 and is charged \$1,500 in tuition and required fees. Bobby's parents pay his tuition. Under the President's proposals, the O'Neill are entitled to a HOPE Scholarship tuition credit of \$1,500. (Because a credit is being claimed for Bobby's freshman year, his grade point average does not affect his eligibility for the credit.) The credit reduces their tax liability by \$1,500. Thus, the O'Neills get a total benefit of \$1,500 from the President's proposals.

Without the President's Proposals With the President's Proposals

Tuition cost: \$1,500	Tuition cost: \$1,500
Pell grant: \$0	Pell grant: \$0
Tax liability: \$5,760	Tax liability: \$4,260

Example 4
\$10,000 income
Independent College Student
1998 Benefit: \$3,458

Joe Jefferson is a college freshman in the fall of 1998. He is single and supports himself. He

earns \$10,000 in 1998. In September 1998, Joe enrolls in college and pays \$3,025 in tuition and required fees for the fall semester. In December he is charged \$3,025 in tuition and fees for the spring semester. Under the President's proposals, Joe is entitled to a Pell grant of \$3,000 that he uses to pay part of his tuition. He pays the remaining \$3,050 with a combination of savings and loans. Under the President's proposals, he is entitled to a tuition deduction for his \$3,050 payment. The deduction reduces Joe's tax bill by \$458, which is more than his total tax liability for the year. Thus, Joe gets a total benefit of \$3,458 from the President's proposals, \$3000 in Pell Grants and \$458 in reduced taxes.

Without the President's Proposals	With the President's Proposals
Tuition cost: \$6,050	Tuition cost: \$6,050
Pell grant: \$0	Pell grant: \$3,000
Tax liability: \$458 (less \$3 EITC refund)	Tax liability: \$0 (plus \$3 EITC refund)

Example 5
\$30,000 Family Income
Married Couple with One Child in College
1998 Benefit: \$1,050

Victor and Susan Montoya are a married couple with one child, Maria. Tom and Susan earn \$30,000 in 1998. They claim Maria as a dependent because they provide more than half of her support. Maria attends college for two semesters in 1998 and is charged \$6,850 in tuition and required fees at the beginning of the year. Under the President's proposal, Maria receives a Pell grant for \$1,850. Her parents pay \$1,000 of her tuition. She pays the rest of the tuition bill with a combination of savings and loans. Under the President's proposals, the Montoyas are entitled to a tuition deduction for the \$5,000 their family has paid in tuition and required fees. The deduction reduces the Montoyas' tax bill by \$750. Thus, the Montoyas get a total benefit of \$1,050 from the President's proposals, \$300 in additional Pell Grants and \$750 in reduced taxes.

Without the President's Proposals	With the President's Proposals
Tuition cost: \$6,850	Tuition cost: \$6,850
Pell grant: \$1,550	Pell grant: \$1,850
Tax liability: \$2,220	Tax liability: \$1,470

Example 6
\$90,000 Family Income
Married Couple With Two Children in College
1998 Benefit: \$1,450

Paul and Debbie Green are a married couple with two children, David and Barbara. Paul and Debbie have income of \$90,000 in 1998 (including income from an IRA withdrawal, described below). They claim David and Barbara as dependents because they provide more than half of their support. In 1998, David is enrolled in college for the second semester of his junior year and the first semester of his senior year. Barbara is enrolled in the second semester of her freshman year and the first semester of her sophomore year. At the beginning of 1998, Barbara has a B+ grade point average. David's bill for tuition and required fees is \$5,000, and Barbara's is \$1,500. Paul and Debbie pay their children's tuition and required fees with a combination of savings, including \$2,000 they withdraw from their IRAs, and loans. Under the President's proposals, they avoid any penalty for early withdrawal from their IRAs, and they are entitled to a credit of \$750 for Barbara's tuition and a deduction of \$2,500 for David's tuition. (Because their income places them in the middle of the \$80,000 to \$100,000 phase-out range, they claim half the maximum credit and deduction.) The credit and the deduction reduce their tax liability by \$1,450. Thus, the Greens get a total benefit of \$1,450 from the President's proposals.

Without the President's Proposals	With the President's Proposals
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Tuition cost: \$6,500	Tuition cost: \$6,500
Pell grant: \$0	Pell grant: \$0
Tax liability: \$12,128	Tax liability: \$10,678
Penalty for early withdrawal: \$200.	

COLLEGE AND UNIVERSITY PRESIDENTS SUPPORT
PRESIDENT CLINTON'S HIGHER EDUCATION INITIATIVE

Already, over 250 college presidents -- representing community colleges, public and private colleges and universities -- have expressed support for President Clinton's higher education initiatives.

70 community college presidents and 280 community college trustees signed the American Association of Community Colleges and Trustees letter of support for the President's higher education initiatives

105 private college presidents joined the president of Dickinson College in signing a letter of support for the President's initiatives

23 California State University presidents joined the Chancellor of the California State University System in a letter of support for the President's initiatives

63 Christian college presidents signed the Coalition for Christian Colleges & Universities letter commending the President for his higher education efforts

The American Council on Education Board of Directors, which represents 1,700 college and university presidents, passed a resolution in support of the President's initiatives

The National Association of Student Financial Aid Administrators, representing over 3,100 colleges and universities, expressed support for the President's initiatives

Explanation of State-by-State Tables

Table 1 -- Benefits to Students under the HOPE Act

The first column provides the total estimated Pell Grant funding in the 1998-99 academic year for students attending postsecondary institutions in the State.

The second column provides the total estimated reduction in taxes (as a result of the HOPE Scholarship and the higher education tax deduction) in the 1998 calendar year for students attending postsecondary institutions in the State.

The third column provides the total estimated reduction in loan fees in the 1998-99 academic year for students and parents attending postsecondary institutions in the State.

The final column is a total of the first three columns: the total benefit for students in the State.

Table 2 -- Pell Grant Benefits to Students

For students attending postsecondary institutions in the State in the 1998-99 academic year:

the first column shows the number of Pell Grant recipients;
the second column shows the increase in the number of recipients over
the previous year;
the third column shows the total Pell Grant funding; and
the fourth column shows the increased Pell Grant funding over the previous year.

Methodology of State-by-State Analysis

Pell Grant Budget Authority for Academic Year 1998-99

Estimates are based on 1998-99 Pell Grant projections, adjusted by the 1994-95 academic year distribution of Pell recipients and funding among different States.

Combined Tax Benefits for Calendar Year 1998

Using a nationally-representative sample of postsecondary students, we first determined the likelihood of a Pell and non-Pell recipient receiving a tax benefit. Using these data and the Pell Grant distributions discussed above, we estimated the number of students that would receive a tax benefit in each state. We then used this relative distribution of tax beneficiaries to allocate calendar year 1998 benefit amounts (\$5.9 billion) among the States.

Cuts in Student Loan Origination Fees for Academic Year 1998-99

Estimates are based on projected loan amounts and number of borrowers for academic year 1998-99, and the historical distribution of loans by State. Two percent of Stafford (subsidized) loan volume and one percent of unsubsidized loan volume equal the estimated student savings by State. ===== END ATTACHMENT 1 =====

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael Cohen (CN=Michael Cohen/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 3-APR-1997 12:47:31.00

SUBJECT: Re: Draft for clearance

TO: Leanne I. Johnson (CN=Leanne I. Johnson/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

CC: Reuben L. Musgrave Jr. (CN=Reuben L. Musgrave Jr./OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

CC: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

I haven't seen the incoming from Phil's office, so it is somewhat difficult to comment on the response. However, based on what I know and suspect, I think the response will need some work.

1. Barry is probably writing as a follow-up to the President's speech to ACE on Feb. 24. Barry was outgoing head of ACE at the time, and he and the President met both before and after the speech. The ACE resolution of support Barry is refering to was tied directly to the President's speech.
2. The resolution deals with both HOPE scholarship and America Reads. You should make sure that Gene Sperling is included in the review of the final letter.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Leanne I. Johnson (CN=Leanne I. Johnson/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 4-APR-1997 16:07:10.00

SUBJECT: Student financial aid form letter

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Hi Bob,

Mike Cohen referred me to you for clearance on the following draft. OMB Ed branch has already cleared it. Could you please review it and let me know if everything is okay or not? Thanks!

DRAFT:

Thank you for sharing your thoughts about student aid programs. Your ideas are important to me as we work to ensure that the doors of opportunity for education and training are open to all Americans.

In 1993, I was proud to sign into law the National and Community Service Act and the Student Loan Reform Act, which allow students to borrow money for education and training directly from the government. These programs, along with Pell Grants, Work-Study programs, and other scholarship and fellowship programs, provide effective financial support to eligible students across the country.

My fiscal 1998 budget proposal includes increasing grant aid and work-study assistance while reducing student borrowing costs. It continues our strong support for higher education and takes important steps toward ensuring continued access to postsecondary education for all Americans. This proposal would increase the Pell Grant maximum to \$3,000, provide the Federal Work-Study program with \$857 million in funding, and continue full funding of direct college loans. The increase in Pell grant funds would raise the number of Pell grant recipients by 348,000 to over 4 million. It would also add 28,000 new people to the Work-Study program as part of my commitment to increase the number of recipients to 1 million by the year 2000. I have also called upon colleges to use a significant portion of their new Work-Study allocations for students serving as tutors in the America Reads Challenge initiative.

Colleges, universities, and vocational schools will continue to choose the federal student loan program -- either the Federal Direct Student Loan Program or a bank-based, guaranteed student

loan program -- that best serves the needs of their students.

Flexible loan repayment options enable graduates to select jobs without undue concern about rigid schedules. In order to ensure fair access to financial aid for all students, we will continue to take steps to prevent borrowers from defaulting on loans. Through these initiatives, deserving students will be able to pursue their education without creating an unfair burden on taxpayers.

My HOPE scholarship initiative would provide a \$1,500 refundable tax credit for a student's first two years of postsecondary education. I have also proposed a maximum \$10,000 tax deduction for tuition and fees paid for any year of postsecondary education or training.

As we work to make the dream of a college education a reality for more Americans, I appreciate your interest.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Judithanne V. Scourfield (CN=Judithanne V. Scourfield/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 7-APR-1997 12:12:29.00

SUBJECT: Comment Line Question re: Education Standards

TO: Michael Cohen (CN=Michael Cohen/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Greetings!

We are once again changing the Comment Line Survey Questions. As you know, we've had the HOPE Scholarship question on the survey since the beginning of February. We'd like to keep an education question, and we are thinking about trying one about education standards. What do you think of the following draft?

During his State of the Union Address, the President proposed a bold plan of action to improve our nation's schools. First among his proposals is to set rigorous national standards, with voluntary national tests in 4th grade reading and 8th grade math to make sure our children master the basics.

Press one if you approve of the President's call for rigorous education standards.

Press two if you disapprove of rigorous national standards..

Press three if you are unfamiliar with the President's proposal.

Press four if you are undecided.

Press nine to repeat the question.

Thanks for your input!

Judithanne
x65443

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Leanne I. Johnson (CN=Leanne I. Johnson/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 8-APR-1997 18:28:06.00

SUBJECT: Draft for clearance

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Hi Bob,

Following is a draft response to Gov. Kitzhaber. His brief letter urges the POTUS to "increase you support for programs designed to support full access of minorities in our educational systems." Could you please review the draft and let me know if it is okay?

DRAFT:

Thank you for writing to me. I value your commitment to expanding educational opportunities for minorities, and I share your belief that every American must have full access to the best education if America is to meet the new century with confidence.

We both know how much of a difference an education can make. My Administration has put in place a comprehensive college opportunity strategy to make college available to every American citizen. This college opportunity agenda will open the doors of college wider than ever before, and my Administration is committed to working with Congress to enact these changes into law. My 1998 budget proposes an increase in funding for Historically Black Colleges and Universities (HBCU), and I have directed the White House Initiative on HBCUs to work with agencies to more equitably distribute federal program resources flowing into our nation's universities.

As you well know, financial aid is a critical factor in determining whether many people are able to afford an education. That is why my 1998 budget proposal includes an increase in the maximum Pell Grant award, a \$10,000 tax deduction to help families pay for college, and a \$1,500 HOPE Scholarship tax credit. AmeriCorps provides the chance to earn college tuition while serving in the community, and we have created 100,000 more work-study positions to help students work their

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Mark J. Mazur (MAZUR_M) (WHO)

CREATION DATE/TIME: 8-APR-1997 19:18:05.18

SUBJECT: HOPE scholarship meeting

TO: Melissa G. Green (GREEN_MG) Autoforward to: Remote Addressee (Melissa
Green@eop@lngtwy@eopmrk) (OPD)
READ:NOT READ

TEXT:

Melissa,

Any idea when the HOPE scholarship/tuition deduction meeting will be
rescheduled?

Mark

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Margaret M. Suntum (SUNTUM_M) (WHO)

CREATION DATE/TIME: 8-APR-1997 13:41:27.63

SUBJECT: 1997-04/07 Remarks by President in videos

TO: Laura D. Schwartz (Laura D. Schwartz@eop@LNGTWY@EOPMRX)

READ:NOT READ

TEXT:

PRINTER FONT 10_POINT_COURIER

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THE WHITE HOUSE

Office of the Press Secretary

VIDEO REMARKS BY THE PRESIDENT

TO MEMBERS OF THE NATIONAL GUARD AND RESERVE

THE PRESIDENT: I'm glad to have this opportunity to express the gratitude of our entire nation to the members of the National Guard and the Reserve. America's citizen soldiers make a tremendous contribution to our national security, and they form an essential part of our total force. As Commander in Chief I know that I can rely on you whenever we face a challenge abroad or an emergency that requires instant action here at home.

Time and again the men and women of the Guard and Reserve answer the call of duty without a second's thought or hesitation. That kind of performance demands real sacrifice. Because you keep your commitment to America, I am determined that America keep faith with you -- by giving you the means to prevail in battle and the quality of life you deserve.

That's why I was pleased to sign legislation strengthening your right to return to your civilian job after serving our nation without losing seniority, status or pay. Your professionalism and dedication are a vital reason why, as we approach the 21st century, America is the strongest force in the world for peace and freedom, security and democracy.

I salute you for your service and I am deeply proud of all you have done to preserve our liberties and to keep our nation safe. Thank you. God bless you and God bless America.

* * * * *

THE WHITE HOUSE
Office of the Press Secretary

VIDEO REMARKS BY THE PRESIDENT
FOR SUSAN G. KOMEN BREAST CANCER FOUNDATION
RACE FOR THE CURE NIGHT AT CAMDEN YARDS

THE PRESIDENT: Good evening. Although I can't be with you tonight, I am pleased to have this chance to welcome you to the Race for the Cure Night at Camden Yards.

Breast cancer is a terrible disease that has touched nearly every family. We've done what we can to fight it -- speeding the approval of drugs, increasing funding for research by \$400 million, stopping insurance companies from denying health care coverage to people with preexisting conditions and making mammograms available to more women.

Some of the most important work to fight breast cancer, however, can be done by all of you. For the past 15, years the Susan BOTTOM EVEN MORE G. Komen Breast Cancer Foundation has helped in the fight against this terrible disease. Under the leadership of Nancy Brinker, a breast cancer survivor herself, the foundation has supported research, education, screening and treatment.

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The National Race for the Cure plays an important role in this battle. This year, Vice President and Mrs. Gore will not only serve as honorary co

-chairs, they'll also join tens of thousands of others to run in the race on June 7th. I encourage all of you to follow their lead by signing up, and lining up, that morning in Washington.

This evening is especially important to me. Tonight the National Race for the Cure is announcing the Virginia Kelley Grant for Breast Cancer Survivor Programs, in memory of my mother, to help the survivors of breast cancer. I know my mother would be deeply honored, and so am I.

I thank each of you here tonight for stepping up to the plate to fight breast cancer, and for participating in this very

special night at Camden Yards.

* * * * *

THE WHITE HOUSE
Office of the Press Secretary

VIDEO REMARKS BY THE PRESIDENT
TO THE INDEPENDENT INSURANCE AGENTS OF AMERICA

THE PRESIDENT: Good morning. While I can't be there with you in person, I didn't want to miss this opportunity to thank you for all you're doing to guarantee security for America's working families, while helping us to build a strong economy.

For more than a hundred years the members of the "Big I" have helped give our people peace of mind about the things they treasure most -- their families, their home and their health. Your visit to the White House last year to endorse the Kennedy

-Kassebaum
Health Care Bill helped us to win passage of that historic legislation, and I thank you again for that support. That victory is part of our overall commitment to strengthen working families and to help them succeed on the job and at home.

The cornerstone of that commitment is a strong economy. With four years of growth, America's economy is once again the most competitive in the world. Our strategy of investing in our people, reducing the deficit and expanding trade is working. Our country has produced nearly 12 million jobs since January of 1993. Unemployment is low and wages are rising. The deficit has been cut by 63 percent, and America's businesses are booming.

Small businesses employ more than half the private work force. That is why we've worked so hard to make sure you can thrive, from increasing the amount of capital a small business man can expense every year, to making it easier for small businesses to start pension plans, to simplifying the loan process. We've doubled the number of small business loans since 1992 from the SBA and tripled the number of loans to women and minorities. And we have a record number of new small businesses to show for all of our efforts -- yours and ours.

We've come a long way together, but our work is not yet done. Our most pressing task is to finish the job of balancing the TOP ODD

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budget. Business owners understand better than anyone how critical a balanced budget is to our economy. My balanced budget plan proves that we can keep our economy growing, balance the budget and still protect our values. It makes tough cuts, but it secures Medicare and Medicaid, expands our investments in education and protects the environment.

A balanced budget is the best insurance we can give to our children. With your continued support and the bipartisan cooperation of Congress, I am confident we will make history and give that balanced budget to the American people.

Thank you, and have a great conference.

* * * * *

THE WHITE HOUSE

Office of the Press Secretary

VIDEO REMARKS BY THE PRESIDENT SIMON WIESENTHAL CENTER MUSEUM OF TOLERANCE TRIBUTE TO JACKIE ROBINSON

THE PRESIDENT: I'm honored to join the Simon Wiesenthal Center's Museum of Tolerance in this tribute to an outstanding athlete and an American hero.

Like millions of Americans, I grew up admiring Jackie Robinson and cheering his accomplishments on and off the field. In many ways, he was the embodiment of the American Dream -- the idea that if you work hard you can succeed in our country.

But like too many Americans from that time, Jackie had to do a lot more than work hard to succeed. He had to overcome what was then an almost insurmountable obstacle -- racism. He did it and he did it with profound dignity, but he never forgot it. And he devoted his life to breaking down the barriers of race, religion and ethnicity for all who followed him -- not only in sports, but in every aspect of American life.

We know that some of those same barriers still remain today. This exhibit is a reminder to all of us to follow Jackie Robinson's example and to break down those barriers wherever we may find them -- in our institutions, our businesses and in our hearts.

I thank the Simon Wiesenthal Center's Museum of Tolerance for helping us to reach across the lines that still divide

us and come together as on America. Thank you.

* * * * *

THE WHITE HOUSE

Office of the Press Secretary

VIDEO REMARKS BY THE PRESIDENT TO THE AMERICAN ASSOCIATION OF COMMUNITY COLLEGES ANNUAL CONVENTION

THE PRESIDENT: I want to say hello to all of you gathered in Anaheim. Although I can't be with you today as I was in Minneapolis a couple of years ago, it's a tremendous honor for me to receive your Harry S. Truman Award, and to talk about the things we must do together to sustain and build on President Truman's legacy.

The Presidential Commission on Higher Education, appointed in 1946 by President Truman, helped to spark the growth of community colleges all across America. Since then, community colleges have made a remarkable contribution to American education. But today we need them to play an even more significant role. In the knowledge economy of the 21st century, as we prepare for unimagined new work and careers, a high school education is simply not enough.

That is why expanding access to higher education is one of my top priorities. In the past four years we've already expanded scholarships and student loans. My reformed college loan program has allowed 10 million students to borrow for college at a lower cost, and then gives them the option to pay their loans back as a percentage of their incomes. But I'm committed to opening the doors of college even wider by making the first two years of college -- a basic community college education -- as universal as high school is today.

Community colleges have always been accessible to nearly every American family. That's why my higher education plan is built around them. It starts with a HOPE Scholarship tax credit of \$1,500 for the first two years of college -- enough to pay for tuition at a typical community college in our country. It includes a \$10,000 tax deduction for all college costs. And it includes the largest increase in the maximum Pell Grant funding in two decades. It expands IRAs so parents can save for college without being taxed on that hard earned money.

My education plan is about more than dollars and cents, as well. It's about opportunity, about giving all our children the chance to succeed, about completing the mission of America's community colleges -- to educate and to prepare the workforce of tomorrow, to ensure that all Americans have the tools and skills to

make the most of their own lives.

I can't think of a better tribute to President Truman. And I can't think of a better, more committed group of educators to help me get the job done. So I thank you for this honor, for all you have done for generations of Americans. And I ask you now to keep working with me to build an even better future for ourselves and for our children in a new century.

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THE WHITE HOUSE

Office of the Press Secretary

VIDEO REMARKS BY THE PRESIDENT TO THE NATIONAL ASSOCIATION OF ELEMENTARY SCHOOL PRINCIPALS CONVENTION

THE PRESIDENT: Good afternoon. Although I can't be with you today, I'm pleased to have this chance to thank you for the outstanding work you do for America's children, and to talk about my number one priority as President: making sure all Americans have the best education in the world.

As America's principals know so well, there has never been a more challenging time to meet this goal. Enrollments are rising, reaching an all

-time record this school year. We need to rebuild and to modernize our schools. We need to make sure they're safe and drug

-free. We need to connect every classroom and school library to the Internet. We need tax cuts to make the first two years of college as universal as high school is today. That is why I have an aggressive education plan to help us do all these things.

But if we truly want to prepare our children for the knowledge economy of the next century, nothing -- nothing -- is more important than the things our children learn in school each day. We will never get the highest performance from our children until we set the highest standards for them, for our schools and ourselves. That's why I've challenged every state in our country to adopt high national standards in the basics and, by 1999, to test every 4th grader in reading and every 8th grader in math to make sure that these standards are, in fact, being met.

Just last week, California's educational leadership and hundreds of high tech industry leaders endorsed my call for standards

-- joining with Maryland, Michigan, North Carolina and the hundreds of schools run by the Department of Defense. I urge you to do everything you can to encourage your own states to join in this crusade for standards. By challenging our children to meet national standards we can inspire them to new heights of excellence and truly give them the tools to make the most of their own God

-given
potential.

I urge you also to take a strong leadership role in my America Reads challenge, which will build a citizen army of a million volunteer tutors to make sure every child can read independently by the end of the 3rd grade. You know and I know that these volunteer tutors can work very well with our outstanding teachers and principals to make a real difference for our children.

In closing, I want to thank Sam Sava, Carole Kennedy, your Board of Directors and each and every one of you for your partnership, your leadership and your dedication. I urge every principal to work together with your communities to answer my call to action for American education. That is the only way we can make sure our children get the very best education in the world and make the most of America's future in a new century.

Thank you.

* * * * *

THE WHITE HOUSE

Office of the Press Secretary

VIDEO REMARKS BY THE PRESIDENT TRIBUTE TO GENE SARAZEN

THE PRESIDENT: Good evening. I wish I could be there with you tonight as you pay tribute to golf's greatest living legend, Gene Sarazen. But I'm honored to offer my best wishes on the occasion of his 95th birthday.

In the history of golf there have been few like Gene. Your extraordinary accomplishments are legendary: the first and one of only four golfers to complete the modern Grand Slam; your record

-breaking victory at the 1932 British Open; your celebrated double

-eagle at the 1935 Masters. I wonder how many other people like myself were first exposed to the joys of golfing through

watching the show you hosted for so many years.

You've also been a great ambassador of the game, competing or giving exhibitions in more than 50 countries all around the world. But you've given us much more than golfing thrills. Your generosity of spirit has enriched the lives of many through the scholarships and through the humanitarian causes you have championed over the years. By reaching out to others in need you've hit a hole in one for the American ideal and proving yourself truly worthy of your title, "The Squire."

I commend the World Golf Foundation for honoring you tonight, Gene. To a great golfer and a great American, I say, happy birthday and God bless you.

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THE WHITE HOUSE

Office of the Press Secretary

VIDEO REMARKS BY THE PRESIDENT TO THE ARKANSAS STATE YOUNG DEMOCRATS CONVENTION

THE PRESIDENT: I'm honored to address the opening session of the 5th Arkansas State Young Democrats Convention. It goes without saying that this organization holds a special place in my heart and I wish I could be with all of you, especially since you're meeting in Jonesboro.

I'm proud to say that every day I'm surrounded by former Arkansas young democrats. My counselor, Mack McLarty, got his start as a young democrat. Craig Smith, the head of the White House Department of Political Affairs, was once head of your organization. My Director of Scheduling, Stephanie Streett, and my Deputy Director of Presidential Personnel, Patsy Thomasson, and along with seven other staff members were also once young Dems. So you never know where this association may take you -- the State House, the United States House of Representatives or the White House.

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I've enjoyed watching you make quite a name for yourselves. You've boosted your membership to more than a thousand people, established more than 30 statewide chapters and made this convention your biggest one ever. You've played an important role in both statewide and national politics by sponsoring the only Arkansas

state senatorial debate last year, working in conjunction with the Democratic Leadership Conference and helping to elect two of your members to the Arkansas House of Representatives.

I'd like to thank in particular the 30 young democrats who traveled on my behalf in 1992. All of your work means a great deal to me and to the democratic state officeholders. We wouldn't be where we are without your support.

Like many of you, I got started in politics when I was young. And I am proud that throughout my career young people have always played a major role in my campaigns and my administrations. I've fought to make the issues that young people care about -- quality education, college loans, job opportunity, teen smoking, AIDS awareness and substance abuse, education, the environment -- my top priorities. And I've fought to give you a good, strong economy for the future.

You know better than anyone how important it is to keep our party energized and progressive. We need to not only plow the fields for our candidates, but to reach out to schools and encourage other young people -- even those who are not yet of voting age -- to become part of the political process. Our government and our democracy thrive on the new ideas, new energy and the vitality that only young people can bring. So keep up the good work, hold true to your ideals, continue to move our party and our country forward.

Thank you for being my friends. Thank you for your support. And keep fighting for the future.

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THE WHITE HOUSE

Office of the Press Secretary

VIDEO REMARKS BY THE PRESIDENT
TO THE
BUILDING AND CONSTRUCTION TRADES NATIONAL CONFERENCE

THE PRESIDENT: Although I cannot be with you today, I didn't want to miss this opportunity to thank the men and women of the Building and Construction trades for your support and salute you for the outstanding work you do.

For nearly a hundred years, the building and construction trades have literally built the America of the 20th century. From towering office buildings to transportation systems, from shopping malls to sports complexes, you have shaped America. And you have helped to build a solid middle class as well, families with solid values.

Working together over the past four years, we've turned the economy around and strengthened America's working families. There are nearly 12 million new jobs -- more than one million new construction jobs. Unemployment is down to 5.2 percent. Wages are finally rising again. More than 4 million Americans own their own homes now, and more than 10 million more have refinanced their mortgages at new, lower rates. Our economy is clearly on the right track. Now we've got to do everything we can to make sure that every American can take advantage of that strong economy.

As I have said before, our administration is pro

-family,
pro

-union and pro

-worker. In the last four years, we have defeated attempts to repeal prevailing wage laws, to bring back company unions, and to weaken occupational safety and health laws. We fought to protect your pension funds and to make pensions more portable. We finally convinced Congress to do the right thing and raise the minimum wage. We enacted historic legislation to make sure that workers won't lose their health insurance if they change or if they lose their jobs. We are taking steps to ensure that every company that contracts with the government maintains excellent labor relations and employment practices. And I'll soon issue an Executive Order that will encourage federal agencies to consider using Project Labor agreements for any construction contracts they manage. These agreements are good for workers, good for unions, and good for taxpayers.

Since I took office, I have vetoed every piece of anti

-worker legislation that has crossed my desk, and I will continue to use my veto pen to protect America's working families and the unions that represent them -- that includes standing by the Davis

-Bacon Act and the Service Contract Act, standing against the TEAM Act and any attempt to undermine workplace safety.

Finally, the most important thing we can do for American workers and their families is invest in education and training. My balanced budget plan includes an unprecedented \$51 billion to achieve these national goals -- every 8

-year

-old will be able to be able to
read, every 12

-year

-old will be able to log on to the Internet, every
18

-year

-old will be able to go on to college, and every American will
be able to get the education and training that he or she needs
throughout a lifetime. My GI Bill for America's workers will
simplify existing federal training programs to make it easier for

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unemployed and underemployed workers to get the training they end for
the jobs of the future.

The men and women of the building trades helped to shape
20th century America. And you will be a dominant force as we go
forward into the 21st century. I look forward to working with you in
the months and years ahead as we continue to fight for better jobs,
stronger unions, higher wages and more justice.

Thank you. God bless you and God bless America.

* * * * *

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Leanne I. Johnson (CN=Leanne I. Johnson/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 8-APR-1997 13:18:12.00

SUBJECT: Gov. Kitzhaber draft

TO: Timothy A. Rosado (CN=Timothy A. Rosado/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

TEXT:

Hi Tim,

Could you please review the following draft we spoke of earlier and let me know if its okay? Thanks for your help on this.

DRAFT:

Thank you for writing to me. I value your commitment to expanding educational opportunities for minorities, and I share your belief that every American must have full access to the best education if America is to meet the new century with confidence.

We both know how much of a difference an education can make. My Administration has put in place a comprehensive college opportunity strategy to make college available to every American citizen. This college opportunity agenda will open the doors of college wider than ever before, and my Administration is committed to working with Congress to enact these changes into law. My 1998 budget proposes an increase in funding for Historically Black Colleges and Universities (HBCU), and I have directed the Department of Education and the White House Initiative on Historical Colleges to work with the agencies to increase their funding programs for HBCUs.

As you well know, financial aid is a critical factor in determining whether many people are able to afford an education. That is why my 1998 budget proposal includes an increase in the maximum Pell Grant award, a \$10,000 tax deduction to help families pay for college, and a \$1,500 HOPE Scholarship tax credit. AmeriCorps provides the chance to earn college tuition while serving in the community, and we have created 100,000 more work-study positions to help students work their way through college.

Thanks again for writing to me, and I look forward to continuing our work together.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 9-APR-1997 11:21:44.00

SUBJECT: Re: Student financial aid form letter

TO: Leanne I. Johnson (CN=Leanne I. Johnson/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

Here are my suggested edits. I tried to put more in about what he has already accomplished. I bracketed material that I think is superfluous, but I don't object to it if someone thinks it needs to be there.

Thank you for sharing your thoughts about student aid programs. Your ideas are important to me as we work to ensure that the doors of opportunity for education and training are open to all Americans.

In 1993, I was proud to sign into law the Student Loan Reform Act, which cut in half the fees that could be charged on loans to students and their parents, reduced interest rates, and cut red tape through the creation of the Direct Loan Program. With Direct Loans and the National and Community Service Act, students now have the opportunity to pay their loans back through community service or as a percentage of their income after they graduate. [Flexible loan repayment options enable graduates to select jobs without undue concern about rigid schedules. In order to ensure fair access to financial aid for all students, we will continue to take steps to prevent borrowers from defaulting on loans. Through these initiatives, deserving students will be able to pursue their education without creating an unfair burden on taxpayers.]

I am pleased that Congress last year responded to my call for the largest increase in the Pell Grant scholarship in two decades, and a substantial boost in the Federal Work-Study program. This year I am calling for continued progress in restoring the Federal commitment to college access through a further reduction in loan costs, another historic increase in the Pell Grant program -- to a maximum grant of \$3,000 -- and additional help through Work-Study and other efforts.

In addition, my HOPE Scholarship initiative would make two years of college universally available through a \$1,500 tax credit for postsecondary tuition and fees. To promote lifelong learning, I have also proposed a \$10,000 tax deduction for tuition and fees paid for any year of postsecondary education

or training.

As we work to make the dream of a college education a reality for more Americans, I appreciate your interest.

RECORD TYPE: PRESIDENTIAL (EXTERNAL MAIL)

CREATOR: Melissa Green@EOP@LNGTWY@EOPMRX

CREATION DATE/TIME: 9-APR-1997 08:15:00.00

SUBJECT: Re: HOPE scholarship meeting

TO: MAZUR_M (MAZUR_M@A1@CD) (WHO)

READ: 9-APR-1997 09:22:53.01

TEXT:

Message Creation Date was at 9-APR-1997 08:09:00

mark--

a very improntu mtg without Gene happened yesterday. I apologize for not calling. Bob Shireman ran it--so maybe you can call him for a download. Again I apologize. I will make sure you are distribution list next time for sure.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Leanne I. Johnson (CN=Leanne I. Johnson/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 9-APR-1997 12:14:39.00

SUBJECT: Re: Draft for clearance

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Sorry about that here is the complete draft. Kitzhaber is Governor of Oregon.

DRAFT:

Thank you for writing to me. I value your commitment to expanding educational opportunities for minorities, and I share your belief that every American must have full access to the best education if America is to meet the new century with confidence.

We both know how much of a difference an education can make. My Administration has put in place a comprehensive college opportunity strategy to make college available to every American citizen. This college opportunity agenda will open the doors of college wider than ever before, and my Administration is committed to working with Congress to enact these changes into law. My 1998 budget proposes an increase in funding for Historically Black Colleges and Universities (HBCU), and I have directed the White House Initiative on HBCUs to work with agencies to more equitably distribute federal program resources flowing into our nation's universities.

As you well know, financial aid is a critical factor in determining whether many people are able to afford an education. That is why my 1998 budget proposal includes an increase in the maximum Pell Grant award, a \$10,000 tax deduction to help families pay for college, and a \$1,500 HOPE Scholarship tax credit. AmeriCorps provides the chance to earn college tuition while serving in the community, and we have created 100,000 more work-study positions to help students work their way through college.

Thanks again for writing to me, and I look forward to continuing our work together.

Robert M. Shireman
04/09/97 11:28:17 AM

Record Type: Record

To: Leanne I. Johnson/WHO/EOP

cc:

Subject: Re: Draft for clearance

Also, I'm missing the last part of the letter.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 9-APR-1997 11:27:07.00

SUBJECT: Re: Draft for clearance

TO: Leanne I. Johnson (CN=Leanne I. Johnson/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

Can you remind me where he is Governor, and what minorities he would likely care about?

(And would Education Dept. normally be consulted on a question like this?)

Leanne I. Johnson

04/08/97 06:26:42 PM

Record Type: Record

To: Robert M. Shireman/OPD/EOP

cc:

Subject: Draft for clearance

Hi Bob,

Following is a draft response to Gov. Kitzhaber. His brief letter urges the POTUS to "increase you support for programs designed to support full access of minorities in our educational systems." Could you please review the draft and let me know if it is okay?

DRAFT:

Thank you for writing to me. I value your commitment to expanding educational opportunities for minorities, and I share your belief that every American must have full access to the best education if America is to meet the new century with confidence.

We both know how much of a difference an education can make. My Administration has put in place a comprehensive college opportunity strategy to make college available to every American citizen. This college opportunity agenda will open the doors of college wider than ever before, and my Administration is committed to working with Congress to enact these changes into law. My 1998 budget proposes an increase in funding for Historically Black Colleges and Universities (HBCU), and I have directed the White House Initiative on HBCUs to

work with agencies to more equitably distribute federal program resources flowing into our nation's universities.

As you well know, financial aid is a critical factor in determining whether many people are able to afford an education. That is why my 1998 budget proposal includes an increase in the maximum Pell Grant award, a \$10,000 tax deduction to help families pay for college, and a \$1,500 HOPE Scholarship tax credit. AmeriCorps provides the chance to earn college tuition while serving in the community, and we have created 100,000 more work-study positions to help students work their

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: William R. Kincaid (CN=William R. Kincaid/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:10-APR-1997 18:22:46.00

SUBJECT: AACC VIDEO INTERNAL TRANSCRIPT

TO: Maureen McLaughlin (Maureen McLaughlin @ ed.gov @ inet [UNKNOWN])

READ:UNKNOWN

TO: David_Longanecker (David_Longanecker @ ed.gov @ inet [UNKNOWN])

READ:UNKNOWN

CC: William H. White Jr. (CN=William H. White Jr./OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

Here's the transcript from the AACC video that you requested.

----- Forwarded by William R. Kincaid/OPD/EOP on 04/10/97
06:21 PM -----

William H. White Jr.
04/10/97 05:15:01 PM
Record Type: Record

To: Michael Cohen/OPD/EOP, William R. Kincaid/OPD/EOP, Jonathan A.
Kaplan/OPD/EOP, Robert M. Shireman/OPD/EOP
cc:
Subject: AACC VIDEO INTERNAL TRANSCRIPT

Bill, can you forward to to David L at Education.
----- Forwarded by William H. White Jr./WHO/EOP on
04/10/97 05:14 PM -----

Laura D. Schwartz

04/10/97 04:34:27 PM

Record Type: Record

To: William H. White Jr./WHO/EOP
cc:
Subject: AACC VIDEO INTERNAL TRANSCRIPT

THE WHITE HOUSE

Office of the Press Secretary

VIDEO REMARKS BY THE PRESIDENT
TO THE
AMERICAN ASSOCIATION OF COMMUNITY COLLEGES ANNUAL CONVENTION

*** INTERNAL TRANSCRIPT ***

THE PRESIDENT: I want to say hello to all of you gathered in Anaheim. Although I can't be with you today as I was in Minneapolis a couple of years ago, it's a tremendous honor for me to receive your Harry S. Truman Award, and to talk about the things we must do together to sustain and build on President Truman's legacy.

The Presidential Commission on Higher Education, appointed in 1946 by President Truman, helped to spark the growth of community colleges all across America. Since then, community colleges have made a remarkable contribution to American education. But today we need them to play an even more significant role. In the knowledge economy of the 21st century, as we prepare for unimagined new work and careers, a high school education is simply not enough.

That is why expanding access to higher education is one of my top priorities. In the past four years we've already expanded scholarships and student loans. My reformed college loan program has allowed 10 million students to borrow for college at a lower cost, and then gives them the option to pay their loans back as a percentage of their incomes. But I'm committed to opening the doors of college even wider by making the first two years of college -- a basic community college education -- as universal as high school is today.

Community colleges have always been accessible to nearly every American family. That's why my higher education plan is built around them. It starts with a HOPE Scholarship tax credit of \$1,500 for the first two years of college -- enough to pay for tuition at a typical community college in our country. It includes a \$10,000 tax deduction for all college costs. And it includes the largest increase in the maximum Pell Grant funding in two decades. It expands IRAs so parents can save for college without being taxed on that hard earned money.

My education plan is about more than dollars and cents, as well. It's about opportunity, about giving all our children the chance to succeed, about completing the mission of America's community colleges -- to educate and to prepare the workforce of tomorrow, to ensure that all Americans have the tools and skills to make the most of their own lives.

I can't think of a better tribute to President Truman.
And I can't think of a better, more committed group of educators to help me get the job done. So I thank you for this honor, for all you have done for generations of Americans. And I ask you now to keep working with me to build an even better future for ourselves and for our children in a new century.

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: William H. White Jr. (CN=William H. White Jr./OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:10-APR-1997 17:16:22.00

SUBJECT: AACC VIDEO INTERNAL TRANSCRIPT

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: William R. Kincaid (CN=William R. Kincaid/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP @ EOP [OPD])

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TO: Michael Cohen (CN=Michael Cohen/OU=OPD/O=EOP @ EOP [OPD])

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TEXT:

Bill, can you forward to to David L at Education.

----- Forwarded by William H. White Jr./WHO/EOP on

04/10/97 05:14 PM -----

Laura D. Schwartz

04/10/97 04:34:27 PM

Record Type: Record

To: William H. White Jr./WHO/EOP

cc:

Subject: AACC VIDEO INTERNAL TRANSCRIPT

THE WHITE HOUSE

Office of the Press Secretary

VIDEO REMARKS BY THE PRESIDENT
TO THE
AMERICAN ASSOCIATION OF COMMUNITY COLLEGES ANNUAL CONVENTION

*** INTERNAL TRANSCRIPT ***

THE PRESIDENT: I want to say hello to all of you

gathered in Anaheim. Although I can't be with you today as I was in Minneapolis a couple of years ago, it's a tremendous honor for me to receive your Harry S. Truman Award, and to talk about the things we must do together to sustain and build on President Truman's legacy.

The Presidential Commission on Higher Education, appointed in 1946 by President Truman, helped to spark the growth of community colleges all across America. Since then, community colleges have made a remarkable contribution to American education. But today we need them to play an even more significant role. In the knowledge economy of the 21st century, as we prepare for unimagined new work and careers, a high school education is simply not enough.

That is why expanding access to higher education is one of my top priorities. In the past four years we've already expanded scholarships and student loans. My reformed college loan program has allowed 10 million students to borrow for college at a lower cost, and then gives them the option to pay their loans back as a percentage of their incomes. But I'm committed to opening the doors of college even wider by making the first two years of college -- a basic community college education -- as universal as high school is today.

Community colleges have always been accessible to nearly every American family. That's why my higher education plan is built around them. It starts with a HOPE Scholarship tax credit of \$1,500 for the first two years of college -- enough to pay for tuition at a typical community college in our country. It includes a \$10,000 tax deduction for all college costs. And it includes the largest increase in the maximum Pell Grant funding in two decades. It expands IRAs so parents can save for college without being taxed on that hard earned money.

My education plan is about more than dollars and cents, as well. It's about opportunity, about giving all our children the chance to succeed, about completing the mission of America's community colleges -- to educate and to prepare the workforce of tomorrow, to ensure that all Americans have the tools and skills to make the most of their own lives.

I can't think of a better tribute to President Truman. And I can't think of a better, more committed group of educators to help me get the job done. So I thank you for this honor, for all you have done for generations of Americans. And I ask you now to keep working with me to build an even better future for ourselves and for our children in a new century.

* * * * *

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: William R. Kincaid (KINCAID_W) (WHO)

CREATION DATE/TIME:14-APR-1997 14:54:53.59

SUBJECT: PR REMARKS BY THE PRESIDENT TO THE JOINT SESSION OF THE NOR

TO: William R. Kincaid (KINCAID_W) Autoforward to: Remote Addressee (William R.
Kincaid@eop@lngtwy@eopmrx) (WHO)
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TEXT:

THE WHITE HOUSE
Office of the Press Secretary
(Raleigh, North Carolina)

For Immediate Release

March 13, 1997

REMARKS BY THE PRESIDENT
TO THE JOINT SESSION OF THE
NORTH CAROLINA LEGISLATURE

House of Representatives Chamber
Raleigh, North Carolina

11:09 A.M. EST

THE PRESIDENT: Thank you very much. Lt. Governor Wicker, Speaker Brubaker, Senator Basnight, the other state elected officials who are here; my good friend, Governor Hunt; Mayor Fetzer. I'd like to thank those who came down here with me today. I brought some of the members of your congressional delegation home -- they don't need to hear this speech, they've heard it before, but I was glad to have them here in moral support-- Congressman David Price; Congressman Bob Etheridge, your former superintendent of education; Congressman Mike McIntire; and Congresswoman Eva Clayton. I thank them for coming. (Applause.)

I also want to say I'm glad to be joined today by your neighbor, the Secretary of Education, Richard Riley, former governor of South Carolina -- (applause) -- and by our new Secretary of Defense, Bill Cohen of Maine. We're glad to have him with us today, too. Thank you, Secretary Cohen, for coming. (Applause.)

I was glad that you mentioned my Chief of Staff, Erskine Bowles. He wouldn't come here with me today because he was afraid all of you would think that he was shirking his duties and not at work. But let me tell you, he is doing a magnificent job. I'm very proud of him. I couldn't believe it when he agreed to come back to Washington and take this job -- especially because I knew it would cost him a small fortune. And he reminded me that his father used to tell him, once you have the

tools you've got to spend some time to add to the wood pile. So he's up in Washington adding back to the wood pile. And you should all be very proud of him. He is a remarkable man. He's doing a good job. (Applause.)

I'd also like to thank the other North Carolinians on my staff -- two of the three of them are here today. Doug Sosnik, my former political director and senior counselor, is not

here; but my Director of Communications, Don Baer, is here; and Charles Duncan, the Associate Director of Presidential Personnel. They both came home with me and they were glad to have the excuse to come home. And I appreciate their being here and their service.

I was told that this was the first time a sitting President has addressed the North Carolina State Legislature. If it's not true don't disabuse me now, because I'm about to say something here. (Laughter.) And I am very honored to be here. Even more important, I've spent a little time here over the years and I am honored and mildly surprised that you are here, because it's tournament time and you've got four teams, as usual, in the tournament. (Applause.)

You may know that I am something of a basketball fanatic. And you may know that one of my most memorable basketball experiences -- I once saw North Carolina and Kentucky play in the Dean Dome, and the car that I came in was towed. (Laughter.) But I had so much fun at the ball game I would have walked all the way back to Arkansas after it was over. (Laughter.) I make it a point never to take sides in basketball games unless my home team in Arkansas or my alma mater, Georgetown, are playing. But I am looking forward to the day when the great Dean Smith breaks Adolf Rudd's record. (Applause.)

There is much for the rest of the nation and especially the rest of the South of to admire in North Carolina -- the determined and visionary leadership that has characterized this state for many decades in education and economic development, in bringing harmony among peoples of different backgrounds.

When I was a young man, I followed the work here of then-Governor Terry Sanford who later became my friend and colleague. Eighteen years ago, when I first started my career as Governor of Arkansas, my best mentor and friend was Jim Hunt. And he is still my mentor and friend. Dick Riley were laughing with Jim Hunt -- we were together 18 years ago as the governors of Arkansas, South Carolina and North Carolina, and we were laughing that Jim was probably the only one of us who could still get elected governor in our home states after 18 years. (Laughter.) And I applaud him on that.

It was in Chapel Hill that the cornerstone was laid at our nation's first publicly funded university, in Kitty Hawk where man first took to the skies. And today, North Carolina is an aeronautics and an air travel hub center for millions of

people. Your state universities receive the highest level of funding for research and development in the nation. You have connected more of your communities than any other state in the country to the Information Superhighway -- something I'm trying to do for every classroom and library in America by the year

2000. The Research Triangle has one of the highest per capita concentrations of Ph.D.s in the word, and you are clearly one of America's most dynamic centers of economic activity.

The most important thing about all this is not for me to brag on you, you know that already, but to emphasize the main point: These things do not happen by accident. They are the product of vision and disciplined, long-term effort.

Now, our country faces the challenges of a new century -- a whole new economy, a whole new way in which people will work and live and relate to each other here at home and around the world. It is driven by information and by technology. Its best hopes may be undermined by its darkest fears, by the old demons of racial and religious and ethnic hatreds, by terrorism and narco trafficking and organized crime.

This new time that we're moving into that, coincidentally, will be part of a new century and a new millennium, will give more people in this state and this nation the chance to live out their dreams than at any period in human history if we take advantage of it to seize our opportunities and deal with our challenges.

There is unprecedented peace and prosperity now. And it has been very rare in our country's history -- you can go back and find maybe a couple of other examples when we've had real security, a feeling of prosperity, and yet, a whole lot of challenges before us. Usually when people feel secure and relatively prosperous, one of two things happens -- neither of them very laudable, but it's part of human nature -- we either get sort of happy and self-satisfied and don't do anything, or because we are not gripped by big differences, we fall out with each other over small things and petty things make us less than we ought to be.

The point I want to make today is that we cannot afford either to be complacent or to be divided among ourselves about small things. For we have been given an opportunity almost unique in American history to fashion a future that will embrace everybody. And we cannot and dare not blow that opportunity.

If you look at where we are now, you can see the vistas of the future. Our economy produced 12 million jobs in four years -- never happened before in a four-year period. We've had constant decline in crimes. We've had the biggest drop in the welfare rolls in American history in the last four years. In North Carolina, you've seen the unemployment rate drop to 4.2 percent -- 75,000 people off the welfare rolls; 350,000 new jobs. That's going on all over America. But you know that we have more to do.

I have been going around the country to the Michigan and the Maryland state legislatures -- today the Vice President is in California speaking to the state legislature as I am here

with you -- because I know that to achieve the vision that we

share for America we all have to do our part. I've said many times that the era of big government is over. Your federal government is now 285,000 people smaller than it was the day I took office. It's the smallest its been since President Kennedy was in office, in real terms. As a percentage of the civilian work force, the federal government is now as small as it was when Franklin Roosevelt was sworn into office the first time before the New Deal.

But the challenges we face are still very big, indeed. If they cannot be solved by government alone, and especially by the federal government, obviously, a new partnership is required. And new efforts, new activity, new responsibility is required of people at the state level, at the local level and in their private lives. The biggest challenge we face today, I believe, is the challenge of creating a world-class education system that embraces every child that lives in this state and in this nation. And this must not be a political football.

In the Cold War, because we knew that communism threatened our existence, it became commonplace that politics would stop at the water's edge. And the Democrats and the Republicans would fight like cats and dogs over whatever it was they were fighting about, but when it came to standing up to the threat of communism we were together. If the President of one party went abroad on a mission of world peace, he was never criticized back home by members of the other party because politics stopped at the water's edge.

I think we understand today intuitively that education holds the key to our future in the 21st century. And I believe politics must stop at the schoolhouse door. (Applause.)

When I was governor, a long time ago now, North Carolina already had the highest percentage of its adults in institutions of higher education of any state in the South. The economy was growing and it was diversifying, and yet you still had more success in maintaining manufacturing jobs than any state in our region, and indeed, in the country. You know all this. Last year you had the biggest increase in 8th grade math scores, I noticed, in the country. I was in Michigan and I said that they had had the second biggest increase in math scores, and the minute I got in the car Governor Hunt made sure I knew who was number one. (Laughter.) So I knew that.

The Governor chose to be sworn in at the Needham Laughton High School, his old school, to make clear that school standards and teaching excellence will be his top priorities. But with all the progress that we have made, you know we've got a lot more to do.

Between 1992 and the year 2000, 89 percent of the new jobs created in this economy will require more than a high school level of literacy and math skills -- 89 percent. Today,

even though over 80 percent of our children are graduating from high school, more than half -- or about half the people entering

the work force are not prepared with these skills. We all know that is true.

For 20 years, inequality among working Americans grew. In the last few years it started to shrink -- in the last couple of years -- as we've gotten -- more and more of our new jobs are becoming higher-wage jobs and as growth and productivity are permitting wages to rise again.

Many people, just a couple of years ago, were saying, well, is the middle class vanishing in America, will it always be squeezed, are we going to create a country with a huge number of people that are very well off and an even much larger number of people that are poor, with a smaller middle class. We've seen in the last few years that that does not have to happen. We can begin to grow the middle class again with productivity and growth and the right kinds of new jobs, but we have to be able to provide the people with the skills to hold those jobs if we're going to maintain a high-wage, high-growth, high-opportunity society in America in the 21st century. And our schools are still turning out millions of young people who simply cannot do that.

That is why our number one priority has to be to make America's education the best in the world. We have to have a nation in which every 8-year-old can read independently, every 12-year-old can log on to the Internet, every 18-year-old can go on to college and every adult American can keep on learning throughout an entire lifetime.

In my State of the Union address, I laid out a 10-point call to action for American education that describes the steps we have to meet. First, we have to make sure the all of our children come to school ready to learn. Our balanced budget will expand Head Start to a million children. But we all must do more, and a lot of that has to be done at the state level. And I hope every state in the country is looking closely at the Smart Start program in North Carolina. (Applause.)

The idea of having all elements of a community in a community nonprofit environment working on not only education, but health care and parenting skills and child care, trying to give our poorest children a coherent early childhood is terribly important. Scientists have discovered that learning begins in the earliest days of life. And now we have to explore how parents and educators can best use these findings.

On April 17th, the First Lady and I will host the White House Conference on Early Childhood Development and Learning in Washington, and I want Smart Start to be an important part of what is considered there.

Let me just give you one simple example of the scientific findings. Over half of the capacity of the brain to

absorb and to learn and to grow, the capacity is developed in the first four years of life. In the first four years of life, if a child has parents who understand this and who constantly -- whether they have a Ph.D. or they were high school drop-outs -- but who constantly work at nourishing the child's learning capacities, that child will get 700,000 positive contacts.

But in the typical experience of a child with a single parent, let's say, with very little education and no self-confidence about parenting and no training and no understanding, and a sense that no difference can be made, and the child that's left in front of the television in the first four years, that child will get 150,000 positive contacts -- a more than four-to-one difference.

Now, you tell me what the future is going to be life for them. Smart Start can change that. And our cooperative efforts can change that. But we have to understand that we have totally underestimated the impact of this whole thing. And the new scientific findings impose upon all of us a heavier responsibility than we have ever had for developing the capacities of our children in their earliest years. So I look forward to that. (Applause.)

I believe we have to do more to give constructive alternatives, creative alternatives for our young children in our public schools. I favor public school choice. I've been a pioneer supporter of the charter school movement. I think that it's important to open schools that stay opened as long as they do a good job, but only as long as they do a good job. And I know that this afternoon, your State Board of Education has the opportunity to open more charter schools than any state has ever opened at one time, to foster innovation and competition and renewal. I hope the Board will take that step today, and one more time, North Carolina will be in the vanguard of a movement you can be proud of. (Applause.)

We have got to have a commitment to rebuild our schools and give our children the facilities they need to learn in. We have the largest number of children in public schools in history. The Secretary of Education never gets tired of reminding me, since I am the oldest of the baby boomers, that our generation has finally been eclipsed in numbers by the people that are in the public schools today. We also have the physical facilities in many of our schools deteriorating at a rapid rate. So, for the first time in history, I have proposed a program that will enable us at the national level to support local efforts to increase their investment in the physical facilities of the schools by making sure that the interest rates are lower and the costs are lower in the places where the need is most critical.

I'm going to Florida after I leave you, and tomorrow morning, I will be at a school where there are 17, I understand, according to my briefing -- 17 trailers for classroom space around the existing school facility in a modest-sized community in Florida. That is not an atypical experience in many of our

states.

We have to meet our national goal of connecting every classroom and library to the Internet by the year 2000. We have to open the doors of college to all. North Carolina pioneered, with your network of four-year and two-year higher educational institutions, pioneered the idea that education ought to be a lifetime experience and that the doors ought to be open to everyone.

In the last four years, we have lowered the cost and improved the reach of the student loan program, added 200,000 slots to work-study, opened up almost 70,000 slots for college through the national service program, AmeriCorps. We have worked very, very hard, but I think we have to do more.

It is clear to me -- if you look at the job profile, where 89 percent of the new jobs will require more than a high school education, we have to make two years of education after high school -- the 13th and 14th grades -- just as universal in America by the year 2000 as a high school diploma is today -- every bit as universal. (Applause.)

To achieve that our balanced budget plan proposes a \$1,500 HOPE Scholarship -- a tax credit that reflects the cost of the typical community college tuition in America, modeled on Governor Zell Miller's HOPE Scholarship program in Georgia. We propose to give people a tax deduction of up to \$10,000 a year for the cost of any education after high school; an expanded IRA that you can withdraw from tax-free if the money is used to pay for higher education; and the largest increase in Pell Grants in 20 years, along with another 100,000 work-study slots. That will help North Carolina, and it will help America.

Finally, let me say on this subject, we know we have to make sure learning continues throughout a lifetime. We know that we have older and older students going back to community colleges, changing their careers and getting new careers and opening up new vistas. We have a federal response which I think is totally antiquated. There are at least, conservatively speaking, at least 70 different federal programs that were developed with the best of intentions to try to help to pay for various training programs for people who lose their jobs or people who are grossly underemployed.

I have proposed for four years -- with a Democratic Congress and with the Republican Congress -- getting rid of these programs and putting the money in a pot and sending a skills grant to an unemployed person or an underemployed person who has qualified for any of them, and let them go to the nearest community college or four-year college if it's the appropriate one -- whatever is nearest and best to get their education. We do not need a lot of government intermediaries here. People know -- people know what they need. They're capable of making a judgment.

In a state like North Carolina and most places in the country, nearly everybody's within driving distance of a community college that works. And that's -- I call that my G.I. Bill for America's Workers. And if you could prevail upon your legislators to support it, I would appreciate it. I've been trying for four years to pass that thing. I would appreciate it. (Applause.)

I think the most important thing we have to do is to make sure that our children have met certain national standards in basic courses. In 1989, when President Bush and the governors met at the University of Virginia, I had the honor of being the Democratic governor chosen to try to write the nation's education

goals. And at the time we always assumed that out of those goals there would come national standards and a system, a nationally recognized system of testing our children to see if they met those standards.

Well, that hasn't happened yet. And as a result, we still don't know. We don't really know whether every child in every classroom knows what he or she needs to know when he or she needs to know it in math and in basic language skills. I have challenged every state in this country to adopt high national academic standards, not just in math and language, but in other areas as well, to participate nationally by 1999 in an examination of 4th graders in reading and 8th graders in math so that we can see how every child is doing in meeting those basic standards.

Now, this is, I know, somewhat controversial. There are people who have actually argued that you couldn't possibly have a national examination reflecting national standards in a country as diverse as America -- as if it's some sort of plot, as if math is different in Raleigh than Little Rock; or any board of education could rewrite the rules of algebra for Alaska as opposed to Florida. I think that is inherently implausible.

When you compete here in North Carolina for a new high-tech plant, when the Research Triangle finds some new breakthrough, you do it based on an international competition --you have to win based on standards that are imposed. We have to be willing to hold our children to the same standards and to hold ourselves to the same standards.

Governor Hunt told me today that he will endorse our call for national standards and a testing plan. North Carolina, therefore, would be the third state to do so. The Republican governor of Michigan joined in, along with his legislative leaders, just a few days ago.

But let me say what I think we need to do. A lot of you know a lot about this. We have some standardized tests in America, but we don't have any tests to nationally accepted standards. The closest we have is the so-called NAEP test, the National Assessment of Education Progress. But, as all of you know, it only is given to a sample of students in various

districts. There is no examination in America which says, here are the standards that everyone should know in language or math, and here is a test which reflects those standards; and it doesn't matter whether you're first or last in your class, it matters whether you get over this bar. If you're first in your class and nobody is over this bar, nobody know what they need to know. If you're last, but you're over the bar, you're still going to do okay in this old world.

I think that is very important. We all need to know that. We all need to know that. You know -- and let me also say that I know it won't be easy, because some of our kids won't do all that well at first. If you saw the State of the Union address you know that I introduced two students from 20 school districts in Northern Illinois who took the Third International Math and Science Survey and the 20 school districts up there tied

for first in science and second in math in the survey, with Singapore for first. But if they had finished dead last I would have been equally proud of them because they were willing to actually hold themselves to international standards of achievements and measure themselves.

And this is where we need all of your help. I'm convinced that one of the reasons that we've never done this in America is that we were afraid if the news was bad we wouldn't know what to do about it. And I think that in so doing we have sold our children short. All the evidence is, all the scientific evidence is, all the anecdotal evidence is that almost all of our children, without regard to their race, their income and where they live, can learn what they need to know to compete and win in the global economy. And when we do not hold them to high standards because we are afraid that in the beginning they won't meet them, we are selling their futures down the drain and we are insulting them, because they can meet these standards.

What we have to be willing to do is to say, okay, we'll have these exams, we'll hold people to high standards; some people won't make it first; we don't want to punish people, we want to lift everybody up; but we can't know how to lift people up unless we know where we start.

When I go around the world people find it unbelievable that we have no national standard in America to tell our parents and our school leaders whether our children know what they're supposed to know in the basic skills that are necessary to learn all the other more sophisticated things we want people to know.

And I tell you, I believe in the kids of this country. I have been in schools in circumstances where it would be unthinkable that people could learn -- because of crime in the neighborhoods and because of poverty in the neighborhoods. And I have seen children performing at very high levels, meeting standards that would be acceptable in anyplace in the entire world. And I am tired of people telling me that there is some reason we shouldn't have that opportunity given to every American

child. We are not protecting our children by denying them the chance to develop their God-given capacities to measure up to what they need to know and do, to do well in the future. And we ought to stop it and do better. (Applause.)

Now, on a lighter note, you may wonder why the Secretary of Defense is here with me today. (Laughter.) Before I came down here, Senator Helms asked me to tell you that he is not the guard that Jesse once said I would need to come to North Carolina. (Laughter and applause.) Ever since I got a Chief of Staff that does not speak with an accent, we've been getting along a lot better, Senator Helms and I. (Laughter.)

There is another reason that the Secretary of Defense is here today. We want to set an example -- we want to set an example, we think we ought to start the standards movements with the schools that we run at military bases. At 66 schools across our country and 167 more around the world, our Department of Defense educates 115,000 of our children every

year. The Department of Defense runs a school system as big as that of the state of Delaware. And I met some of the children, some of the teachers and some of the parents out at the airport when I came in today.

Sixteen of those schools are at Camp LeJeune and Fort Bragg, right here in North Carolina, and nearly 8,000 students attend them. It's important that we give these children the best possible education, too -- especially these children, because their families sacrifice, they live far from home, they often risk their lives for their country. It's important, too, because these students come from every racial and ethnic background. They move from place to place as their parents are transferred from base to base.

Because of this mobility, no groups of students better underscores the need for common national standards and a uniform way of measuring progress than this group. If standards can work in these schools, they can work anywhere.

So I am pleased to announce today that, with the strong support of the Secretary of Defense, the Department of Defense schools have stepped forward to ask that their students be among the first to take the new tests when they become available. The Secretary of Defense and the Secretary of Education Riley have both committed their work.

Starting in 1999, students and classrooms, from Wiesbaden Air Force Base in Germany to Kadena Air Force Base in Okinawa, to Camp LeJeune will learn the same rigorous material and take the same national tests as students throughout this state, and I hope throughout our entire nation. We can make our public schools just like our military, the best on Earth, if, like our military, we are willing to adhere to high, rigorous standards for all people, regardless of their background. That's what we ought to do.

And I thank you, Mr. Secretary, for being here today. (Applause.)

Let me also say that we know we have to do more work to prepare all of our students. And the Department of Defense is being directed today through its school system to use every resource to prepare the students for 1999 when the new math and science tests -- or math and reading tests are ready.

Let me mention one other thing that I think is very important, and it goes well with a lot of what you are doing here with your pre-school years and your early years. It is appalling to me that 40 percent of America's 8-year-olds cannot read a book on their own. But it's true. And the rest of this stuff is just sort of whistling the breeze if people can't read. So we have launched the America Reads Initiative, through the Department of Education, to mobilize an army of a million reading tutors, properly trained, to help make sure that by the year 2000 every 8-year-olds can read independently.

Thirteen North Carolina college presidents have pledged to commit a portion of their work-study students to serve as tutors, and I thank them for that. We're going to have 300,000 new work-study students over a four-year period. If we

can put at least a third of them into reading instruction for our young children, we'll be a long way toward those million volunteers.

We ought to be clear about something else, too -- and here's something that I really take my hat off to Governor Hunt for. We cannot expect our children to meet high standards unless we demand that our teachers meet high standards. We have to do whatever is necessary to make sure that they do.

Last year, the report of Governor Hunt's National Commission on Teaching and America's Future laid out a blueprint for the road ahead. And all of you have together across party lines to develop a comprehensive legislative agenda that implements the report's recommendations. We have to start by recognizing and rewarding our best teachers. We all know what a difference a good teacher can make in the life of a child. I know what a difference my teachers made in mine.

The National Board for Professional Teaching Standards, led by Governor Hunt, has encouraged teachers all over the country to improve their skills and seek certification as master teachers. North Carolina already has more certified national teachers than any other state in the country. And the Governor was kind enough to bring five or six of them out to the airport to meet me, and they were not ashamed of the fact that they had been board-certified master teachers.

Over 20 percent of all the teachers that have been certified are here in North Carolina. That's the good news. The bad news is that only about 500 teachers have been certified. In our balanced budget plan, there's enough money to help 100,000

teachers achieve this important credential. Now, the states need to do things like North Carolina has and offer to pay -- the Governor's plan would pay master teachers another 12 percent more. You have to encourage people. But we need 100,000 at least, because what we really want is at least a board certified master teacher in every single school building in America. If you get one in every single school building in America, we know from the research that they will change the education environment and help lift the standards that other teachers achieve and help to lift the quality of teaching in all the classrooms.

So that is one of the things that we're trying to do in our budget. But again, I'd say that we are following your lead and especially the years and years and years that Governor Hunt has put into this. In April, Secretary Riley will hold a national forum on attracting and preparing teachers with 50 of our nation's best teachers and thousands of others. And we are going to have to do more to encourage our brightest young people to become teachers.

Finally, we also have to make sure, as the Governor said, that while good teachers get a raise, the truly bad teachers who can't measure up should get a pink slip. We have to do that in an expeditious and fair way. Today, that is too time consuming and costly. In some states, it can cost hundreds of thousands of dollars. That same money could be and should be used to reward good teachers and to train those who are trying to

improve their skills. We can change this, as they have in Cincinnati where school boards and teachers unions have worked together in partnership to find more efficient and fair ways to remove teachers who should leave the classroom. Encouraging teachers is not easy or cheap, but again, I say, we know what a phenomenal difference it makes.

Finally, to elevate teaching, I think we have to reform the way we spend money in our schools and give parents the tools to demand more accountability. Today, the Vice President is discussing that at the state legislature in Sacramento, California. His reinventing government initiative has helped us to shrink the national government to the smallest it's been in three decades and to take that money and invest it in education, invest it in technology, invest it in transportation, invest it in growing the economy and building a better future. We have to have the same sort of national effort to analyze the way expenditures are made in public education throughout America, so that we can support those who are committed to reducing unnecessary bureaucratic expenditures and increasing expenditures on children and teachers and learning.

Yesterday I did a town hall meeting, with 35 children, on drugs. And I asked all these kids -- and some of these kids had been on drugs and were off drugs, a couple of these kids were in treatment, some of them had been in families of gang members who had been involved in drugs, and then some of them had never used drugs. It was a whole panoply of kids. But I went through child after child after child, and I asked them to

tell me about their circumstances. And they all said, we need mentors, we need programs we're interested in. And one after another they kept telling me about how their school had had to abandon its music program or its art program, its physical education programs, its intramural athletic programs -- all the things that happen after school or on weekend that keep kids involved in positive things.

We have to understand that however much money we have for our schools we have to make sure we are spending it first and foremost on instruction and, secondly, on ways designed to give the children the best chance to live productive, wholesome, good, constructive lives -- and that ought to be a national effort as well.

We have found phenomenal amounts of money that we could redirect in the federal government to reducing the deficit or investing in our future simply by slowly, but deliberately, eliminating hundreds of unnecessary programs, thousands of unnecessary regulations and reducing -- without running people off -- just slowly reducing the size of government until we have got it to the point where I mentioned to you earlier.

And we have to work on that in our schools because we cannot afford to waste a single dollar when it comes to these children's future. And it is folly to believe that we're not paying for it when we take these kids away from a chance to have a full, wholesome experience and to be in those schools after school hours or before school hours and doing things in addition

to their academic learning. So I hope you will support that.
(Applause.)

Let me just say one final word in closing about another big job we have to do together. We have to finish the work of welfare reform. In the first four years of my presidency, we gave waivers from federal rules to 43 states to do all kinds of things to help move people from welfare to work. We now know that partly because of the growing economy, partly because of state welfare reform efforts, and partly because of a 50 percent increase in child support collections nationwide, the welfare rolls went down by 2.6 million in four years -- a record number.

Then the Congress passed and I signed the welfare reform bill, which says there will still be a national guarantee for poor children for food and medicine, but there's a limit to how long an able-bodied person can be on welfare without going to work. And we're going to give it to the states and let the states decide how to design their plans to move people from welfare to work.

Well, what I want to tell you folks is that this is like that old country singer, Chet Atkins, used to say, you've got to be awful careful what you ask for in this old life, because you might get it. And now you've got it. And here is what you have: In order to meet the demands of the law that was

supported by almost every governor and every state official in the country, we must move about another million people from welfare to work. Now, keep in mind, when we reduced the welfare rolls by 2.6 million some of those were children -- only about a million of those were people moving from welfare into the work force. So we moved a million people in four years when the economy created almost 12 million jobs. We have to move another million in the next four years because of what the law says, whether the economy creates jobs or not. And it is your responsibility to design a plan to get that done.

Now, I want to help. And I have proposed federal legislation to give a tax credit of 50 percent for up to \$10,000 in salaries for people who hire people specifically off welfare. I have proposed to give extra cash to high-impact, high-unemployment areas so people can do public service work, community service work, if necessary.

But there are more things you can do. Your Work First program here in North Carolina is encouraging private employers by subsidizing paychecks and holding job fairs. These are the kinds of things we have to do everywhere. But you really need to look at how your program works. And you need to look at whether you have a system for challenging private employers to look at the incentives that are available. And you need to figure out how many people every country is going to have to move from welfare to work in order for you not to have a train wreck at the end of the next four years.

Every state has to do this. And it's going to have to be done county by county, community by community. Because I'm telling you, everybody that ever said people who are able-bodied

on welfare ought to have to work now has a moral obligation to make sure that the people who have been told they have to work actually have jobs so they can work. We have to do that. (Applause.)

Let me just say -- I have been to a lot of states and looked at a lot of programs. In Missouri, they go to employers and say, we'll give you the welfare check for up to four years if you need it; but you have to pay people \$1.75 over the minimum wage and we'll give you the welfare check as an employment-in-training supplement. And you can have it for a slot, but not for a particular individual, for up to 10 years if you'll just keep being part of our program. So they've got a lot of employers -- small, medium and large -- who are part of that .

You have to do something like that to do something for the employers who are not taxed. Community nonprofits and religious organizations can hire a lot of people from welfare into their ranks, and have a lot to do with integrating their families into the mainstream of life in North Carolina. But they have to have some incentive to do so.

The second thing I would urge you to do is to make sure that as you realize savings from people moving from welfare

to work, I think you can meet your goals better if you turn around and invest at least the initial of those savings back into the transition. We did a good job of adding \$4 billion to child care for people moving from welfare to work. But we still may not have enough child care to do the job. And we know that is a huge barrier. You cannot ask people to hurt their kids when they go to work. And a lot of folks entering these entry-level jobs don't make much money. Now, we can carry them over with Medicaid health insurance for their kids for a while -- they've got to have the child care.

This bill gives you a lot of flexibility and now you have to design this program. I would just implore you to really get down to brass tacks, get the facts: How many people does North Carolina have to move from welfare into jobs in four years? How many is that per county? How many is that per community? What are the tools we have? Who have we asked to do the job?

I believe that the private sector is anxious to be asked to participate in this. I believe they want to end the permanent underclass in America and help people move into the thriving, growing middle class. But we have to do it in an organized, disciplined way state by state. We're going to do our part, but we need you to do yours.

Finally, let me say that it is obvious from looking at education that we have to have a new partnership in America. Washington can lead the way, but the work has to be done by all Americans. North Carolina has led the way for a long time.

I was smiling today when I got up and I thought about coming down here, and I thought about the first time I was ever in a meeting with Governor Hunt and Governor Riley -- 18 years ago -- we were all much younger then. And we had this idea

that all the southern states would reach the national average in per capita income and have all these great opportunities for our people if only we could have an education system that was as good as anyplace in the country and it would reach everybody, without regard to race or income.

And, ironically, the mission that many of us who are southerners have carried for 20 or 30 years in our hearts is now the mission of America in a global society dominated by information and technology. And it is within our reach, literally, to give every single child in America the greatest future in human history if we create the conditions in which we can flourish -- that's partly our job, through national defense and meeting the security challenges and providing a good economy -- but also having the tools.

We cannot guarantee the future for any child, but we can give every child the tools to make the most of his or her own life. That is now America's mission. It is a mission this state has pursued for a long time. If you will lead the way, America's best days are still ahead.

Thank you and God bless you all. (Applause.)

END

12:00 Noon EST

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael Cohen (CN=Michael Cohen/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:14-APR-1997 07:36:12.00

SUBJECT: Re: Comment Line Question re: Education Standards

TO: Judithanne V. Scourfield (CN=Judithanne V. Scourfield/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

This is ok with me.

What did you every find from the HOPE Scholarship question you ran?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Judithanne V. Scourfield (CN=Judithanne V. Scourfield/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:14-APR-1997 12:03:54.00

SUBJECT: Re: Comment Line Question re: Education Standards

TO: Michael Cohen (CN=Michael Cohen/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Thanks so much for your feedback re the education standards question.

We had the HOPE Scholarship question on the survey for 9 weeks, and it was answered by about 8,500 callers during that time. I will be sending you copies of our weekly Comment Line Survey reports in text form -- and for this week I will also include the pie charts that I do on the color printer.

You will notice that we always had the education question third out of three questions. We usually lose callers during the survey, so not quite as many answered the education question as had answered the first 2. Perhaps we can move the education question up to #1 or #2 this time. (The other 2 issue areas on this month's survey are the President's DC proposal and his drug strategy.)

Please don't hesitate to call me if you need additional information.

Thanks again,

Judithanne
x65443

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Leanne I. Johnson (CN=Leanne I. Johnson/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:16-APR-1997 09:32:55.00

SUBJECT: Kitzhaber letter

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Hi Bob,

Sorry its taken me this long to get back to you on this. As of 1994 statistics (the latest I could find), the largest minority group in the state of Oregon are Asians and Pacific Islanders followed by African Americans then Hispanic Americans. I've redone the draft, basically taking out the part about HBCUs, so it speaks generally to the POTUS' efforts to expand opportunities for everyone. Please let me know if this is okay. Thanks!

(I've faxed you the incoming)

DRAFT:

Thank you for writing to me. I value your commitment to expanding educational opportunities for minorities, and I share your belief that every American must have full access to the best education if America is to meet the new century with confidence.

We both know how much of a difference an education can make. My Administration has put in place a comprehensive college opportunity strategy to make college available to every American citizen. This college opportunity agenda will open the doors of college wider than ever before, and my Administration is committed to working with Congress to enact these changes into law.

As you well know, financial aid is a critical factor in determining whether many people are able to afford an education. That is why my 1998 budget proposal includes an increase in the maximum Pell Grant award, a \$10,000 tax deduction to help families pay for college, and a \$1,500 HOPE Scholarship tax credit. AmeriCorps provides the chance to earn college tuition while serving in the community, and we have created 100,000 more work-study positions to help students work their way through college.

Thanks again for writing to me, and I look forward to continuing our work together.

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Russell W. Horwitz (HORWITZ_R) (WHO)

CREATION DATE/TIME:16-APR-1997 16:55:59.72

SUBJECT: SENATORS RAISE OBJECTIONS TO CLINTON EDUCATION TAX PACKAGE

TO: Robert M. Shireman (SHIREMAN_R) Autoforward to: Remote Addressee (Robert M.
Shireman@eop@lngtwy@eopmr) (OPD)
READ:NOT READ

TO: Jake Siewert (SIEWERT_J) Autoforward to: Remote Addressee (Jake
Siewert@eop@lngtwy@eopmr) (OPD)
READ:NOT READ

TO: Michael Cohen (COHEN_M) Autoforward to: Remote Addressee (Michael
Cohen@EOP@LNGTWY@EOPMRX) (OPD)
READ:NOT READ

TO: Bruce N. Reed (REED_B) Autoforward to: Remote Addressee (Bruce N.
Reed@EOP@LNGTWY@EOPMRX) (OPD)
READ:NOT READ

TEXT:

Date: 04/16/97 Time: 16:16

ESenators raise objections to Clinton education tax package

WASHINGTON (AP) The Clinton administration's education tax package was sharply criticized at a Senate hearing Wednesday, with Republicans claiming it would further inflate tuition costs and Democrats saying it wouldn't do enough to help low income students.

The Senate Finance Committee heard a number of horror stories about rising tuition, with one dental student saying she will graduate from the State University of New York at Buffalo with \$90,000 in debts.

Senate Finance Chairman William V. Roth Jr., R-Del., said tuition at a four-year college increased 234 percent between 1980 and 1995.

"This is leading to alarming levels of debts for our young people," Roth said.

The hearing focused on the Clinton administration's education tax package, which includes a \$1,500 college tax credit; a maximum \$10,000 college tax deduction; early withdrawals from Individual Retirement Accounts for college expenses; tax incentives for student loan forgiveness. The package will cost \$38.4 billion through 2002, the Treasury Department has said.

Witnesses told the panel the Clinton education credits would inflate tuition costs by effectively subsidizing a portion of college costs.

Roth is advocating his own tax-cut package that would permit students to deduct the interest from their student loans, improve tax treatment of state pre-paid tuition plans and let people save for education using Individual Retirement Accounts.

Defending the Clinton package was Deputy Treasury Secretary Lawrence Summers, who urged Roth not to ``let the fear of inflation prevent us from providing assistance."

Sens. Richard Bryan, D-Nev., and Bob Graham, D-Fla., closely questioned Summers about how the education package helps low-income people gain access to college.

``Are we talking about a program that is going to primarily increase the number of students who will have an opportunity to attend higher education? Or are we talking about a program to provide tax relief to families who already are sending students to colleges or universities?" Graham asked.

Summers said the \$38 billion package primarily is aimed at middle-class taxpayers, but that the administration is proposing to increase the Pell Grant program, which is aimed at lower income people, by \$1.7 billion next year.

Roth also challenged a provision in the HOPE scholarship program, which requires students to maintain a minimum B-minus grade point average to keep the \$1,500 tax credit. He asked if the IRS would be examining college transcripts to ensure people's grades are sufficient for the tax credit.

Sen. Alfonse M. D'Amato, R-N.Y., picked up that theme, noting that some college freshmen ``stumble along the way" and encounter academic problems in which they would ``be very fortunate to even get a C average thereafter."

``I speak from experience," D'Amato said, drawing chuckles the audience. ``It was wild, tumultuous first year at Syracuse ... where all pursuits were not academic in nature."

APNP-04-16-97 1628EDT

**Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]**

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This marker identifies a responsive email, already made available within another collection.

Collection: 2009-1006-F

Bucket: WHO

Creation Date: 1997-04-17

Subject: Munitz letter

Creator: Leanne I. Johnson CN=Leanne I.
Johnson/OU=WHO/O=EOP [WHO]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sylvia M. Mathews (CN=Sylvia M. Mathews/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:21-APR-1997 16:41:17.00

SUBJECT: 1997-04/20 Remarks by President to United Auto Workers

TO: Andrew J. Mayock (CN=Andrew J. Mayock/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

Would you please look through this text and highlight the section on race. Podesta said that it was very good. Ty

----- Forwarded by Sylvia M. Mathews/WHO/EOP on 04/21/97
04:38 PM -----

SUNTUM_M @ A1

04/21/97 10:02:00 AM

Record Type: Record

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

cc:

Subject: 1997-04/20 Remarks by President to United Auto Workers

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 20, 1997

REMARKS BY THE PRESIDENT
TO THE UNITED AUTO WORKERS SPRING CONFERENCE

The Washington Hilton

6:50 P.M. EDT

THE PRESIDENT: Thank you. (Applause.)

Q We love you, man.

THE PRESIDENT: Thank you. I love you, too. And I appreciate you.

President Yokich, Secretary Treasurer Wyse, to the officers and the ladies and gentlemen of the United Auto Workers: I came here more than anything else to say two things -- number one, thank you very much for helping me and the Vice President become the first Democratic ticket to be reelected in 60 years. Thank you very much. Thank you. (Applause.) The second thing I came here to say is that if we do the right things, we can build that bridge to the 21st century together.

You know, we've had a lot of monumental fights in Washington in the last four years. That's not all bad and it was to be expected. You have lived through in the last few years the biggest economic change to occur in the United States and in the world since the global Depression of the 1920s and the 1930s. And this one, thank goodness, has not let to global depression, but you know how much things are changing.

And when I became President there were a lot of assumptions here in Washington that had come to dominate our country's thinking and politics, during the years when the presidents of the other party dominated the White House. People believed that you could talk about the deficit, but you didn't really have to do anything about it; that if there was anything done to help labor it was, by definition, bad for business. People believed that government was always the enemy. And they believed that the only kind of tax cuts that were any good were ones that cut taxes on the very wealthiest Americans because they would somehow benefit everyone else by trickling down.

I came here believing we could balance the budget in a way that as fair to all Americans, get interest rates down and help grow the economy, which would help people who have capital and invested, but it would also help to lower car payments and home mortgages and college loan payments and make this country strong in the world again. I came here believing that the only long-term way to strengthen the American economy was to build the middle class, and that meant we had to be pro-worker and pro-business and we could do both. (Applause.)

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I came here believing that in a country that now has only about four percent of the world's population, if we want to continue to enjoy about 20 percent of the world's wealth we're going to have to get some other people to buy our goods, but we could only have free trade if it was also fair trade. And we have 200 separate

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trade agreements to show for our efforts in that in the last four years. All of these things you helped to make possible.

And if you think about the debates going on in Washington today -- if you think about the fights we had in '95 and '96, which the American people were heard loud and clear on -- they said, we don't believe the government is always the enemy. They said, we do think we have a responsibility to protect education and the environment and the integrity of our health care programs. They said, you can balance the budget without hurting ordinary Americans or trampling on the poor.

And I think that message is out there. I agree with President Yokich; you came about 10,000 votes short of having our party win the House of Representatives again because they outspent us 4, 5 or 6 to 1 the last 10 days. But we did a pretty good job. And, by the way, I'm proud of the fact that you invested in our campaigns and helped us and fought for us and stood up for us and stood with us. (Applause.)

You hear all this talking today, people forgot what was at stake there. In 1993 when we passed that economic plan our opponents said it was the end of civilization as we know it. Remember all the things they said? Unemployment will go up, the deficit will go up, the world's just going to go to pieces in America because of the President's economic plan.

Well, in four years this country produced over 11.5 million new jobs for the first time in any presidential term. They were wrong and you were right. (Applause.) You were right -- 107,000 of them were in the auto industry. Unemployment now is down to 5.2 percent, a nine-year low. (Applause.) In 1995, average wages started to rise again for the first time in 20 years. And last year over half of the new jobs were in higher-wage categories, in dramatic contrast to most of the new jobs we got in the years before we took office. We are moving in the right direction. You have supported the right policies. You should be proud of it and you should make sure the American people know it. (Applause.)

In 1992, the year before I took office, Japan produced 28 percent more autos than American workers. By 1994, America had passed Japan for the first time since 1979 -- and you're still ahead of them. And I'm proud of you. (Applause.) In 1995, we finally got an auto agreement. And I'm proud to report that last year, in the first full year of that agreement, American auto sales went up by 34 percent in Japan, European sales went up by 10 percent; overall car sales only went up by three percent. If you give people the chance to buy American, even in Japan, they will buy American because you're putting out the finest cars in the world today. (Applause.)

Auto parts sales went up 20 percent last year. They're now double what they were in 1992 in Japan. We have a long way to go and we made that clear yesterday and we intend to keep working. But it makes the point I want to make: If we can open these markets to American products, the American people paid the price and you paid the price in the tough and difficult years of the 1980s and the early 1990s to dramatically increase quality and productivity. And you

deserve the chance to sell your products anywhere in the world, and if you can you're going to do very well. (Applause.)

Over 4 million more Americans own their own home. More than 10 million Americans have refinanced their homes with lower interest rates. The welfare rolls in four years dropped a record 2.8 million. We moved more people from welfare to work in the last four years than went on welfare in the first 25 years of the program. Don't tell me we can't reform the welfare system; we can -- we can move people from welfare to work if we do it right. (Applause.)

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And that is just the beginning. We have got to do more. And as I said, I never believed that being pro-growth, pro-private sector and pro-business meant being anything other than pro-worker, pro-union and pro-family. (Applause.) I believe they are consistent and I believe that the record proves that when we work together and when we're fair to everybody we produce more, people feel better and they're more productive. And I think it's time that everybody understood that we don't want to be a hard-work, low-wage economy; we want to be a hard-work, smart-work, high-wage economy in which we all work together. (Applause.)

That's why I worked with you to defeat attempts to repeal the prevailing wage laws, to bring back company unions, to weaken work place health and safety laws. That's why I fought for a tax cut that used to be supported also by members of the other party -- the earned income tax credit. Since 1993, we've ratcheted up now so that the average family of four with an income of \$30,000 or less and two kids in the home has \$1,000 lower tax bill than they did four years ago. Now they can go out and buy cars again. I think that's the right sort of tax cut in America, to reward working people, and I think we're stronger because of it. (Applause.)

And I thank you for your support for the minimum wage increase. No person who works 40 hours a week in a country that preaches that people who are welfare ought to go to work should live in poverty when they're working full-time and trying to support their children. And we don't have to tolerate it. (Applause.)

On July 1st, the historic legislation you helped to enact to make sure workers don't lose their health insurance if they lose their jobs takes effect. We've made pensions more affordable and we've cracked down on pension fraud and abuse. Today, the fund that guarantees 42 million private sector pensions has saved the pensions of 8.5 million Americans that were in danger when I took office and now has a surplus for the first time in its over 20 year history. We are moving to make work rewarded in this country and get the kind of security and support it deserves. (Applause.)

As Steve said, since I took office I have vetoed every piece of anti-worker legislation that has landed on my desk. And I will continue to do just that. (Applause.) Thank you.

Now, I want to ask you for help on some other things, as well. First of all, I want you to help me get Alexis Herman confirmed as Secretary of Labor. (Applause.) Now, listen to this: she was voted out of the committee unanimously. Every Republican in the committee voted for her. She gets to the floor, we're assured she's going to be brought to a vote, and all of the sudden they decide that maybe they can get me to change some of the executive actions I have taken to try to prevent anti-union activities when it comes to government contracts by saying, we just won't give you a Secretary of Labor. We'll show you we don't agree with what you're doing. You got elected, you have the power to do it, the people voted for you. We voted your nominee out of committee unanimously. Some of her strongest support came from Republicans who knew her well and knew that she was a good and able woman and tried to be fair to business as well as labor. They knew she had a history in the Labor Department, a history of experience and they said, okay, she's qualified; we all voted for her in committee, you won the election, you have the power to do this. But if you do it we might not ever give you a Secretary of Labor.

Now, I don't think that's a very good way to run a railroad. You know, I don't refuse to work with them because they won the election. I know they wouldn't have voted for me, and that goes two ways. (Applause.) The American people made this decision. They put us both in the boat and they told us to row, and we've got to figure out how to get the oars going in the same direction. That's what we've got to do. (Applause.)

And we're working hard to do that. We're working hard on this Chemical Weapons treaty to try to reduce the danger of chemical warfare to our soldiers. Every chairman of the Joint Chiefs of Staff in our major military organizations have endorsed this -- every chairman of the Joint Chiefs of Staff since President Carter's administration. And we're going to have to do it together. We'll never get a balanced budget unless we do it together.

Now, this is something we have to do together. And I'd like to say to them and to say to you, if they think I'm wrong about something I've done we ought to sit down and talk about it. But we've got a qualified person and Labor has been out a Secretary too long -- let's have a Secretary of Labor and confirm Alexis Herman. And I ask for your help to do it. (Applause.)

Twelve million people have taken advantage of the Family and Medical Leave law since I signed it in 1993 -- the first bill I signed. Many people who have good jobs have family and medical leave through their contracts. But a lot of people don't. And we've proved now that if you help people succeed at home, so they're not worried sick at work about their children or their parents, you let them take a little time off for that, actually workplace performance goes up. We haven't lost jobs or lost small businesses since the Family and Medical Leave law came into effect. In fact, we've had a record number of new businesses started in every single year I've

been President.

That's why I want to expand the Family and Medical Leave law, to give people a little time off every year to go to regular doctor's appointments with their children and with their parents if they're sick, or to go to regular parent-teacher conferences at the school. We've got to have the parents if we're going to improve the quality of education and I think it will be a good thing to do. (Applause.)

I also would like to say to you that we have more work to do on this budget. Now, in the last four years -- when I came here people laughed at me when I said we could reduce the deficit and increase our investment in education, in medical research, in technology, in fighting crime and in our future. Well, now we've got four years of declining welfare rolls, four years of declining crime rates. Every expert in America now admits we were right when they fought us in trying to put 100,000 more police on the street. We know we can do this.

But we also see that people are saying, well, maybe this recovery can't go on, maybe interest rates are going up, maybe if they don't, inflation will come back. You've seen all this. We need to go on and balance this budget to keep this recovery going. That will remove any question about inflation coming back in the economy and will keep interest rates down. It will make cars more affordable here and abroad. It will keep UAW members working, it will keep America strong. But we have got to do it in a way that protects the integrity of the things we fought two long years for in 1995 and 1996 -- for education, for the environment, for the integrity of these health programs. We have got to do that.

This balanced budget of mine does exactly that. It provides tax cuts for education and health care, to help raise a child and buy and sell a home. It protects Medicare and Medicaid, but adds a lot of years to the Medicare trust fund. It is something that I'm very proud of in terms of what it does for medical research and for protecting the environment. And it is also very, very good for education. If you look at the future, we know that we have got to improve the performance of our schools if we want all of our children to have good jobs with growing incomes. We know that. (Applause.) We know that most of this has to be done at the local level with support from the states, but we know the national level and we in the national government have a responsibility as well.

My budget makes an unprecedented commitment of \$51 billion to make sure that by the year 2000 every 8-year-old will be able to read on his or her own, every 12-year-old can log on to the Internet, every 18-year-old can go on to college, and every adult can continue to learn for a lifetime and get the skills necessary to get good jobs. (Applause.)

I've laid out a 10-point plan for education, I just want to mention three to you. Number one, we have got to quit hiding

behind the idea that we have local control of our schools and using that for an excuse not to have national standards in education. All of our competitors have national standards in education. (Applause.) And I am not talking about federal government standards, I'm talking about national standards. But I have challenged all the states to meet them and to give all of our children a test in reading at the 4th grade level and a test in math at the 8th grade level by 1999. And I hope you will support me in that wherever you come from in every state in America. It is the right and moral thing to do for our country. (Applause.)

We ought to open the doors of college to everybody who's prepared to work for it. I want to give a \$1,500 tax credit, modeled on the HOPE Scholarship in Georgia, America's HOPE Scholarship. That's about what it costs at any community college in the country. I want to give it for two years to open the doors of college for at least two more years to make them just as universal as a high school diploma is today by the year 2000. And we can do that. (Applause.) I think we ought to give people a \$10,000 tax deduction for the cost of any college tuition after high school, any higher education. It will help a lot of people in this room, I would imagine. (Applause.)

And because we can never forget the people who don't make enough money to take tax deductions, I've also proposed the biggest increase in the Pell Grant scholarships for needy students in 20 years, so we can all have the chance to go on. The average age of people in college is going up steadily every year. It will continue to go up. You probably all know friends of yours in their 30s, in their 40s, maybe in their 50s, who had to go back and get retrained. And we ought to have a system that makes it possible for every American who wants to work, who's willing to work, who needs an education to get it for a lifetime. It is simple and it is good for the American economy. We ought to do it. (Applause.)

The last thing I want to say about that is, I've been trying for four years through Democratic and Republican Congresses to get the Congress to adopt my G.I. Bill for America's Workers. And I know there have been a lot of questions about it. Essentially, what I want to do is take 70 separate training programs, put them in a grant and just give a chit, give a skills grant to people who are unemployed or underemployed, and say, you take it to the place nearest you which will be most likely to get you a job. Almost every American is within driving distance of a community college. This would include union-sponsored training programs, anything else, just whatever is necessary and whatever is most handy to get a job -- the G.I. Bill for America's Workers.

I think we've wasted a lot of money on intermediaries and government employees. We've got all this money here, give it to the people who are unemployed and you can go after them, everybody else can who wants to train them. But I believe a G.I. bill for people. I think most people have enough sense to figure out on their own in their own communities what would be most likely to put them back in the work force at a higher wage. And I hope you'll help me

pass the G.I. Bill for America's Workers. (Applause.)

And just because we got beat on our attempt to say that everybody in America who works for a living and all their children ought to have access to health care, I hope you won't quit trying to expand health care access to the American people who need it. (Applause.) Thank you.

I have proposed new legislation to crack down on Medicare fraud. I've appointed a new commission on health care quality to make sure that the lower costs of today's managed plans doesn't dilute the quality of them. We've moved to help fight breast cancer by making women 40 and over eligible for mammograms who are covered by federal programs, which I think is important. (Applause.)

In my balanced budget plan we are moving to try to stop the sort of drive-by mastectomies, where women with breast cancer are basically operated on and put out of the hospital in a matter of a few hours. We are moving to cover respite care for Alzheimer's victims, because there are so many families who care for a family member with Alzheimer's. And having lost an aunt and an uncle to Alzheimer's, I know it's a seven day a week, 24 hour a day job. We can actually save a lot of money over the long run if we help give those families a little help for respite care if they're willing to take care of those folks in their homes. It's so much less expensive and if families want to do it we ought to help cut them a little slack, I think. (Applause.)

We also want to give people access to health insurance when they temporarily are between jobs or lose their jobs. We want to make it easier for them, affordable for them to keep their health insurance. Nearly half of the children who lose their insurance do so because their parents lose or change a job. And my budget would provide coverage for up to half of the 10 million children today who do not have health insurance. I think it's very important to do more to try to cover children and to cover people who are between jobs. (Applause.)

Well, these are just a few of the things that I could be talking to you about tonight. They are big things. This will affect the way people live for generations to come. And while you're here, I want to ask you to think about that. We've had a lot of fun tonight. We've cheered and we're glad we won the election -- sorry we lost a few Congress seats. We're proud of the fights we fought and we're awfully glad America is in better shape than it was four years ago. (Applause.) But what I want you to think about it is what kind of America have you worked all your life for. What do you want this country to look like in 20 years, 25 years, when your children are your age, when your grandchildren are your age. I think about it every day. Every day.

When I look at these kids out in this audience I know if

we do the right things they will have more chances to live out their dreams than any generation of Americans. That's the first thing I want. (Applause.) The second thing I want is for America to be the world's leading force for peace and freedom and prosperity a generation from now, just like it is today, because I know the whole world will be better off if that is the case. And the third thing I want, that I see as I look at all of you from your different backgrounds, is I want us to be one America. (Applause.)

We're going to become more and more diverse racially, ethnically, religiously. If we can keep the Democratic culture the values of America, if we can overcome our own prejudices and fears, if we can learn to respect each other's differences and enjoy our own difference, but be bound together by what unites us, then in a world that is every day consumed by the problems of the Middle East or

Africa or Northern Ireland or Bosnia, America will surely be the light of the world. (Applause.) And the labor movement has always stood for the proposition that anybody that was willing to work hard for a living ought to be given a fair chance to make it in the United States of America. Always. (Applause.)

I love being with you. I'm very grateful. I'm glad you reelected me. I'm having a good time, limp and all. (Laughter.) But, remember, you can't stop thinking about what you want it to be like in a generation, because the world is changing in profound and fast ways. And we have to do a good job now and a good job for all these children who are here. I think we're going to do it, together. Thank you. God bless you.

END

7:19 P.M. EDT

Message Sent

To: _____

Mary E. Glynn

Julie E. Mason

April Mellody

Darby E. Stott

Julia R. Green

Laura D. Schwartz

Joshua Silverman

Pauline M. Abernathy

Lori E. Abrams

Lori Anderson

Brenda M. Anders

Kris M Balderston

Beverly J. Barnes

David S. Beaubaire

Marsha E. Berry

Lanny A. Breuer
Dennis Burke
Laura Capps
Joseph W. Cerrell @ OVP@EOP
Steven A. Cohen
Michelle Crisci
Carolyn Curiel
Suzanne Dale
Lanny J. Davis
Marilyn DiGiacobbe
James A. Dorskind
Jennifer D. Dudley
Christopher A. Dwan
Dorinda A. Salcido
James T. Edmonds
Anne M. Edwards
Rahm Emanuel
Karen E. Finney
Jay K. Footlik
Ben A. Freeland
Jeremy M. Gaines
craig gardenswartz
Michael A. Gill @ OVP@EOP
Adam W. Goldberg
Jason S. Goldberg
Ricardo M. Gonzales
Donald Goldberg
Richard Hayes
Russell W. Horwitz
Erika Hovland
Thomas D. Janenda
Brian J. Johnson
James M. Teague
David E. Kalbaugh
William R. Kincaid
Angus S. King
Joshua A. King
Nicholas B. Kirkhorn
Catherine T. Kitchen
Jim Kohlenberger @ OVP@EOP
Heidi Kukis @ OVP@EOP
Sara M. Latham
G N. Lattimore
Patricia F. Lewis
Gordon Li
Michael D. Malone
Laura S. Marcus
Doris O. Matsui
Andrew J. Mayock
Anne E. McGuire
Cheryl D. Mills
Megan C. Moloney
Elizabeth A. Montoya
Kevin Moran

Jonathan Murchinson
Carole A. Parmelee
Sally P. Paxton
Jonathan Prince
Peter O'Keefe
Brian A. Reich
Virginia N. Rustique
Evan Ryan
Stuart Schear
Douglas S. Sheorn
David Shipley
Jake Siewert
Brian D. Smith
Craig T. Smith
Richard Socarides
Douglas B. Sosnik
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Teresa Wildman
SUNTUM_M @ A1@CD@LNGTWY
COGDELL_C @ A1@CD@LNGTWY
MCHUGH_L @ A1@CD@LNGTWY
backup @ wilson.ai.mit.edu@INET@LNGTWY
wh-outbox-distr @ clinton.ai.mit.edu@INET@LNGTWY
BARBUSCHAK_K @ A1@CD@LNGTWY
BARTHOLOME_M @ A1@CD@LNGTWY
BARTHOLOW_T @ A1@CD@LNGTWY
BLINKEN_A @ A1@CD@LNGTWY
CAPLAN_P @ A1@CD@LNGTWY
CUTLER_L @ A1@CD@LNGTWY
FETIG_J @ A1@CD@LNGTWY
FULLER_W @ A1@CD@LNGTWY
GILLESPIE_C @ A1@CD@LNGTWY
GRIBBEN_J @ A1@CD@LNGTWY
HAAS_L @ A1@CD@LNGTWY
HERMAN_A @ A1@CD@LNGTWY
JOHNSON_DT @ A1@CD@LNGTWY
JOHNSON_WC @ A1@CD@LNGTWY
JOLIN_M @ A1@CD@LNGTWY
LIZIK_C @ A1@CD@LNGTWY
MOFFETT_J @ A1@CD@LNGTWY
NAPLAN_S @ A1@CD@LNGTWY
RILEY_R @ A1@CD@LNGTWY
SAMBURG_T @ A1@CD@LNGTWY

SCHAEFER_V @ A1@CD@LNGTWY
NAPLAN_S @ A1@CD@LNGTWY
SHEPARD_S @ A1@CD@LNGTWY
SMITH_BD @ A1@CD@LNGTWY
STUMPF_D @ A1@CD@LNGTWY
SULLIVAN_M @ A1@CD@LNGTWY
WEINER_R @ A1@CD@LNGTWY
WOZNIAK_N @ A1@CD@LNGTWY
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62955104 @ eln.attmail.com@INET@LNGTWY
73030.21 @ compuserve.com@INET@LNGTWY
INFOMGT @ A1@CD@LNGTWY
newsdesk @ usnewswire.com@INET@LNGTWY
usnwire @ access.digex.com@INET@LNGTWY

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Leanne I. Johnson (CN=Leanne I. Johnson/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:21-APR-1997 18:24:34.00

SUBJECT: Barry Munitz draft

TO: Russell W. Horwitz (CN=Russell W. Horwitz/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

CC: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

Hi,

Following is this draft. I understand that Mr. Sperling suggested we add a reference to the POTUS' conversation with Mr. Munitz and also the watch. Following the draft is a copy of the "Thank you" letter that was sent to Mr. Munitz in March directly following the ACE event. Please let me know if we should still thank Mr. Munitz for the watch, as well as any other edits on this draft. Thanks.

Munitz DRAFT:

Thank you so much for your recent letter. I appreciate the support of the 23 presidents in the California State University System and of the American Council on Education (ACE) for my Administration's national education agenda. I'm glad we had the opportunity to talk before I addressed the members of ACE in February.

As I said in my speech at that event, we must work hard to craft a bipartisan balanced budget that reflects our values and paves the way to a better future. Your endorsement is an important element in enabling us to expand educational opportunities through the Hope Scholarship tax cut, the college tax deduction, and Pell Grant and work-study increases.

Thank you for standing with us. I look forward to continuing our work together as we build new opportunities for future generations and help change America for the better.

Gift "Thank You": (went out March 3, 1997)

Dear Barry:

Thanks for the great watch. It was a pleasure for me to address the members of the American Council on Education, and your spontaneous gift will always remind me fondly of the occasion.

I appreciate your thoughtfulness, warm welcome,
and all of your help in making the gathering
such a success. Hillary joins me in sending
best wishes.

Sincerely,

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael Waldman (CN=Michael Waldman/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:23-APR-1997 19:56:49.00

SUBJECT:

TO: Eli G. Attie (CN=Eli G. Attie/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

PRESIDENTIAL SPEECHES
AT THE SERVICE SUMMIT

OPENING CEREMONY (Monday, April 27)

You will be the concluding speaker at the opening ceremonies, held before an audience of 10,000 people at Independence Hall. Your remarks will be the chief opportunity to challenge the nation, especially young people, to serve their community and country, as described in the thematic statement above. The remarks will include policy announcements, options for which are described in the memorandum from Bruce Reed (attached). They include:

- interest free loans for those who serve (Tony Campolo's idea);
- expanding the police corps;
- creating a teacher corps;
- creating a child-care corps (as part of AmeriCorps).

In a memorandum to you, Al From proposes several other steps: a) call on every state to follow Maryland's example, and require community service for high school graduation; b) urge colleges to include community service as a criterion for admissions; c) calling on every student who receives aid to go to college -- loans or scholarships, public or private -- to agree to a period of community service, not as a matter of law, but as a moral responsibility; d) to reinforce the last idea, to convert your Hope Scholarship program to a Help & Hope Scholarship program by requiring recipients to serve as well as maintain a B average; and e) calling for a significant expansion of AmeriCorps and the Police Corps by the Year 2000.

The remarks will also point forward to the FDR Memorial Dedication later in the week, noting that FDR's genius was to inspire Americans to master their fate and serve their country.

OTHER REMARKS

Saturday, April 25

Radio address -- The radio address will discuss the America Reads legislation, which you are sending to Congress, with a special focus on

the role AmeriCorps has played in teaching literacy, and will play under this initiative.

Sunday, April 26

Kick-off rally -- You will speak to several thousand volunteers to launch the clean-up of the Germantown neighborhood. Your remarks will be brief, will welcome the participants to the Presidents , Summit, and will stress xx.

Gala -- You will make two sets of remarks at the gala, where you will present the President ,s Service Awards.

First, you will focus on the Summit ,s goal of ensuring that every young person has an older mentor. You will be accompanied by an AmeriCorps member, who will present the awards with you.

Second, you will present awards to individuals and organizations who help young people to serve -- the summit goal on which your remarks will focus.

Monday, April 27

CEO lunch -- You will thank the CEOs for their participation and urge them to continue their commitment to service.

AmeriCorps event -- You will visit with AmeriCorps members at a school, watch them as they tutor young people to read, and then speak to an assembly in the auditorium. You will underscore the theme of the major speech -- the obligation of every young person to serve, and our duty to help young people have that opportunity -- and stress AmeriCorps as the most vivid example of your approach to service.

Break-out session -- If you decide to attend a break-out session, you will interact with the members of the session, who represent community groups.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jordan Tamagni (CN=Jordan Tamagni/OU=WHO/O=EOP [UNKNOWN])

CREATION DATE/TIME:24-APR-1997 13:22:41.00

SUBJECT: community college speech

TO: Michael Waldman (CN=Michael Waldman/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

----- Forwarded by Jordan Tamagni/WHO/EOP on 04/24/97
01:20 PM -----

laweiss @ thecia.net
04/24/97 04:12:00 AM

Record Type: Record

To: Lisa Tamagni

cc:

Subject: community college speech

Jordan-

Please confirm that you received my two emails.

Thanks very much for waiting for me to do this. I would love it if this worked out.

Best,
Lowell

REMARKS BY THE PRESIDENT
AT PORT HURON COMMUNITY COLLEGE (FICTITIOUS)
PORT HURON, MICHIGAN

Almost exactly four years ago, during my first term in office, I gave the commencement address at a community college in New Hampshire with an educational mission very similar to yours. Although I did not realize it at the time, we created a little history that day. It seems an American President had never spoken at the graduation ceremonies of a two-year college. I'm glad we put an end to that. I'm pleased we acknowledged the vital role community colleges play in preparing students for the challenges of a changing economy. It was about time we gave community colleges the full credit they deserve.

I understand that you are celebrating your 50th anniversary here at

PHCC. As you probably know, it is no coincidence that this institution started up when it did. As World War II neared its end in Europe and the Pacific, the nation faced a dilemma here at home. We had tens of thousands of young soldiers returning from war, and there weren't enough jobs for all of them to fill. Even here in Michigan, where the Big Three were building new plants, veterans greatly outnumbered jobs. We desperately needed to find a way to harness all of that great human potential.

America chose to make an historic investment. We created the G. I. Bill and provided the funds for our returning veterans to attend two- and four-year colleges.

Our investment paid off in spades. It opened the door to higher education for more than 20 million Americans. It built a stepladder of opportunity more solid than any the world had ever seen. It created a great American middle class. It helped usher in three decades of unparalleled prosperity.

Today, we are at the verge of another great era of possibility. The Cold War is over. We face no imminent threat from abroad. With four years of growth and stability, we have restored the basic strength of our economy. We have the lowest combined rate of unemployment and inflation in a generation. And as Michigan knows well, we're the number one auto producer in the world once again.

We find great promise, too, in the achievements of science and technology. The Information Age is creating high-wage industries we never imagined. Our laboratories and hospitals are developing miraculous life-extending therapies. The Internet is broadening the world's horizons. Our challenge is to seize this decisive moment in history. Our challenge is to shape our own future.

At the dawn of this new era, my very first priority is to rededicate the nation to the spirit of education and opportunity embodied in the G.I. Bill. There is no greater prerequisite to our prosperity than the education of our work force. Today, more than ever before in the history of the United States, education is the fault line between those who will prosper and those who will not in the new economy. In this economy, what we earn depends on what we learn.

My plan for education involves an unprecedented mobilization of effort. But at its core, the plan is simple: We will ensure that every 8-year-old can read, every 12-year-old can log onto the Internet, every 18-year-old can go to college, and every adult can continue learning for a lifetime.

Right now, 40 percent of our 8-year-olds cannot read on their own. This we cannot tolerate. And I believe we have a solution. Last year, in Michigan, I announced an initiative called America Reads. We are mobilizing a citizen army of one million volunteer tutors to ensure that all our children can read independently by the end of 3rd grade. At least 100,000 college students will join in the effort. If any of you are interested, we'd love your help. You can even sign up on the White House Web site.

Another crucial way we can help our children nail down their fundamentals is to develop and adopt tough national educational standards. Let me be clear: I am not talking about federal government standards, but national standards, representing the basic skills our students will need to master to succeed in the 21st century. We simply must set the bar higher and provide the resources for our children, teachers, and administrators to rise to the challenge.

Next, the Internet. The Vice President and I have challenged the nation to connect every school -- rural, suburban, and inner-city -- to the Information Superhighway by the year 2000. And thanks to tens of thousands of volunteers coast to coast, we are going to make our goal. In this country, we will not have a digital divide.

And now, I want to focus on higher education. It used to be that a high school diploma was enough to secure a good job for life. Not anymore. As you well know, employers increasingly need workers who not only can think but also make the most of computers, robots, and other high-tech equipment. In fact, nearly 90 percent of the new jobs America is creating require more than high school levels of literacy and math skills. We have seen a dramatic widening of the income gap between those whose education stops at high school and those who go beyond.

Therefore, we need to make the 13th and 14th years of schooling just as universal as high school is today. To do that, I have proposed a nationwide HOPE Scholarship, based on Georgia's pioneering program. Every student who wants to go to college will get a scholarship worth \$1,500 a year for two years, enough to pay for tuition here at PHCC and most other community colleges around the nation. I have also proposed a tax deduction of up to \$10,000 a year for higher-education expenses; an expanded IRA you can withdraw from, tax free, to pay for education; and the largest increase in Pell Grants in two decades. We want every student to have the opportunity to prepare for the 21st century as well as you are here in Port Huron.

We also need to swing open the doors of community college to workers who need more training. I have proposed a G. I. Bill for America's workers that will combine a confusing tangle of federal training programs into simple skill grants that can be used right here at PHCC and other accredited schools and training centers nationwide. We must give more of our workers the ability to learn and to earn for a lifetime.

These initiatives are not cheap. The budget I submitted to Congress calls for \$51 billion of federal support next year alone. But if the G.I. Bill is any guide, expanding educational opportunity is not only the right thing to do; it is the smart thing to do.

We have learned that education is the very best investment we can make. It is the swiftest way to raise the nation's per capita income and narrow the income gap between groups. It is the only way to maintain our position as a world leader for peace and freedom. It is the very best way to seize this historical moment and spark the promise of a new century.

===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01I12W13RNWW003Q9O@PMDF.EOP.GOV> for tamagni_l@al.eop.gov; Thu,
24 Apr 1997 10:09:56 -0500 (EST)

Received: from gatekeeper.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01I12W10S88W003NE8@PMDF.EOP.GOV> for tamagni_l@al.eop.gov; Thu,
24 Apr 1997 10:09:52 -0500 (EST)

Received: from mail.thecia.net by gatekeeper.eop.gov;
(5.65v3.2/1.1.8.2/17Oct95-0424PM) id AA00141; Thu, 24 Apr 1997 10:09:49 -0400

Received: from [206.40.163.56] (cust68.ts1.thecia.net [206.40.163.68])
by mail.thecia.net (8.8.5/8.7.5) with SMTP id KAA17945 for
<tamagni_l@al.eop.gov>; Thu, 24 Apr 1997 10:17:02 -0400 (EDT)

X-Sender: laweiss@mail.thecia.net

===== END ATTACHMENT 1 =====

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 1-MAY-1997 21:41:09.00

SUBJECT: Some post-deal Questions we should be able to answer -- if necessary

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: J C. Crutchfield (CN=J C. Crutchfield/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

TO: Nancy A. Min (CN=Nancy A. Min/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

TO: Peter R. Orszag (CN=Peter R. Orszag/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Russell W. Horwitz (CN=Russell W. Horwitz/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Jason S. Goldberg (CN=Jason S. Goldberg/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Barry J. Toiv (CN=Barry J. Toiv/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Joseph J. Minarik (CN=Joseph J. Minarik/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

TO: Charles R. Marr (CN=Charles R. Marr/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Christopher C. Jennings (CN=Christopher C. Jennings/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TEXT:

We are putting together some internal Q & A to make sure everyone is on the same page if there is a deal. The following questions have already been asked -- or are likely to be asked -- by the media, and we will need answers. Any help you could give would be much appreciated:

Q: CBO has reportedly revised their baseline, creating tens of billions of savings. How does that affect the deal you have reached with Republicans? Will you use these savings to lower the overall cuts in Medicare? To increase the tax cuts? To increase NDD? To use more conservative income shares?

Q: This agreement seems to have divided the Democratic party in half. What do you have to say to Democrats who say you are cutting Medicare to pay for tax cuts -- just what you attacked the GOP for doing two years ago?

Q: What is the six-year total on Medicare savings? How does that compare to the GOP proposal from last year from 1995 -- a proposal you ran ads attacking?

Q: Aren't the tax cuts and the Medicare totals very similar? Doesn't that essentially beg the question whether Medicare is being

Q: Are there any Medicare premium increases in this package? How much will they cost a 65-year-old per month? per year? over 5 years?

Q: How much will a .3 percent COLA cut (the expected CPI adjustment) cost a senior who is just reaching 65 each month? Over 5 years?

Q: How much will a .3 percent COLA cut cost a family of four earning \$25,000 in higher taxes in a single year? over 5 years?

Q: Have you calculated the overall impact on seniors of the COLA cut (both on income taxes and Social Security), and the Medicare cuts? How much will it cost a 65-year-old over 5 years?

Q: This budget seems to hit most seniors pretty hard. At the same time, it lets the very wealthiest seniors off pretty easy by giving them estate tax relief and capital gains tax cuts. How can you justify asking the average senior to accept new burdens -- Social Security cuts, higher taxes in the form of CPI adjustments, perhaps a managed care program for Medicare -- , while richseniors reap thousands of dollars in tax cuts?

Q: [If means testing is included] In the past, Democrats have argued that means-testing Medicare would undermine the broad appeal of the program? Are we in danger of turning Medicare into a program for poor people? Won't means-testing eventually undermine the quality of medical care covered by Medicare ?

Q: What's the overall agreement on tax cuts? Have you specified exactly how the overall figure (e.g., \$150 gross) is divided among estate, capital gains, education, and kid's tax credits? Have you decided how they will be phased in? or out (if applicable)? Is Chairman Archer bound by this agreement or does he have some independence in drafting the tax package?

Q: What are the five, six, seven, and ten year estimates for tax cuts? Have you done any distributional analysis on the impact of these cuts? How much of the benefits (as a percentage of the gross tax number) go to the top 5% of earners, the top 10%?

Q: Have you made concessions on the HOPE scholarship to make it less expensive? Is the B average still part of the scholarship?

Q: Have you watered down the \$10,000 tax deduction? How much? Why?

Q: You seem to have agreed to cut student loans in this deal? The President made this one of his top priorities in the 96 campaign, so why did you compromise here?

Q: This budget still does very little to address the long-term entitlement problem? The Medicare Trust Fund still goes broke in just ten years and the life of the Trust Fund for Social Security is only extended four years. When are you going to tackle long-term entitlement reform? Why not do it in this budget?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael Waldman (CN=Michael Waldman/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 2-MAY-1997 11:07:22.00

SUBJECT:

TO: Eli G. Attie (CN=Eli G. Attie/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

Draft 5/1/97 11pm

PRESIDENT WILLIAM J. CLINTON

REMARKS ON THE BUDGET

BRIEFING ROOM

May 2, 1997

Good morning. We have an historic opportunity to come together around a plan that will propel America into the 21st Century with its economy growing and opportunity expanding.

From this podium, and all across the country, I have told the American people that I want a balanced budget that reflects our values -- a balanced budget that protects Medicare, Medicaid, education and the environment. I am very pleased to report that today I have reached agreement with Congressional leaders: we will balance the budget by 2002. This will be America's first balanced budget in three decades. It preserves and extends Medicare, Medicaid and Social Security; it expands education and protects the environment. It is a balanced budget that protects our values. And it will be good for America.

When I took office four and a half years ago, I was determined to put in place an economic strategy that reduced the deficit, expanded exports through tough trade agreements, and invested in our people. Thanks in large measure to difficult decisions made in our 1993 economic plan, we have already cut national government's budget deficit from \$290 billion to \$70 billion. Now, we can finish the job, and bring the deficit to zero. Today's new employment reports show that our economy has created over 12 million jobs since I took office; we have had [55 months] of growth; wages are rising, and poverty is falling. The economy has grown at a 5.6% annual rate thus far this year. Now we can keep the economy growing, steady and strong, by finishing the job of balancing the budget.

First, this plan will protect Medicare, extending the life of the trust fund for a decade. It will extend new benefits to our parents, paying for annual mammograms and respite care for families of Alzheimers patients. [It will do this without increasing premiums on recipients.] And it will protect and extend the life of Social Security as well.

Second, it meets my goal of making education our number one priority with the largest increase in education funding in 30 years. As I

have said so often, our goal must be for every 8 year old to be able to read independently, every 12 year old to log on to the Internet, and for every 18 year old to be able to go to college. This balanced budget plan goes far toward meeting these education goals. It increases college scholarships, funds our America Reads challenge to recruit 1 million volunteer reading tutors, and perhaps most important, it will give families a \$10,000 tax deduction and a \$1000 tax credit for college) our Hope Scholarship tax cut for the first two years of college.

Third, it will extend health insurance to 5 million uninsured children.

Fourth, it will help move people from welfare to work, by giving businesses incentives to hire people off the welfare rolls. It will also address concerns that I raised about last year's welfare law, by restoring benefits to legal immigrants and restoring excessive cuts in food stamps.

Fifth, it includes modest tax relief for the American people -- to spur business investment, to help families raise children, as well as to help them pay for college.

For several years, I have sought common ground on the budget, holding firm when I thought it was necessary, but always pressing toward an agreement that would protect America's priorities. I have pledged to the American people that I would only accept a plan that reflected these priorities and honored these values -- and this one does.

To those who have concerns about this balanced budget, whether from my party or from the other party, I have this to say: It is time for all of us to set aside narrow interests and work together for the national interest. I urge all Americans to support this bipartisan balanced budget plan. And I look forward to working closely with the leaders of Congress, and with people of goodwill from all parties and points of view, to make it the law of the land.

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Jake Siewert (SIEWERT_J) (OPD)

CREATION DATE/TIME: 3-MAY-1997 16:12:28.62

SUBJECT: FAMILIES, INVESTORS SEEM TO BE EARLY WINNERS IN TAX PACKAGE

TO: Jason S. Goldberg (GOLDBERG_JS) Autoforward to: Remote Addressee
Goldberg@EOP@LNGTWY@EOPMRX) (WHO)
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(Jason S.

TO: Russell W. Horwitz (Russell W. Horwitz@eop@LNGTWY@EOPMRX)
READ:NOT READ

TEXT:

Date: 05/03/97 Time: 15:21

BFamilies, investors seem to be early winners in tax package

WASHINGTON (AP) Early winners in the balanced budget deal's \$85 billion tax-cut package seem to be investors and families with children, including those in college.

Precisely who wins and to what extent, however, won't be known for some time.

Treasury Secretary Robert Rubin said most of the package ``will be used to fund programs that will benefit middle income people."

But Republican congressional leaders and the White House offered few specifics on taxes in the ground-breaking budget deal announced Friday. Filling in much of the detail appears to have been left to Congress' two tax-writing committees.

The broad outline is for \$135 billion in tax cuts, offset by \$50 billion in new revenues, for a net \$85 billion in tax cuts over five years. The package calls for tax cuts in five areas: lower capital gains and estate taxes, education tax breaks, a per-child tax credit and expanded Individual Retirement Accounts.

Reaching those tax figures appeared to be a pivotal part of the deal reached between Republicans and President Clinton on Friday, said one Republican source speaking on condition of anonymity.

The official said Senate Majority Leader Trent Lott and Speaker Newt Gingrich told the president in a telephone conversation he could choose between two options: a \$250 billion tax cut over 10 years with \$35 billion set aside for education breaks, or a \$240 billion tax cut over 10 years with \$25 billion set aside for education breaks.

An hour or so later, Clinton called back to say he had opted for the higher number, the source said. The deal was struck.

Budget negotiators also got a big boost at the last minute with word that the strong state of the economy would allow them to figure in an extra \$200 billion over the five years. That shielded Social Security from immediate changes in its cost-of-living index, eased the president's proposed cuts in Medicaid and added billions to domestic spending programs.

Although the deal had relatively strong bipartisan support, one principal, Sen. William V. Roth Jr., R-Del., the Finance Committee

chairman, expressed reservations over its tax package. "I am, of course, disappointed that the tax cut is very limited," said Roth, who wanted \$193 billion in tax cuts.

A big wild card is the scope of capital gains taxes, the levy on profits from sale of stock and other investments, which both sides said will be defined by the tax-writing committees.

Previously, the Clinton administration has offered only limited capital gains tax relief: It proposed to let married taxpayers exclude up to \$500,000 of capital gains on the sale of a principal residence.

The GOP has gone much further, seeking to halve the current 28 percent tax on sale of all investments. The modest Clinton capital gains proposal would cost \$1.4 billion over five years, while the cost of the GOP plan would run to \$33 billion in the same period, the Joint Committee on Taxation says.

To understand the enormity of the capital gains problem, consider this: In 1994, 20.3 million taxpayers reported just shy of \$200 billion in capital gains, according to the most recent IRS data available.

While the scope of the capital gains cut isn't known, the Clinton administration had pushed Thursday for limiting capital gains and estate tax relief to only \$22 billion through 2002, a White House briefing paper obtained by The Associated Press showed. A Treasury spokeswoman said the document was hypothetical, and the the budget agreement did not address the size of the capital gains cut.

The White House and Congress also had been far apart on estate taxes.

Senate Majority Leader Trent Lott, R-Miss., is backing strongly an effort to cut estate taxes by \$18.6 billion over five years. Lott's bill would gradually raise the floor on estate values subject to tax, from \$600,000 to \$1 million. Similar bills have strong bipartisan support in the House and Senate, but the Clinton administration's budget proposal lacked any estate tax relief.

Treasury Secretary Rubin pointed to an area of agreement \$35 billion in education tax relief, roughly what President Clinton proposed in his 1998 budget.

The Treasury Department says education tax cuts include a \$10,000 tax deduction for college tuition and higher education and the so-called HOPE scholarship, \$1,500 tax credit to pay for the first two years of college of students who maintain a B average.

Both sides also agree on a \$500-per child tax credit, which House Speaker Newt Gingrich, R-Ga., said in an interview could kick in as early as next year.

Another costly area is expanding IRAs, the Individual Retirement Accounts. The Clinton and GOP proposals seek in differing degrees to let people tap their IRAs for certain uses, such as for medical emergencies and paying for college.

"IRAs has been one area where has been pretty broad consensus of support," Finance chairman Roth said.

But expanding IRAs can be expensive. The congressional Joint Tax Committee estimated the Senate IRA proposal would cost \$94.9 billion through the year 2007, but a Roth spokeswoman said previous estimates weren't that high. The president's budget proposal

estimates its IRA plan will cost about \$5.5 billion over the next five years, but the Joint Tax Committee contends it will cost \$15.9 billion.

To pay for the tax cuts, the agreement would raise \$30 billion by continuing the 10 percent tax on domestic air passenger travel as well as related airline taxes.

As for the other revenue sources, there's little detail, but Rubin said it won't come at the expense of tax benefits that help the poor.

APNP-05-03-97 1534EDT

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Dag Vega@EOP@LNGTWY@LNGTWY (Dag Vega@EOP@LNGTWY@LNGTWY [WHO])

CREATION DATE/TIME: 4-MAY-1997 10:25:14.00

SUBJECT: CNN: Evans & Novak, 5/3/97

TO: Michael Waldman@eop (Michael Waldman@eop [WHO])

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TEXT:
Message Creation Date was

Evans & Novak:
EVANS & NOVAK Welcomes Two Congressman To
Discuss New Budget Agreement

Aired May 3, 1997 - 5:30 p.m. ET

ROBERT NOVAK, HOST: I'm Robert Novak. Susan Page of
"USA Today" is sitting in for Rowland Evans. We will

look at
the

Bonior

York,

new budget deal by questioning two House leaders, David
of Michigan, the Democratic Whip, and Bill Paxon of New
Chairman of the Republican leadership.

(BEGIN VIDEO TAPE)

NOVAK (voice-over): President Clinton and Republican
Congressional leaders Friday agreed on a five-year

budget
intended

the
deal,

spending
by

billion, a
new tax

to eliminate the deficit by the year 2002. Included in
expanded funding of education and other non-defense
about \$90 billion, cutbacks in Medicare by \$115
cut of \$85 billion.

both

When this deal leaked out Thursday, alarm was voiced by
conservative Republicans and liberal Democrats.

fiscal

a
balanced

SEN. PHIL GRAMM (R-TX): The American people get no
restraint. In the end, the American people will not get
budget.

REP. DAVID BONIOR, MINORITY WHIP: It helps the very top

in our society, and working folks don't make out well

at
all. So --

NOVAK (voice-over): But as agreement was reached late

Friday,
the White House and Republican leaders sought to bring
their
troops in line.

WILLIAM J. CLINTON, PRESIDENT OF THE U.S.: We know
America is more prosperous when we have fiscal

discipline,
when
we invest in our future, and when we do it in the right
way.

REP. JOHN KASICH, BUDGET COMMITTEE CHAIRMAN:
So for America, we don't always get it right. But I

think we
got it
right today.

NOVAK (voice-over): And the House Democratic leader

sounded
a kinder tone than he had 24 hours earlier.

REP. RICHARD GEPHARDT, MINORITY LEADER: And I'm
encouraged that the movement towards addressing

Democratic
concerns.

(END VIDEO TAPE)

NOVAK: Mr. Bonior, are you encouraged enough that you

now
can support this budget deal? BONIOR: Well, I'm a lot
more
inclined to do so after the \$225 billion windfall that
was
discovered
over night that will help in the area of education. It
will
help in the
area of providing for children's health care -- things
that
I think are
important.

My concern though, Bob and Susan, is the out years and

what I
mean by the out years in the sixth, seventh, eighth,
ninth
and tenth

terms of year down the road and what the tax cuts will do in creating another set of deficits.

Washington There was an interesting piece in the front page of the Post today that did an analysis of where we're headed, and we're just going to be in the same hole again if we don't craft a tax package that does not explode in those years.

the answer. NOVAK: Well, just to pin that down, I didn't quite get Are you for or against it?

developing BONIOR: Well, we've got a long ways to go in terms of a tax package. So I want to see how that looks.

\$225 NOVAK: Now when you talk about the discovery of this billion windfall, is it clear that this -- part of this money is going to be used for more domestic spending? Is that clear?

be more BONIOR: Yes. I think the agreement was that there would money in it for --

NOOVAK: How much?

Dick Gephardt BONIOR: Children's health. I think the concern that and I had and others had about the COLA, you know, the CPI and taking away COLA increases for senior citizens, disabled veterans and workers with contracts, that's pretty much been eliminated over this 24-hour period. So that's been very helpful.

moving in our So there are a variety of things that they're now direction on, and I am very encouraged by that.

would
finance
tax
gains. Is
that a deal

SUSAN PAGE, "USA TODAY": This is a budget deal that
cut projected Medicare spending by \$115 billion and
cuts that help million-dollar estates and capital
that ought to be acceptable to Democrats?

to
who
gains and
that
the tax
understand
the deal
for
the 13th
for
people
deduction.

BONIOR: That's a problem for Democrats. I mean, we want
look at the distribution tables on the tax cuts to see
who doesn't gain. And that's why we insisted all along
cuts focus in on education for our kids. And as I
right now, they're going to have the Hope scholarship
and 14th year of education -- that's a \$1500 tax credit
who go to school. You're going to have the \$10,000 tax

those
are
exemption.
Now what
capital gains
we're
opposed to
a way
that does

You're also going to have the exemption on homes, and
things that we fought for -- the capital gains
they do beyond that in terms of the estate tax and the
reductions, we'll take a look at. Now it's not that
those things, but we think that it ought to be done in
not balloon the deficit in the out years.

distribution tables
the tax
our
society,

PAGE: The administration says it doesn't have the
ready yet. But when they are ready, if they show that
package disproportionately benefits the wealthiest in
will you oppose this bill?

then. But BONIOR: Well, I'll look at it and make my determination
necessarily the I'm going to look at the overall package -- not just
me tax distribution tables, although they're important to
and they're important to many Democrats. But I'm also going to look
at what we've done in terms of education and health care and the
distribution of those benefits as well.

is NOVAK: Congressman Bonior, just to pin this down, there
specificities of what's nothing written in this budget agreement on the
in the tax package, isn't that correct?

that's BONIOR: Well, there's pledges to each side. I think
basically where we are. And so this -- you know, we're probably
at the 50-yard line here, Bob. Everyone was taking the ball
across the goal line yesterday, and I'm not sure we're there yet.
And I think we've got a long way to go to put it in the end zone.
And we'll see through the process. The process will take a while.

liberal NOVAK: Dan Balz in the Saturday morning Washington Post
element of wrote that the president has turned his back on the
of Democrats with this program. Do you think there's an
truth in that?

were BONIOR: Well, I think the original proposals that we
hearing earlier in the week, we were very much concerned on and
that's why I expressed my concerns earlier in the week about
turning our backs on education and health care and helping the very
top.

Now what happens in the next several months and in terms of working this out will determine whether or not that's true or not. But I'm willing to give the president the benefit of the doubt. And, you know, it was the president's proposal in 1993 that the Democrats supported -- not one Republican supported it -- that brought us from a \$300 billion deficit all the way down to a \$75 billion deficit.

We've had five years in a row of great economic improvement on the deficit. We've reduced the unemployment rate of 4.9 percent. Growth is at 5.6 percent this last quarter. I mean, we've done some good things, and we don't want to blow it in this next round with the budget that will explode in the out years.

NOVAK: So your attitude is so different than it was on Thursday.

BONIOR: It is.

NOVAK: And, you know, it's a little hard to see all of the changes that have been made. Is it possible that the president got you on the phone and said Dave, let me tell you this is a hell of a deal?

BONIOR: No. Actually, he did try to get me on the phone, and I wasn't available right before he did his press conference, but I look forward to talking to him about it.

NOVAK: You were lobbied a little bit in the last few days, I

take it,

though?

wasn't

BONIOR: Well, actually I wasn't. I mean, he tried to. I

look

forward to

available. I was in transit. I was traveling. But I

talking to him and the vice president.

could be

PAGE: You know, House Democrats are braced for what

tells

us that the

a tough year next year in the 1998 mid-term. History

the

sixth

party that controls the White House has a tough time in

year of any administration.

look

at this

I wonder if you're a little concerned that voters might

deal and say a Democratic president, a

Republican-controlled

Congress -- that's a combination that works pretty well

for

me.

would be

an

BONIOR: Well, I think there is a concern that that

analysis that voters will make. But I think the other

side

of that is

once this is out of the way -- this budget fight is out

of

the way, then

we can really focus in on the questions that I think

Americans are

really concerned about -- the education problems in our

country.

crumbling

We've got about \$150 billion worth of schools that are

and falling apart in America. What are we doing to do

to fix

that?

What are we going to do in terms of health care? This

budget

proposal takes care of the five million kids who don't

have

health

insurance. What about the other five million? Who's

going to
choose

that?

to the

You know, I think Democrats on those issues speak more

willing

to go in

concerns of the public than Republicans do. So we're

wanted to

to the education and the health care and cleaning up the
environment. It was the Republicans, as you recall, who

they're

having a

do away with the Department of Education. I mean,

difficult time deciding what they're for.

this

package.

One week Gingrich is for not having a tax proposal in

reductions.

The next week he's for estate taxes and capital gains

week

One week they're for the Education Department. The next

know

they're opposed to an Education Department. We don't

those

important

where they are, and I think we can take them on on

issues that people are concerned about.

relations

today

PAGE: Just briefly, assess for us the state of

between House Democrats and President Clinton?

with

him.

BONIOR: I think it's good. I mean, we've worked well

I

mean,

We've had our differences. The way this process works,

when

they

you know how it works. You all worked the Hill. I mean,

should

be, now

move a little too far away from what we think they

your

voice,

we have to raise our voices. I mean, if you don't raise

you're not going to get anything in this business.

So I think the fact that we raised our voices loudly in

the
middle of

the week helped us get a good slice of this \$225

billion,
get rid of

the COLA cuts for seniors and veterans and workers,

make sure

that we move in the areas of providing good education,

good
health

care for people.

NOVAK: Were you astounded, sir, that they found that

money
just,

you know, it was like Christmas Eve and all of a sudden

look
at this

money.

BONIOR: Bob, I'm never astounded about anything in this

town.

And I was -- I will say that this, though. I mean, the

fact
that you

have this very, very good news this week on the economy

does
lend

some credence to the fact that they didn't need to go

back
and look

at the figures because when you've got unemployment

down to
4.9

percent, you've got growth moving in the direction it's

moving in,

annual growth of almost four percent, when you've got

these
deficits

dropping, market risings, I mean, clearly what's going

to
happen is

you're going to have more revenue. When you have more

revenue,

you'll be able to do more things.

NOVAK: You're fairly well signaling, aren't you,

though, in
our

conversation that you are going to -- that the

Democrats in
the

House are going to support this deal?

House
will
majority of
happens with
BONIOR: I think the majority of the Democrats in the
support this deal. Now whether there'll be a vast
Democrats, I think, depends to a large extent on what
the specifics.

bill?
NOVAK: Will it be a party matter? Will you whip the

down
as a
working
people. And if
BONIOR: It depends on the specifics. I think we'll sit
leadership and decide if this is a good bill for
it is, we'll be there. If it isn't, we will not.

lieutenants,
NOVAK: Thank you very much, David Bonior. When we come
back, we'll talk to one of Speaker Gingrich's top
Congressman Bill Paxon of New York on the Republican
perspective on the new plan to balance the budget.

(COMMERCIAL BREAK)

agreement for
this
really major increase in discretionary non-defense
spending,
aren't
you buying into Bill Clinton's priorities:
NOVAK: Congressman Bill Paxon, Chairman of the House
Republican Leadership, when you have made this

spending
cuts in this plan for every dollar in new spending.
REP. WILLIAM PAXON, CHAIRMAN, REPUBLICAN
LEADERSHIP: Bob, there is six dollars worth of tax and

This is
in stark
contrast to the Bill Clinton/Democrat Congress budget
of
1993 that
exploded the deficit, that exploded higher taxes in the
country. We
did just the opposite. We put some sanity back into
this by
bringing
Washington spending under control, by bringing taxes
down
for the

first time in a long time. And Bob, I think this is exactly the right prescription.

NOVAK: Well, let me quote not a Democratic source certainly, but a Republican source, Senator Phil Gramm of Texas says you have added \$90 billion in discretionary spending over what the president requested the last time. PAXON: First of all, Bob, I go back again.

It is six dollars worth of spending and tax cuts for every dollar in spending increases. But listen, I'm not thrilled. If I had my way, we would have right now in this budget an abolition of the entire Federal Tax Code and replacing it with a flat tax or a national sales tax.

Bob, it isn't perfect. Bill Clinton's president. The American people elected him. We fought and we won a great victory here on tax relief, on spending control, on entitlement savings between \$600-700 billion worth of entitlement savings and \$260 billion worth of tax relief over the next ten years including, Bob, capital gains, estate -- death -- tax relief, \$500 per child tax credit extended, IRAs -- individual retirement accounts -- and tax relief for families who send their children to college.

It isn't everything I would have wanted, but it's a darned lot better than what we got in 1993 with Bill Clinton and the Democrat Congress writing the rules.

when
the
of
\$225
Are
you at
conveniently?

PAGE: Congressman, this deal became a lot easier to get Congressional Budget Office suddenly found a magic pot billion by using more optimistic economic assumptions. all skeptical about how that came about so

already
So it
didn't
administration
and other
conservative
budget said
day
quite frankly,
ones
that

PAXON: Well, no. Two things. First of all, we had assumed in our projections the majority of that money. come as a surprise to us. It may have to the folks. But the fact of the matter is we had taken very estimates throughout this. Everybody who looked at our that it was realistic. And I believe at the end of the Susan, we did a good job and our projections were the really carried the day.

economic
savings
convinced
that if this
balanced
in 2002?

PAGE: You go so far -- some people consider optimistic projections and also optimistic projections about what various policy changes will bring. But are you package is adopted that in fact the budget will be

that's
dynamic
impact of
all this
years -- will
mean.

PAXON: Or before, because one thing we don't take into consideration here is what I think we should, and scoring where we take a look at what the positive tax relief -- \$250 billion worth of tax relief over ten

I think it will mean an expanding economy, more people working, better wages and, therefore, more tax revenue -- good revenue into the federal government rather than government raising revenue by higher tax rates. So I think that when we take into consideration those facts, it will go -- the opportunity to balance the budget even sooner than five years may well come into place.

Listen, again I want to contrast that to 1993 when Bill Clinton's budget raised taxes and we had deficits as far as the eye can see. These policies are the right ones to pursue -- the ones we're pursuing in this budget. NOVAK: Mr. Paxon, I wonder if we can't be a little candid about what happened on Friday, however. Isn't it a fact that when they found the \$225 billion in other revenue, as Dave Bonior, the House Democratic Whip said, they got and he "a good slice" of that money to put into additional spending. Isn't that what happened?

PAXON: Hey, look, there's absolutely no question there were a few dollars put -- additional dollars put into spending. But Bob, the bottom line is the same as I mentioned up front. Six dollars in spending or tax cuts for every dollar

NOVAK: All right, you said that three times. We got the message.

PAXON: But I can't say it enough.

NOVAK: And you have no commitment whatsoever written into

indexing
of
That's
not
this budget that you're going to have, for example,
capital gains or the nature of cut in capital gains?
guaranteed in here, is it?

Rostenkowski
on Ways
Appropriations
or on
PAXON: Hey, Bob, the difference is it isn't Dan
writing the tax bill -- it's Bill Archer and the
Republicans
and Means. It isn't, you know, Democrats on
the Commerce Committee or other committees.

these
bills, and I
get
a great
the Sena
te.
We have Republican chairmen writing the details of
feel very confident and comfortable that we're going to
deal from our Republican committees in the House and

with more
NOVAK: We've got to take a break. And we'll be back
with Congressman Paxon after these messages.

(COMMERCIAL BREAK)

make
some
of?
NOVAK: Congressman Bill Paxon, can we say that to avoid
another 27-day shutdown, you were really desperate to
kind of deal? That's the worst thing you could think

interested
in
tax
relief,
spending,
and
benefit here,
Bob.
PAXON: No, not at all, Bob. I think what we were
doing was winning on the important issues: providing
balancing the budget, reducing wasteful Washington
saving the Medicare system. We did it. There's another

overall
work
on
electric
pass
in the
relief in
the form
with
either a

We have now removed this issue of, you know, getting an budget agreement, and this gives us the opportunity to other important issues, like electric competition, deregulation, public housing reform -- which we hope to next week -- Superfund reform, and, of course, tax of abolishing the current tax code and replacing it national sales tax or a flat rate income tax.

progressive,
lot of
ways in
those
items

Bob, we have the chance now to advance a very conservative agenda. And we really were tied up in a the last Congress, because we couldn't get to some of because of the budget debate.

Mr.
everything
you have
abandoned the
government as
it is,

NOVAK: I want to know whether you can agree with this, Paxon, and that is that in order to agree with said, in order to achieve those goals, you have really abandoned the Gingrich revolution. This -- you have affirmed government as it is, haven't you not?

to
the press
Democrats
Republican
have
moving, and

PAXON: Not at all, Bob. I think that the stark contrast to the press conferences yesterday showed whose agenda and whose philosophy prevailed yesterday -- the president and the Democrats looking like they'd just come from a funeral, and the Republican leadership in the House and the Senate very buoyant. We have won. We got the tax relief we need to get this economy moving, and to help create economic growth.

this
nation's
Medicare
for
think
this was a
fulfillment of
the
We have now a commitment on it -- to firmly balance
budget with no blue smoke and mirrors, and to save
my parents and seniors all over this country. Bob, I
grand slam home run, and, quite frankly, the
contract with America.

about
president that
five
years with
year. Don't
this
front?
PAGE: Well, but Congressman, Republicans have talked
balancing the budget. It turns out to be a Democratic
delivers a plan that actually does so. And for the past
Bill Clinton as president, deficits have gone down each
you think President Clinton deserves a lot of credit on

that
the
come
along
balancing the
every
year.
PAXON: Susan, let's go back. His budget, and the budget
Democrats passed in 1993 never balanced. If we hadn't
in 1994 and the elections of '94, there'd be no talk of
budget, and taxes would be raised up, and up and up

to
the point
Medicare,
and I
of
the nineties
achieved
these
It was a Republican Congress that brought this country
of a balanced budget with tax relief and saving
don't think there's any question that when the history
are written, it was this Republican Congress that
historic results.

PAGE: In retrospect, the 1993 economic package, which

passed
stage for
what's
strength of
the
without a single Republican vote, may have set the
been a remarkable economic record in the current
economy. Any second thoughts about having opposed that?

what the
1993
control
of the
massive tax
'93.
the
other,
common
sense
Republican
House
PAXON: Oh, not at all. As a matter of fact, I think
tax increases did was set the stage for us winning
Congress in '94, and beginning the roll back of these
and spending increases and balancing the budget.
The American people weren't happy with what happened in
The socialized medicine approach, the tax increases and
big liberal programs -- they wanted conservative,
governance in Washington, and that's what the
and Senate has delivered.

speaker has
told
appropriations bill
factual?
NOVAK: Congressman Paxon, isn't it true that the
the Republicans that they will not pass a single
until the Congress has passed the tax cuts? Is that

cut
and
I think
you'll
smile about.
PAXON: We're going to move very aggressively on the tax
front. Bill Archer is going to move very, very quickly,
you're going to see a tax package, Bob, that even

has he
not?
NOVAK: Then you agree that the speaker has said that,

PAXON: No, the speaker's made it clear that we're going

to
follow

that's
a yes.

the Ronald Reagan axiom of trust-but-verify. I think

I will

NOVAK: Thank you very much, Bill Paxon. Susan Page and
be back with a comment after these messages.

(COMMERCIAL BREAK)

House.

speaking

PAGE: Bob, they're popping champagne corks at the White
Any time you get both David Bonior and Bill Paxon
relatively favorably about a budget deal, that is a

plan
that should

have pretty smooth sailing through the Congress.

bit
more

NOVAK: Well, I must say that Bill Paxon seemed a little
happy about it than David Bonior. But the real winners

here,
Susan,

I think are the professional politicians because they

like
to make

these kinds of deals where there's not really much

change in

government. The people who really want to make a huge

change
in

government, they lost out on this budget deal.

going
to

PAGE: They may have a chance to come back. This is not

optimistic
economic

be the last budget deal we are going to see. But

to be
a need for

assumptions, it's entirely possible that there's going

what to
do

another budget deal before 2002, and the question of

unresolved

about entitlements when baby boomers retire is still an
one.

NOVAK: You know, Bill Paxon did not deny that Speaker

Gingrich had told the Republicans -- and I know he did

--

that they

would not even begin the appropriations process until

they

passed

this tax bill. I'm not so sure David Bonior and the

Democrats are

going to like that. We may not have all the love and

kisses.

There

may be a little gnashing of the heads. I'm Robert

Novak.

PAGE: I'm Susan Page.

NOVAK: In one half-hour here on CNN, INSIDE POLITICS
WEEKEND with Wolf Blitzer at 6:30 p.m. for more on the

budget

balancing deal. Then at 7:00 p.m. Eastern, Democratic

Senator John

Kerry is guest on CAPITOL GANG.

PAGE: Rowland Evans will be back next week. For now,

thanks

for watching.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael Waldman (CN=Michael Waldman/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 5-MAY-1997 10:58:30.00

SUBJECT: presidential documents

TO: Laura K. Capps (CN=Laura K. Capps/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

LAURA -- here is what I want this essay to say. SHORT SHORT SHORT.
Follow this precisely...fill in the holes as necessary.

Over the first six months of 1996, our nation worked to address the significant challenges we face to create opportunity for those who will work for it, and to create a stronger American community.

In my sotu, I discussed the strong state of our economy, and set forth the major challenges that I believed faced our country in 1996 -- [list them]. And I said that the way we would not meet those challenges through centralized government. I said, the era of big etc. We would meet our challenges by working in partnership, inspiring people across all walks of life [crib the language about how we must do this with communities, chruches, etc.]

Over the first six months, I worked to help the American people meet these challenges -- by helping those communities that wanted to instill discipline in young people through community curfews, school uniforms, truancy enforcement; by [V chip; corp resp; tv ratings; what else?] In all the actions I took, my paramount goal was to help families as they struggle to pass on their strong values to their children.

And in a series of commencement addresses, I set forth the challenges that I believed our country faced as it approached the new century. At Penn State, I challenged our nation to face the I proposed a series of steps to reweave our frayed sense of community, in a time of rapid economic change. At [foreign policy]. And at Princeton, I set a national goal of making the 13th and 14th years of college as universal as high school is today-- and proposed a Hope Scholarship tax cut to help every American get the education he or she needs.

This was a time when America began to regain its self confidence, to come together around shared national goals, and to realize that when we work together, we can act -- and act effectively -- to meet our challenges and protect our values.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Dag Vega (CN=Dag Vega/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 5-MAY-1997 04:52:49.00

SUBJECT: CNN: Late Edition, 5/4/97

TO: Beverly J. Barnes (CN=Beverly J. Barnes/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Jordan Tamagni (CN=Jordan Tamagni/OU=WHO/O=EOP @ EOP [UNKNOWN])

READ:UNKNOWN

TO: Joseph P. Lockhart (CN=Joseph P. Lockhart/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Jonathan Murchinson (CN=Jonathan Murchinson/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: WALDMAN_M (WALDMAN_M @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)

READ:UNKNOWN

TO: TOIV_B (TOIV_B @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)

READ:UNKNOWN

TO: TABERSKI_D (TABERSKI_D @ A1 @ CD @ LNGTWY [UNKNOWN])

READ:UNKNOWN

TO: STOTT_D (STOTT_D @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)

READ:UNKNOWN

TO: SPERLING_G (SPERLING_G @ A1 @ CD @ LNGTWY [EOP]) (OPD)

READ:UNKNOWN

TO: SENAN_J (SENAN_J @ A1 @ CD @ LNGTWY [UNKNOWN])

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TO: SCHEAR_S (SCHEAR_S @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)

READ:UNKNOWN

TO: SALAZAR_R (SALAZAR_R @ A1 @ CD @ LNGTWY [UNKNOWN])

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TO: ODONNELL_T (ODONNELL_T @ A1 @ CD @ LNGTWY [UNKNOWN])

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TO: MUSCATINE_A (MUSCATINE_A @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)

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TO: MOFFETT_J (MOFFETT_J @ A1 @ CD @ LNGTWY [EOP]) (WHO)

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TO: MCKIERNAN_K (MCKIERNAN_K @ A1 @ CD @ LNGTWY [UNKNOWN])
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TO: MASON_J (MASON_J @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
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TO: LI_G (LI_G @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
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TO: LEWIS_P (LEWIS_P @ A1 @ CD @ LNGTWY [UNKNOWN])
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TO: KUKIS_H (KUKIS_H @ A1 @ CD @ LNGTWY [UNKNOWN]) (VPO)
READ:UNKNOWN

TO: HORWITZ_R (HORWITZ_R @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
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TO: HILLIARD_B (HILLIARD_B @ A1 @ CD @ LNGTWY [EOP]) (NSC)
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TO: GREEN_J (GREEN_J @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
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TO: GLYNN_M (GLYNN_M @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
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TO: GAINES_J (GAINES_J @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
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TO: ENGSKOV_K (ENGSKOV_K @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
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TO: EDWARDS_A (EDWARDS_A @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
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TO: BERNAL_D (BERNAL_D @ A1 @ CD @ LNGTWY [UNKNOWN])
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TO: ANDERSON_L (ANDERSON_L @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: John O. Sutton (CN=John O. Sutton/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Jessica B. Vogelsson (CN=Jessica B. Vogelsson/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Megan C. Moloney (CN=Megan C. Moloney/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: VOLES_L (VOLES_L @ A1 @ CD @ LNGTWY [UNKNOWN]) (VPO)
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TO: TERZAN_V (TERZAN_V @ A1 @ CD @ LNGTWY [UNKNOWN]) (VPO)
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TO: SCHAEFER_V (SCHAEFER_V @ A1 @ CD @ LNGTWY [UNKNOWN]) (OMB)
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TO: ROBINSON_C (ROBINSON_C @ A1 @ CD @ LNGTWY [EOP]) (OPD)
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TO: NAPLAN_S (NAPLAN_S @ A1 @ CD @ LNGTWY [EOP]) (NSC)
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TO: MORAN_K1 (MORAN_K1 @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
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TO: MELLODY_A (MELLODY_A @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
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READ:UNKNOWN

TO: MARSHA_T (MARSHA_T @ A1 @ CD @ LNGTWY [UNKNOWN]) (VPO)
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TO: LEWIS_PF (LEWIS_PF @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
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TO: LATTIMORE_G (LATTIMORE_G @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: KING_A (KING_A @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
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TO: HOLSTEIN_E (HOLSTEIN_E @ A1 @ CD @ LNGTWY [UNKNOWN])
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TO: GUNIA_D (GUNIA_D @ A1 @ CD @ LNGTWY [UNKNOWN]) (OA)
READ:UNKNOWN

TO: GOLDBERG_JS (GOLDBERG_JS @ A1 @ CD @ LNGTWY [EOP]) (WHO)
READ:UNKNOWN

TO: GIBBONS_J (GIBBONS_J @ A1 @ CD @ LNGTWY [EOP]) (STP)
READ:UNKNOWN

TO: FINNEY_K (FINNEY_K @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
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TO: EMANUEL_R (EMANUEL_R @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: CRISCI_M (CRISCI_M @ A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
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TO: BLICKSTEIN_J (BLICKSTEIN_J @ A1 @ CD @ LNGTWY [UNKNOWN]) (OMB)
READ:UNKNOWN

TO: Brenda M. Anders (CN=Brenda M. Anders/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: ABERNATHY_P (ABERNATHY_P @ A1 @ CD @ LNGTWY [EOP]) (OPD)
READ:UNKNOWN

TEXT:
CNN "LATE EDITION" WITH FRANK SESNO
SUNDAY, MAY 4, 1997

MR. SESNO: Hello, it's Sunday, May 4th, 1997. Welcome to Late Edition, seen live every week at this time across the United States and around the world.

Today money and politics in the United States and in Britain. First, they finally did it -- budget negotiators in Washington reaching a deal Friday to balance the budget. We'll bring the key negotiators back together. Is this too good to be true? Q and A with Senator Budget Committee Chairman Pete Domenici, and National Economic Adviser Gene Sperling. Then critics from the left and the right Q and A with two unhappy senators, Paul Wellstone and Phil Gramm.

And politics British style. Did Tony Blair take a page out of Bill Clinton's playbook? A look at how Britain's new prime minister pulled off a landslide.

And we'll go round the table on the week's political happenings with Blankley, Carlson and Roberts. And, finally, Bruce Morton and our last word.

We begin with Bob Cain at the CNN Center for a look at the hour's headlines. Bob?

MR. CAIN: Frank, we have news of some progress in the very first peace talks between Zaire's President Mobutu Sese Seko and the rebel leader Laurent Kabila. The talks were held on a ship anchored off Congo. Mediators now are calling for new meetings within 10 days.

Mobutu has reportedly agreed to call a new election and not to continue his 32-year reign over Zaire -- not even to run. Kabila for his part agreed to a cease-fire during today's talks, but it is not at all clear whether he will extend the truce beyond today's sessions of the talks. Kabila had said his troops would continue their unchecked advance on Zaire's capital unless Mobutu stepped down. Kabila's troops already control three quarters of the nation.

The lead prosecutor in Timothy McVeigh's bombing trial reportedly will not take part in the upcoming case against co-defendant Terry Nichols. The Sunday Oklahoman Newspaper says Joseph Hartzler (sp) plans to step down at the end of the McVeigh case. The paper says Hartzler (sp) wants to be a federal judge and is being considered for a judgeship in Illinois.

In West Texas the search continues for two members of the secessionist group that defied police there for a week. The rest of the group surrendered yesterday. Police say they saw the two sneaking out, but decided not to try to arrest them at that time, not while negotiations with the others continued. The group's leader, Richard McLaren, is being held without bond. A magistrate set bond for three others at \$500,000 each.

Well, this afternoon we'll see game two of the man against machine chess match. World champion Gary Kasparov beat IBM's supercomputer Deep Blue in game one yesterday. It's a six-day series. Today's first move comes at 3:00 P.M. Eastern Time. I'm Bob Cain. Now back to Washington and Frank Sesno and CNN Late Edition. Frank?

MR. SESNO: Well, thanks very much, Bob. The White House and Congress finally did it. They finally reached a deal to balance the budget in 2002. For the first time since 1969. It required difficult compromise by both Democrats and Republicans. Here's a bit of what the five-year deal included: It includes \$85 billion in net tax cuts -- among them a child credit, capital gains, inheritance tax cuts, \$115 billion in Medicare savings through hikes in premiums, cuts in payments to providers, \$34 billion in new domestic spending -- the president would have liked some more, the Republicans less; a total of \$350 billion all together in deficit reduction over five years. Many of the details must still be hammered out in the form of 13 separate appropriations, specifics on how to divvy up and who is eligible for the tax cuts.

Joining us now to help sort out some of the deal, two of the key people who behind the closed doors helped craft it, Republican Pete Domenici, chairman of the Senate Budget Committee and Gene Sperling, chairman of the president's National Economic Council. Gentlemen, welcome to you both.

SEN. DOMENICI (R-NM): Thank you, great to be on board.

MR. SPERLING: Thanks.

MR. SESNO: I won't say congratulations, because I know you've been saying that plenty over the last few days to yourselves and to the others across the aisle. Let me start by asking you this question though, and that is: How real is this? On paper, this agreement brings the budget into balance in 2002. But can you say that the budget of the United States of America is really balanced for then and long term? Senator?

SEN. DOMENICI: Well, from my standpoint I've been seeking that Holy Grail for a long, long time. I've been pushing that rock up the hill, and they just pushed it back down on me for the last 22 years. I think this time we've got a budget with the president, meaning that it's bipartisan, which I think the American people wanted us to do. And that means that it will be implemented. We won't end up just taking one side in the

Republican Senate and House, and the White House another side. I think we'll work together to implement this. If it is implemented, I feel as certain as I ever had that we will have a balanced budget. In fact, I think that we will be moving dramatically toward balance. Every year it will go down.

MR. SESNO: In 2002. But what about 2005 and 2007 and 2010?

SEN. DOMENICI: Okay, the one thing we must do at some point in time, the sooner the better, is have a major commission or a major effort in the Congress for the long-time reform of Medicare. We can't do that in this budget. If we can do that, we are -- we will have a balanced budget for a long, long time.

MR. SESNO: Does the president agree with that, and will you do it?

MR. SPERLING: Yes, the president does agree with that. The president said from the start from his second term that his first goal, and the first thing we had to do, is get a real meaningful balanced budget agreement that balances the budget by the year 2002, and in the philosophy that he has always promoted while increasing education and training. But we've said that once we've done that we should use the same bipartisan spirit that we've seen to go the next step, which is to have a bipartisan process to deal not only with long-term Medicare, but with long-term Social Security as well.

MR. SESNO: Let me look at what some of the critics say. One thing, you don't repeal the business cycle with something like this. There may well be another recession that would drive government costs up.

SEN. DOMENICI: Look, in the economic assumptions in this budget are the very, very conservative economic assumptions of the Congressional Budget Office.

MR. SESNO: Does it call for a recession between now and 2002?

SEN. DOMENICI: The way they do economic assumptions, they have it at such a low level that they contemplate that it is indeed a potential prospect that you might have a downturn. So if you used higher ones you wouldn't account for it, but we are counting for that.

MR. SESNO: So the national economic adviser can sit here today and tell the American people and the world that even if the United States of America has a recession between now and 2002, the budget will be balanced in 2002?

MR. SPERLING: The first thing I would tell you, or people watching, is look at the record. Look at past performance --

MR. SESNO: No, I'm not asking about the record. I'm asking about 2002.

MR. SPERLING: But it's important to know that the deficit is not only coming down five years in a row, but the deficit has come down \$50 billion more than the president has projected every year.

MR. SESNO: There hasn't been a recession in this country since 1990-91.

MR. SPERLING: What that shows, however, is that we are using conservative economic projections. What Senator Domenici is saying is that if you look at what the Congressional Budget Office is using, it's using growth projections of about 2.18. What he is saying is that assumes that there will be times much better than that and some times worse than that. But overall it's a conservative path that I think people can trust. No one can think that this guy who spent his whole life trying to get to this goal would sign off on something that wasn't conservative.

SEN. DOMENICI: Frankly, I don't think we ought to -- you know, you're the boss here -- (laughter) -- but I don't think we ought to -- I don't think we ought to waste American people's time on that issue. This

budget comes down every year, and I think anybody looking at it will say it does. It will be in balance with very, very low economic growth by that time. I think the important thing is what is in it -- What did we do for the American people?

MR. SESNO: Let's turn to that. Gene Sperling: Many say that this deal raises real questions about the essence of the Democratic Party and what the White House believes in. They take for example tax cuts. The inheritance tax, which will be reduced, is paid annually by one percent of those who die, people who are worth hundreds of thousands or millions of dollars. The capital gains tax, which will come down, according to most studies, goes to predominantly to people who earn -- 85 percent of it -- over \$100,000 a year. Is the Democratic Party now the party of the rich?

MR. SPERLING: Well, first of all, let's look at what this does for Democratic priorities: \$16 billion in children's health care to cover five million more children; major education increases to make sure all children can read by the end of third grade, that every school is wired to the Internet; protects the environment, cleans up Superfund sites quicker. So sure it promotes Democratic priorities.

But let's look at the tax cut. About 70 or 80 percent of that tax cut goes to middle-income families -- a \$500 per child tax credit that both Democrats and Republicans have supported; and \$35 billion for the president's education tax incentives -- \$10,000 education deduction and a HOPE scholarship tax credit. Let me say something: Estate tax cut and capital gains tax cut -- I think they probably are too slanted towards upper-income Americans. I don't think that they are what we would have supported. But this is a compromise -- an honorable compromise -- and these were priorities that were very important to others on the other side of the aisle.

SEN. DOMENICI: Look, in this budget it was not going to be a let's-split-the-difference everywhere. The president had to get some things that were truly his. We had to get some things that were truly ours. And clearly this tax package is one that we think is right. People with children are going to get a real tax cut. Those who want to invest in America's future to make growth in jobs are going to get a break in the tax they pay on their investment. And clearly there is going to be some education tax benefits for middle Americans who are trying to go to school -- get their kids go to college. That's a good package.

MR. SESNO: All right, you have critics on the right as well. We'll hear from Senator Phil Gramm -- he's one of them -- in a few minutes. Some of those folks say you signed onto a budget that still increases spending too much, that doesn't seize the moment to cut taxes even more dramatically to stimulate savings and investment.

SEN. DOMENICI: Well, look, we need a whole new tax code. Somebody today said maybe we ought to now go -- one of our leaders on the Republican side -- let's go to the flat tax. I'm not sure of that. But clearly we didn't promise in one budget document to fix the tax code of the United States. We need to start down that path soon. But \$350 billion in new tax cuts over the next 10 years -- that's a gross number, but they'll be new. They'll be directed at new and different things. It's not all that bad when it comes to what Republicans think.

MR. SESNO: The House Majority Leader earlier today, Dick Armey, said that even as everyone is crowing on the Republican side -- and I guess on the Democratic side as well about -- there are many -- about the tax cuts, he and others intend to continue to push the envelope on taxes.

SEN. DOMENICI: Sure.

MR. SESNO: Here's what he said -- here's what he said.

REP. DICK ARMEY (R-TX) (from videotape): That doesn't mean there will not be room for other changes in the tax code -- and there will be opportunities for that, including the opportunity to continue to drive towards our goal of eliminating the tax code as we know it today. There's no -- nothing about this agreement that would negate that.

MR. SESNO: To include a flat tax. Are you on board with him?

SEN. DOMENICI: No, I am not for a flat tax. But I am for a total overhaul of this tax code.

MR. SESNO: Overhaul the tax code? The time has come?

MR. SPERLING: Two criteria. One, does it explode the deficit? Two, does it make things more progressive or less progressive? That's the criteria. So far we haven't seen a proposal from that side that met those two tests.

MR. SESNO: To both of you, Medicare. One of the things you have --this budget does is it reduces the projected growth in the Medicare program by \$115 billion, by, among other things, reducing payments to providers. Are you concerned that older Americans are going to have lower quality health care as a result? That is a concern of some.

SEN. DOMENICI: Not at all. In fact, this bill isn't just that. This bill provides for options, for different delivery systems that everybody knows we have to have. In addition, it provides for 10 years of solvency for the Medicaid Trust Fund while we use that time to fix it permanently because of the baby-boomer and the demographics. And, in addition, we move part of home health care out of the Trust Fund into another part, and we end up with senior citizen groups agreeing that we are going to put in place a way to pay for that over the next six to seven years.

MR. SPERLING: President Clinton would not agree to a deal that was going to hurt quality health care for seniors.

MR. SESNO: Reduces payments to doctors and payments to others. That could translate -- trickle down to the patients, couldn't it?

MR. SPERLING: Let me tell you something. Democrats who care about Medicare and care about the integrity of this program that has worked so well, need to take ownership of fixing it and making sure it is working well. This modernizes the Medicare program. It gives Medicare beneficiaries more choice. We do have areas of home health care, skilled nursing facilities, where the payments are growing. This restructures that to a perspective payment system. And it provides new preventative benefits that will help hundreds of thousands of seniors with preventative benefits on diabetes, colon cancer, breast cancer. I think that when seniors look closely they'll realize this was an honorable and responsible compromise on Medicare.

MR. SESNO: Politically and practically this now must move through a very complicated legislative gamut. It must run this gamut of appropriations committees, tax-writing committees, all the rest. Is there overall enough support within the committees to get the deal that conforms to this broad outline, and on the floors to get through what you've laid out here?

SEN. DOMENICI: Before this gets through to the committees for their work, there will be an annex of some sort wherein the leaders that put this together, and the leaders of both sides, will have fixed their concurrence that these basic things we are urging the committees to do -- and that will be bipartisan. That is much different than anything we had

in the past.

MR. SESNO: Sufficient support for passage?

SEN. DOMENICI: Yes, sufficient support to pass it, yes, indeed.

MR. SESNO: Close with this final question: Even if the budget deficit goes to zero in 2002, it doesn't do a thing about the five and a half trillion dollar national debt that eats up 15 cents out of every tax dollar that Americans pay and spend --right? Right. What -- when does the national debt get tamed?

MR. SPERLING: Well, let me make one point. If you look at when the president started, 1993, to now where this projection is going to be, with this plan there will be over two and a half trillion dollars of less debt because of the work that has been done by this president in 1993 --

MR. SESNO: Why don't you eliminate the national debt?

MR. SPERLING: -- and together --

MR. SESNO: Can you eliminate the national debt? (Laughter.)

MR. SPERLING: The important thing --

MR. SESNO: You reduce the national debt?

MR. SPERLING: Listen, we've got 4.9 percent unemployment, the stock market is over 7,000, we hit our 12 millionth job, and we've got a bipartisan budget agreement. I think things are going pretty well right now.

MR. SESNO: Can you reduce it?

SEN. DOMENICI: Actually, I almost thought we were going to have a surplus in this package. And, frankly, if we can get a commission or a subcommittee like Phil Gramm's to tell us how to reform Medicaid -- Medicare -- we will be on the road to having surpluses in the not-too-distant future. Surpluses pay down the debt.

MR. SESNO: Senator Pete Domenici, we are going to have you back in a few years to see how that surplus is going.

SEN. DOMENICI: Thank you.

MR. SESNO: Thank you very much. Appreciate your time. Gene Sperling, thanks for coming in.

MR. SPERLING: Thanks for having me.

MR. SESNO: Well, when we come back members of Congress at both ends of that political spectrum who aren't so wild about this deal -- we'll speak with them. Just ahead, Q and A with the critics -- Senators Paul Wellstone, Phil Gramm, with what's wrong with the budget. And later we'll go round the table with Blankley, Carlson and Roberts on all the week's political ups and downs.

(Announcements.)

PRESIDENT CLINTON (from videotape): There are things in this budget that not everyone will find something that he or she disagrees with. Everyone could find something that he or she wishes were in the budget.

MR. SESNO: Oh, really? Welcome back to Late Edition. As we have been discussing, the White House and Congress finally have this budget deal. They say it will balance the budget by 2002. But from the wings, the left and the right, major misgivings. Joining us now Republican Senator Phil Gramm, member of the Budget Committee, Democratic Senator Paul Wellstone. Gentlemen, finally something you agree on, and that is this budget isn't the best. So let me ask you each briefly, three top things you don't like about it.

SEN. GRAMM (R-TX): Number one, by assuming that the economic experience of the last quarter is going to be projected for five years, they get about 70 percent of their deficit reduction from that assumption alone; by

assuming that a balanced budget will improve the economy -- they get additional deficit reduction; by assuming lower inflation rate they get a deficit reduction from that. So, taking their assumptions together, all of the deficit reduction simply comes from making assumptions. That's the first problem.

Secondly, the only real savings in the budget come from \$115 billion claimed from Medicare. Those savings come from reducing reimbursements to doctors and hospitals -- things in the past have not really controlled costs. Every penny of that \$115 billion is spent on social programs and entitlements, including food stamps and Medicaid and welfare benefits for immigrants. The president says this is the largest increase in social spending since the 1960s. It clearly is. The tax cut, while it is nominally 85, 35 billion goes to the president's education priorities. That's 50 billion left. That doesn't pay for a third of the Republican tax cut. It wouldn't pay for half of the \$500 tax credit that everybody talks about as having achieved. It wouldn't pay for IRAs, it wouldn't pay for capital gains -- those two combined. The bottom line is this is more government, but it does not represent a fundamental movement toward fiscal restraint.

MR. SESNO: All right, we have your misgivings. Now yours, Senator Wellstone.

SEN. PAUL WELLSTONE (D-MN): Thanks, Frank. Well, first of all, let me thank my good friend Pete Domenici for good work. You know, you can honestly disagree. I'll tell you what saddens me about this. In the last three weeks we've had a focus on the early years right after birth to age three, how critical this is -- otherwise so many children in our country won't be ready for school, or ready for jobs, or ready for life. We had a focus on volunteerism with a special focus on poor children -- one out of every four children under three are poor; one out of every two children of color poor in our country. And I think the problem is that this budget -- there is no investment. This budget doesn't really represent -- doesn't advance the cause of these children. If anything it's a retreat. I mean, there is very little by way of investment. We have got to stop saying that we want to do well for children and invest in education and invest in job training and then essentially retreat from that. That is I think the first objection.

The second is as I look forward over the next five years, 10 years, it's about \$250 billion of tax cuts. Some of the tax cuts -- capital gains, estate -- go to the people at the very top, and in exchange for that we are not investing in education, we are not investing job training.

MR. SESNO: We just heard Senator Gramm talk about how much -- and you've heard the president of the United States -- talk about how much this does for education, how much this does for "domestic investments," as the president calls them.

SEN. GRAMM: You can see we don't agree.

SEN. WELLSTONE: Well, I will just tell you right now, if you look at just the cost of doing well for our children at a young age, the healthy development of every child, just child care alone -- talk to working families in this country. We ought to be responding to their concerns and circumstances. We are not making the investment, and we should. Otherwise we will do fine as a nation --

MR. SESNO: So your problem with the budget is it doesn't spend enough; your problem with the budget is it spends too much. Your problem with the budget is it cuts the wrong taxes; your problem with the budget is that it

doesn't cut the taxes --

SEN. WELLSTONE: I don't see the fairness.

MR. SESNO: -- and you say --

SEN. WELLSTONE: I don't see the fairness. With tax cuts that disproportionately go to wealthy people at the top, and at the same time you are not investing in jobs, and you're not investing in children.

SEN. GRAMM: I think, Frank, that you are trying to put us out on the two ends of the spectrum. I don't think we fit there. I think what Paul is saying is he wants a dramatic increase in the size of government. Basically what I'm saying is that every penny of deficit reduction in this budget is assumed based on lower inflation which may or may not occur, based on higher economic growth that may or may not be sustained. And basically they've assumed away the deficit.

SEN. WELLSTONE: I --

SEN. GRAMM: The second thing I'm saying is that for every penny that they cut out of Medicare with changes that don't represent real reform -- they've spent every penny of it on social programs. So when all this is over we are going to have a very, very small tax cut -- about \$50 billion on our priorities, and a \$7 trillion economy, which is not going to make very much difference.

But what is going to make a difference, even though it's not enough for Paul, is that Bill Clinton will have gotten through eight years where we've had a deficit problem where we've had pressure from the American people to have less spending in Washington so they can spend more. He will have gotten through eight years miraculously, where the discretionary parts of government will have grown in real terms.

SEN. WELLSTONE: I don't --

MR. SESNO: I think you may disagree about that discretionary spending --

SEN. GRAMM: Well, the statistics --

MR. SESNO: Let's get to the --

SEN. GRAMM: -- speak for themselves.

MR. SESNO: We have a phone caller. I want you to hear the question. Buffalo, New York, go ahead.

CALLER: Hello, yes. Good morning, gentlemen. Wouldn't it be better instead of the \$350 billion in gross tax cuts to reduce the national debt by that amount, which in turn would reduce the interest payments and put us on a faster path to a balanced budget?

MR. SESNO: Paul Wellstone, I don't want you to go into an economics lesson here, but do you want to address the question very quickly?

SEN. WELLSTONE: I'm not even sure I first heard the question. But --

MR. SESNO: Reduce the national debt.

SEN. WELLSTONE: Yeah, well, I --

MR. SESNO: You might need to point out you've got to reduce the deficit first.

SEN. WELLSTONE: First -- that's right. First of all we bring the deficit down. And, by the way, we should continue to do so. The point is to have a balanced budget agreement is I think good. But the question then becomes at what cost. And I want to say again that we have in the last month focused dramatically on the needs of early childhood development, education, job training. If we are not going to make that investment, we are not going to do well as a nation -- we can do better. And I am not prepared to not make the investment in children in exchange for tax cuts -- estate tax, cuts capital gains tax -- that go to the top one or two percent of the population.

MR. SESNO: You've been crunching numbers on estate tax --

SEN. WELLSTONE: Yeah.

MR. SESNO: -- and the capital gains. And what do are you finding that's any different than what we've heard before?

SEN. WELLSTONE: Well, the second 10 years, if you go from 2008 to 2017, it's an additional 400 billion, if you project it --

MR. SESNO: What do you mean, 400 billion from --

SEN. WELLSTONE: Above and beyond the 250 billion over the first 10 years. And why are we doing that when we are trying to do deficit reduction? And why a cut in the capital gains tax if it is not targeted to middle-income people?

MR. SESNO: Because -- correct me if I am wrong, senator --because that is what stimulates investment, and growth and savings. Correct or incorrect?

SEN. GRAMM: Exactly right. The point is -- and where the fundamental difference is between Paul and me is he really believes the answer to our problems is to be found by having more government. I believe by letting families keep more of what they earn, if we had a real \$500-per-child tax credit -- they could make the investments in housing, education, nutrition and health care, and all the good things Paul wants -- but they could do it more efficiently sitting around their kitchen table than we are going to do it sitting around any table.

SEN. WELLSTONE: The fundamental difference between us, Phil, is I don't want to see hundreds of billions of dollars of tax cuts not targeted to middle income, disproportionately going to the wealthy and people at the very top, and not make the kind of investment we need to make so that families can earn a decent standard of living, and they can give their children the care their children deserve.

MR. SESNO: Are you going to vote for this thing?

SEN. WELLSTONE: In present form I'm not, but I am going to fight hard on the floor to improve it.

MR. SESNO: Are you going to vote for this thing?

SEN. GRAMM: No, but I am going to try to amend it. I don't know to what degree we are going to be successful. There is no doubt about the fact that to be against it today is sort of to be the skunk at the garden party. But the point is very few people have looked at this package. And I think once they start looking at it on Monday you are going to begin to see some very real questions raised, because in reality we've got the two parties working together to claim to do something which is popular for both, but they don't really get the job done.

MR. SESNO: I am going to have to be the skunk at this garden party, gentlemen, to say thank you very much for coming. We're about out of time. We'll have you back. We'll talk some more about this. Senator Phil Gramm, Senator Paul Wellstone, appreciate your time.

Well, we'll swim across the ocean and take a look at the British election, Tony Blair in a landslide victory -- what some call using American tactics. Was Blair following Bill Clinton's footsteps? Or maybe Newt Gingrich's? We'll hear from two opinionated watchers of the British scene after this.

(Announcements.)

U.K. PRIME MINISTER TONY BLAIR (from videotape): When the curtain falls it is time to get off the stage. And that is what I propose to do.

As I stand here, before Number 10 Downing Street, I know all too well the huge responsibility that is upon me and the great trust that the

British people have placed in me.

MR. SESNO: But have fun. And the end of an era for Britain's Conservative Party, a new day for the Labor Day, and England's brand-new 43-year-old prime minister, Tony Blair. Joining us to talk about what it all means, Christopher Hitchens, columnist, contributing editor of Vanity Fair and The Nation and a regular round-table, CNN contributor Tony Blankley.

Gentlemen, a new day in Britain. A new day dawns on the political scene, but it even takes the Blairs by surprise. Poor Mrs. Blair comes to the door the other day to accept flowers, and she was not quite ready for prime time there. The door bell --here she is -- whoops! -- in a bathrobe, and not looking terribly -- Thank you, come back later. (Laughter.)

MR. HITCHENS: Really, that certainly would not have happened ion Thatcher's day.

MR. SESNO: Maybe not. What does all of this mean?

MR. HITCHENS: Well, it means that a party that couldn't even guarantee the national roast beef, and that tried to blame its own failures on foreigners has just exhausted the patience of the electorate.

MR. SESNO: Conservatives?

MR. HITCHENS: Yes, they haven't just been defeated, you know, they've been very nearly wiped out. North of the Scottish border and west of the Welsh one, there are no Conservative MPs at all -- count them -- no Conservative MPs.

MR. SESNO: Last several years Tony Blankley, conservative Republican thrown out of the White House, conservatives thrown out in Canada -- now Conservatives thrown out in Britain. Is the conservative movement that you so proudly champion in big trouble here around the world?

MR. BLANKLEY: No, I don't think so. Obviously we haven't been thrown out of Congress. We still control the Congress.

MR. SESNO: I left that out. (Laughter.)

MR. BLANKLEY: But, more importantly, the Thatcherite principle of the marketplace was of course the keystone --embracing it by Labor -- was a keystone to them regaining credibility. Clinton of course agreeing to a balanced budget --whatever we may think of as the details of it -- is the key to him getting elected and reelected -- so that they have embraced at least the market component of conservatism has been embraced both by the Labor Party and by the Democrats here.

Now, I think there is a difference between the English or the British and the American conservative movement. In America we have with Reagan and with Newt not only marketplaces, but also cultural conservatism and returning responsibility back to the states and communities. Thatcherite Toryism does not have those other two components which could mean they'll fight back more hard.

MR. SESNO: Talk about their fight back, the Conservatives. Now what?

MR. HITCHENS: Well, most of the leadership timber has been thrown out as well. I mean, Mr. Heseltine, which was a --(inaudible) -- waiting is gone. He's had a heart attack this morning, or a heart murmur. He's taken out of contention. A lot of other senior Tories, including the right-wing hopeful, Michael Portillo, were flung out by their own voters. There is a rather bizarre man from another planet called John Redwood --

MR. BLANKLEY: Well, he's not a bizarre man from another planet.

MR. HITCHENS: He is very much is a bizarre man from another planet.

MR. BLANKLEY: I've had dinner with him -- he's a lovely fellow.

MR. HITCHENS: He's -- he ran for the leadership last time on a program

of restoring capital punishment and rebuilding the queen's yacht. I mean, he's weird.

MR. SESNO: Well, somebody has got to rebuild the queen's yacht. But how does the Conservative Party come back? We do need to leave time to talk about the Labor Party here.

MR. BLANKLEY: He raises an interesting point, because John Redwood represents -- I think to a certain extent -- the Americanization of British conservatism.

MR. HITCHENS: I said bizarre, from another planet. (Laughter.) You see my point?

MR. SESNO: All right. To the new Labor Party and Tony Blair. Bill Clinton came into office as a New Democrat, and there's lots of history already been written about what that meant. What does a New Laborite mean at Downing Street?

MR. HITCHENS: Well, I'm not supposed to agree with Tony to the extent that he's right, that I mean the Clintonization of Blair is in many ways --

MR. SESNO: Here's a picture of him now, a few Union Jacks out there just to remind us. Go ahead.

MR. HITCHENS: The Clintonization of Blair is in many ways a concession to Thatcherism. And I've heard people around Blair saying that Thatcher is their role model, that she was the revolutionary. The crucial thing --

MR. SESNO: What does --

MR. HITCHENS: -- about Thatcher was that she was prepared to take on the institutions of England, the -- (inaudible) -- regime. She was prepared to quarrel with the House of Lords, with the monarchy, with the Church of England -- with any undynamic force in the society. The test for Blair will be his promises on constitutional reform. He has promised to shake up the institutions. And these are things that don't cost money, don't have to be taxed for or spent on, that would for example abolish the hereditary vote in the House of Lord, that raises the possibility of even looking at the monarchy, and makes Britain a more European and republican state.

MR. SESNO: Off with their heads, Tony?

MR. BLANKLEY: See, Thatcherism did two things. It may have obliterated pre-Thatcherite conservatism in the Tory Party, and then it also probably has obliterated social welfare or social democracy on the left. And so I don't know how far the Labor Party can really move beyond the marketplace issues and some devolution to establish a broader distinction.

MR. SESNO: A major question too is what the impact of all of this is on the larger politics of Europe and European integration. What does Tony Blair and his team mean for that?

MR. HITCHENS: Blair is much, much more European in his mind and his soul than any of the Tories are. And I think one of the reasons may be --

MR. SESNO: Sign onto one currency, single currency?

MR. HITCHENS: He's not as keen on it as his chancellor and deputy, Gordon Brown, but he's not unkeen. And he didn't make the mistake that John Major made in the last days of trying to move towards Europhobia in order to try and pick up the chauvinistic and xenophobic votes in England. I think that above all things explains the humiliation of the Conservative Party.

MR. BLANKLEY: I think that as Tony Blair moves inchingly towards Europe it's going to induce potentially a movement in the Tory Party further away from Europe than it would otherwise naturally be, which could be a danger for Toryism if they isolate themselves.

MR. SESNO: And he could be a kindred spirit with Bill Clinton. We'll see how that special relationship emerges. Christopher Hitchens and Tony Blankley -- Tony Blankley stays with us as part of our roundtable -- thanks to you both. This week's politics as we go round the table, bringing on Margaret Carlson, Steve Roberts -- don't go away.

(Announcements.)

MR. SESNO: And welcome back to Late Edition. Time now to go round the table. Margaret Carlson, columnist for Time magazine; Steve Roberts, columnist for the New York Daily News; and Tony Blankley, now taking off the hat from the, you know -- (laughter) -- the British flag and draping himself in the U.S. flag for U.S. politics.

To the budget. Here's what the New York Times said in its editorial yesterday, Saturday: "None of the proposed tax cuts," it said, "for capital gains, estate, college tuition and children, make economic sense. None are carefully targeted to spur savings and investment. All will mostly bypass the poor. And the capital gains and the estate measures will enrich a tiny tier of families atop the income ladder." They're all your friends, Tony Blankley.

MR. BLANKLEY: Well, the New York Times makes no economic sense as usual. Obviously at the minimum the capital gains rate reduction, by concession of economists across the spectrum, is going to churn -- create more business activity, get assets moving creating more jobs. So I think the New York Times is completely spurious on that point.

MR. SESNO: Margaret?

MS. CARLSON: Tony makes no economic sense. The estate tax goes to the top one percent of people -- you know, maybe 10,000 people at the most -- because there is already a \$600,000 exemption. So here you have a very narrow cast tax break. And the capital gains -- it's always argued that, well, there are people now who have their retirement plans and whatever -- but still they get such a little bit part of that break, and it still go to the top tier.

MR. BLANKLEY: This is old labor instead of new labor.

MR. ROBERTS: I'll tell you though the last thing in the world this economy needs is more stimulus right now. If it gets stimulated right now, then you're going to have higher interest rates. I think that -- I think that Wellstone and the other Democrats have a case when they say that there is -- the tax cuts are tilted too much to the wealthy. But two things are true. One is the Democrats, like the Labor in Britain, have understood that profit is not a dirty word in this country or in Britain. And the second thing is this was the price of a deal, and that is going to send a good signal to the markets. In the end I think that this is a price Bill Clinton was willing to pay, in part because as he argued if we get a budget deal we are going to have continued prosperity and we can continue to create jobs.

MR. SESNO: And, Margaret, if I may, only one percent of those who die may pay the estate tax, but I guarantee you that 100 percent of those who know they are going to die would like to qualify to pay the estate tax. (Laughter.) There is more support out there for this than you think.

MS. CARLSON: This is right. Those of us who want to be rich all support certain kinds of tax cuts, including capital gains, because some day we think we'll get them. But it doesn't --

MR. SESNO: You'd like to leave them for your kids, or your business to your kids --

MS. CARLSON: -- it doesn't make that much economic sense. We're not

going to be there, Frank.

MR. BLANKLEY: It's not necessarily to be rich -- just to save a little bit during a lifetime.

MS. CARLSON: We are not going to get that.

MR. SESNO: Let's come back -- come back to the broader budget deal, something that Senators Gramm and Wellstone were talking about, and that is the things not done or not done enough for both of their likings. A number of major initiatives were bypassed that really would have dealt with Medicare and other things way, way down the line. There was no adjustment in the Consumer Price Index, the thing that tweaks what you actually pay your Social Security recipients and others; there was no cap put on Medicaid, so it is still an open-ended entitlement; and Medicare long term was not fixed.

MR. ROBERTS: It's interesting, Frank, because as Senator Domenici was leaving I asked him about that, and he said they were ready to do those additional reforms -- cut Medicaid, reduce the CPI, the Consumer Price Index even more. Because of this new money that they got at the last minute they flinched.

MS. CARLSON: Yeah, the windfall was the --

MR. ROBERTS: In some ways it's too bad, because they were prepared to do more.

MS. CARLSON: Listen, they uncorked the champagne bottle with the CBO coming up with that \$200 billion --

MR. SESNO: Congressional Budget Office -- let's talk English here now, Margaret.

MS. CARLSON: Okay, sorry. Yes, coming up with this \$200 billion which allowed them to dodge some of the really tough calls. One of the reasons they're all so happy -- they are acting as if, you know, it's Christmas morning and they got aplenty.

MR. SESNO: That is they didn't have to make that many tough decisions.

MS. CARLSON: No.

MR. BLANKLEY: On entitlements generally this has not been an overly substantial accomplishment. On welfare in fact there's been retrenchment. But on Medicare -- and although we have to see what the program policies are -- and there's one point that's worth noting. The 115 billion (dollars) that Clinton has agreed to on Medicare savings, over five years now, is about the equivalent of the 160-some billion in savings the Republicans were proposing over seven years, which -- and that of course when back a year ago he was saying that was going to ravage Medicare. Now he has agreed to a number which, divided over the --

MR. SESNO: (Off mike) -- solvency in the Trust Fund for another six years --

MR. BLANKLEY: Oh, no, this is --

MR. SESNO: -- and there's a lot of sleight of hand here, like this home health care business.

MS. CARLSON: That's right.

MR. ROBERTS: They have put off the hard choices. They know they've put off the hard choices. I thought it was significant that both Senator Domenici and Gene Sperling agreed that the next step is a bipartisan commission on entitlement reform --

MR. SESNO: Yeah, and good luck.

MR. ROBERTS: And I think that in the end they all know they have to deal with entitlements.

MR. SESNO: They don't want to do it now.

MR. BLANKLEY: Frank, you make an important point regarding the Trust Fund. The Republicans caved on that. Clinton had been arguing last year we either move money from Part A to Part B --

MR. SESNO: Home health --

MR. BLANKLEY: That is, from that part of the fund payable by beneficiaries to that part which is paid out of the general Treasury. We fought that last year, because we said it was like paying your AmEx card with your Visa card. Now they've capitulated on that, the Republicans have, and they're going to have this phony banking attribute.

MR. SESNO: We've got to take a break. When we come back, the era of big government may be over, but we haven't forgotten how to celebrate activist government. The New Deal after this.

(Announcements.)

PRESIDENT CLINTON (from videotape): As we stand at the dawn of a bright new century, this memorial will encourage us, reminding us that whenever America acts with certainty of purpose and FDR's famous flexibility of mind, we have always been more than equal to whatever challenges we face.

MR. SESNO: The FDR Memorial dedicated in Washington this past week. Tony Blankley, I did not see you there. This week when the president signs onto a budget deal to balance the budget, celebrates the New Deal -- everybody is celebrating but you.

MR. BLANKLEY: I'm celebrating quietly in my own way. (Laughter.)

MR. SESNO: What's wrong with the FDR Memorial?

MR. BLANKLEY: I don't think there is anything much wrong with it. I think, however, that any memorial building reflects in part the attitude of the time in which the memorial is being built as much as it does that which is being memorialized. So the controversy that we are having today over whether he should be seen in a wheelchair or not I don't think is an issue that people would have cared about back in the '30s and '40s, but this is the age of victims, and I think that there is a sense that we need to portray that component.

MS. CARLSON: He's not a victim in a wheelchair. What's happened is that the disabled are part of society, they are mainstreamed, and it is no longer something to be ashamed of. You know, there was a debate over how to depict Winston Churchill -- should it be with a cigar or without the cigar? It's with the cigar because in fact he had a cigar in his mouth most of the time.

MR. BLANKLEY: But notice also that there is no martini glass, there is no fox on Mrs. Roosevelt, which she always wore -- because of political correctness.

MR. ROBERTS: Not the issue. No, no. This is not the --

MR. BLANKLEY: And not the cigarette of course which she so famously smoked.

MR. ROBERTS: -- it's not an issue of political correctness. I have no brief for political correctness. I think it's very important that we show people who are disabled the way they are. It's a great role model for this country, it is a great -- an important way to destigmatize disabilities. We now have a U.S. senator, Max Cleland, who is in a wheelchair. We had three people at the Democratic convention in wheelchairs addressing the convention. This is a very important and useful step to show the country that disabled people are fully participating --

MS. CARLSON: And --

MR. BLANKLEY: But it's --

MS. CARLSON: -- he wouldn't have been elected in a wheelchair, and

Senator Max Cleland was elected in a wheelchair. And that shows the improvement.

MR. BLANKLEY: Nobody is against wheelchairs, but historically, as we all know, Roosevelt didn't want to be seen in that. Now we are portraying him historically out of the context in which he very consciously lived his political life.

MR. ROBERTS: But we have -- we're better off because at that point it was a stigma to be in a wheelchair, and that's why he hid it. We are now in a period --

MR. BLANKLEY: Well, that's your opinion and it may be everybody's opinion today, but it's not history. It's rewriting history.

MR. SESNO: In the broader context of the symbolism of the FDR Memorial, and the New Deal, and what FDR really stood for, it is richly ironic that this week, the week in which the era of Bill Clinton -- the era of Bill Clinton is -- (laughter) -- the era of big government supposedly ended with the flourish of a ceremony that this memorial was dedicated.

MR. ROBERTS: There is a wonderful irony here, but there is another word that Bill Clinton used that was important -- that word was "flexibility." FDR --

MR. SESNO: He knows a lot about flexibility.

MR. ROBERTS: He does, but so did FDR. FDR was not a dyed-in-the-wool big government ideologue. He was a pragmatist who needed government to solve the problems of the time. Bill Clinton is saying there are a lot of problems that can be solved in other ways today, and I don't think -- I do agree that there is an irony here, but I do think that both pragmatists --

MR. SESNO: Distinction between flexibility and principle?

MR. BLANKLEY: No, I don't think it's a distinction between flexibility and principle. I think you can be principled and still be flexible. In fact, any practicing politician who is going to be successful is going to have to be flexible. I don't hold that against FDR.

MS. CARLSON: Well, the Republican Congress was more flexible on this budget deal than the president. And, remember, to get back to FDR, Newt Gingrich said he was the greatest president of the 20th century --

MR. BLANKLEY: And he was.

MS. CARLSON: We agree on this.

MR. SESNO: Okay, well, on a clear note of agreement --(laughter) -- we will bid adieu until next week. Tony Blankley, Margaret Carlson and Steve Roberts, thanks again as always.

Bruce Morton and our last word still ahead.

(Announcements.)

SPEAKER GINGRICH (from videotape): And we will keep our commitment to keep our half of the contract with the help of the American people.

PRIME MINISTER BLAIR (from videotape): This is my contract with the British people, my bond of trust with them.

MR. SESNO: Reading from the same script? Bruce Morton has our Last Word, on the Americanization of British politics, next.

(Announcements.)

MR. SESNO: And welcome back to Late Edition. Time now for Bruce Morton and this week's Last Word. Bruce?

MR. MORTON: This week there's a new man in London, Mr. Blair. Prime Minister Tony Blair, like President Clinton, whose campaign he studied, ran on very modest promises -- five of them.

He would class sizes -- 30 or fewer in class for five-, six-, and seven-year-olds. He would halve the time between arrest and sentencing for

young repeat offenders. He would shorten the waiting list at the National Health Service. He would get 250,000 25-year-olds off benefits, what the Brits call "the dole," and into work. And he promised no rise in income tax rates and said interest rates and inflation would be as low as possible.

Pretty middle of the road -- nothing there Bill Clinton mightn't have promised -- and certainly a far cry from the old days when the Labor Party's color was red and it stood for socialism, strong unions and nationalizing basic industries. Labor did a lot of that years ago, but Lady Thatcher put most of the industries back into the private sector.

So where now? Blair will face tough decisions on Europe --something the old Labor leaders never had to worry about. Should Britain give up the pound sterling for the new European currency, the Euro?

The hardest of his five pledges to keep may be the one about moving 25-year-olds into work. In Britain the dole is permanent, and so there are 30-year-olds who went straight on it from school and have never worked. They are mostly from areas where the old industry has vanished. Liverpool doesn't build ships anymore. A lot of Welsh coal mines are cut. In America there is more of a tradition of moving to where the jobs are, to the Sun Belt in recent years. In Britain, people more often cling to where they grew up, even if that means the dole and poverty.

BRITISH WOMAN (from videotape): We're stuck with it now, so God knows what will happen in another five years.

MR. MORTON: Still, the new man has five years and a whopping majority. And there, unlike here, MPs always follow the party line -- or almost always.

MR. SESNO: There's some interesting internal tensions there, but the system of British politics, especially with the numbers Tony Blair has, will mean that he will very much get his way.

MR. MORTON: Well, the system makes governance much easier, because you're all in parliament, and if you're parliament, your side wins the majority, you have a majority. He has an overwhelming majority. There are splits within the party. His prime minister for instance is from the left wing from the party, probably yearns for the good old socialist days. But he's going to have to march pretty much in step. In Britain it's headline news when an MP defects. Here they do it every day after breakfast.

MR. SESNO: And here we agonize for years and years over the budget. There the party -- the chancellor of the exchequer presents it.

MR. MORTON: You can't ever have in that system a Democratic president having to negotiate with a Republican Congress. If you're in you're in.

MR. SESNO: And you get to talk to the queen. Thanks very much. Once in a while. That is it for this Late Edition. For now, thanks very much for watching. I'm Frank Sesno in Washington. Enjoy the rest of your weekend.

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