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

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##

--- THE DAILY BRIEFING ON AMERICAN POLITICS ---

(c) The American Political Network, Inc.

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GOODBYE RUBY TUESDAY | SPOTLIGHT |

Dole to leave the Senate |
6/11, but not before another | "STRIKING POLITICAL |
vote on the BBA. Also: Some | RESILIENCE" |
conservatives say backing VA |
Sen. Warner may cost Dole. | That's what the NYT's |
Lee-ving: Another judge bites | Berke calls Pres. Clinton's |
the dust. (#2) | continued strength against |
| Bob Dole. The latest poll |

KNOCKIN' ON LEVIN'S DOOR | from CBS/NYT shows |
New MI poll shows Sen. Carl | Clinton's job rating |
Levin (D) slipping, Ronna | heading up while Dole's |
Romney (R) gaining. (#12) | goes South. |

| LOOK AT THIS: Will |
WHO'LL TAKE CARE OF MEDICARE? | Dole's advantages on issues |
A new report that the system | of character & values ever |
will be broke in 2001 reignites | be enough to overcome |
the rhetorical firestorm. (#8) | Clinton's edge in under- |
| standing people's lives? |

PRIMARY RESULTS		THE TIMING: Clinton	
Lightfoot, Zimmer, Rehberg		seems to have survived --	
win big; both AL Sen. primaries		for now -- in this "post-	
head to runoff. In the House,		Ark. Whitewater verdict"	
Yellowtail wins in MT; upsets		phase of the campaign. Is	
in SD. Aborto split hurts GOP		Dole failing in this	
chances in NJ 12. (#9) (#15)		"leaving-the-Senate phase"	
		of the campaign?	
http://www.PoliticsNow.com		ONE MORE: If Dole caught	
PoliticsUSA was great.		no bump from his stunning	
PoliticsNOW is even better.		decision to quit the	
If you haven't clicked on,		Senate, should he downplay	
you are missing out.		his upcoming exit? (#18)	

===== QUOTE OF THE DAY =====

"Bye-bye."

-- Bob Dole, reacting to the resignation of
Federal Appeals Judge H. Lee Sarokin, mult. 6/5

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???? OVERLOOKED ????

PENTA-GONE

Since '94, the number of WWII veterans in Congress has dropped from 56 to 44. And 12 of those have already announced their retirement. -- courtesy GANNETT NEWS

===== WHITE HOUSE '96 =====

*1 CLINTON: OFFERS "MODERN DAY VERSION" OF THE G.I. BILL

"Mixing education policy with election year pragmatics," Pres. Clinton told Princeton U's graduating class that America's college students "should get a \$1,500 tuition tax credit each of their first two years." The crowd of 10,000 gave the pres. standing ovations at the start and end of his address. He "likened his idea to a modern day version" of the G.I. Bill that helped WWII vets get college loans "and fueled the post-war prosperity." Clinton: "This is for America. Your America will be stronger if all Americans have at least two years of higher education" (Marsico, Newark STAR-LEDGER, 6/5). More Clinton: "Our goal must be to make the 13th and 14th years of education as universal as universal to all Americans as the first 12 are today" (L.I. NEWSDAY, 6/5). The pres. "tore a page from" GA Gov. Zell Miller's (D) '94 re-election strategy. Clinton noted that his proposal "builds mostly on the enormously successful HOPE scholarships in Georgia." Miller's HOPE scholarship program pays tuition, books and fees for any GA resident who maintains a B average. Miller joined Clinton for the speech (Foskett, ATLANTA CONSTITUTION, 6/5). ABC's Hume: "Basically, the president is offering everybody in America one year of college, tuition-free" (6/4). "Reaching straight for the support of middle-class parents ... the Clinton education package stands" as a Dem "political broadside in the war" for the WH (Neikirk/Madigan, CHICAGO TRIBUNE, 6/5). The plan's "passage is considered unlikely" in Congress (Lewis, DALLAS MORNING NEWS, 6/5).

TAX WAR: Clinton "effectively raised the ante on tax-cut issues" in the campaign (STAR-LEDGER, 6/5). "Anticipating major tax-cut proposals from" Dole, Clinton "sweetened his own bid to middle-class voters" (Kasindorf, L.I. NEWSDAY, 6/5). CNN's Woodruff: "The campaign point-counterpoint on tax cuts continues" ("IP," 6/4). CNN's Arena: "With Bob Dole considering a dramatic tax cut proposal, President Clinton tried to get there first. ...

The trick for both sides is how to offer tax cuts that voters want, while sticking to promises to balance the budget" ("Moneyline," 6/4). Clinton "argue[d] for smaller, more targeted relief" than Dole's expected proposal. Clinton's plan "had been under consideration for months but was sped up in recent days to beat" GOPers to the "tax-cutting punch" (Purdum, N.Y. TIMES, 6/5). WH CoS Leon Panetta: "This was not some wild across-the-board tax cut. This is a responsible tax cut, targeted toward education" (Balto. SUN, 6/5). W. POST editorial: "Panetta may wish the administration were not engaged in a bidding war. So do we -- but it is" (6/5). Panetta, on reports that he and NEC chair Laura D'Andrea Tyson were against this proposal: "I have never been opposed to targeted tax credits as long as they fit within the balanced budget" ("CBS This Morning," 6/5). The WH "is also weighing tax incentives to aid first time home buyers that the president could announce as early as today" (Calmes, W.S. JOURNAL, 6/5). Campaigning in VA, Dole "reminded those gathered -- as he does at nearly every campaign stop -- that Mr. Clinton promised a middle-class tax cut during the 1992 campaign. One year later, he noted, Mr. Clinton pushed through" a \$265B tax increase (DALLAS MORNING NEWS, 6/5).

ISSUE STEALING: CNN's Dobbs: "President Clinton, today, hijacking another Republican theme" ("Moneyline," 6/4). CNN's Blitzer: "The president's advisers know he's already being accused of simply copying Dole to compete for votes. They say they're ready to take the political heat because they believe that in the process, he'll win over many middle class -- read formerly Republican -- voters" ("IP," 6/4). NPR's Liasson: "The White House is sensitive to the charges of 'me-tooism' that Republicans have made. That's one of the reasons the president's advisors decided not to roll out any new big tax cuts during the campaign, just because Senator Dole is said to be considering them" (6/4). The "timing of Clinton's new plan" left WH "officials laboring to explain why" GOPers "were incorrect about Clinton's motivation" (Harris, W. POST, 6/5). WH aides contend the proposal "stems from his career-long dedication to boosting education standards, both as" AR Gov. and as pres. In '91, then-gov. Clinton "signed a similar scholarship program into law" (Rankin, PHILA. INQUIRER, 6/5). N.Y. TIMES editorial: "Clinton is redefining the art of political response. He moves before his opponent has done anything requiring a response ... The idea of a tuition tax credit is better than anything Mr. Dole has offered" (6/5). House Budget cmte chair John Kasich: "If the president wants to reduce government, empower people, let people keep more of what they earn, I'm all for it. I think [Hope Scholarships are] a great idea, but we've got to see the details. ... I don't know that he's stealing our thunder when he's basically doing what we want him to do. ... He's going to continue to sound like a Republican up until the election and then if he wins, of course he'll go back to actually being a liberal. ... But he's going to sound an awful lot like a Republican and that's helpful to our agenda" ("Moneyline," 6/4).

PERFECT TOGETHER: The Princeton trip was Clinton's fourth trip to NJ in '96; Dole has made two NJ appearances in the last

10 days (STAR-LEDGER, 6/5).

CAMPAIGN BRIEFS: To "dispel any notion" that the WH would take NY "for granted," Al Gore campaigned in Brooklyn. He "shook hands with shoppers in Fulton Mall and walked through a former crack house turned into a thriving day-care program" (Fisher, N.Y. TIMES, 6/5). On 6/8, Hillary Rodham Clinton will make a "one-day" FL swing that state Dems "are describing as part public policy and part politics." She will be in Orlando, Tampa and St. Petersburg (Griffin, ORLANDO SENTINEL, 6/5). W.S. JOURNAL's Gigot writes on DLC Pres. Al From, Clinton strategist Dick Morris and Clinton's "return ... to his DLC roots" (6/5).

*2 DOLE: WILL DEPART SENATE ON TUESDAY

Bob Dole will make his exit from the Senate 6/11, "with a farewell speech from the Senate floor and a final policy lunch" with his GOP colleagues. KS LG Sheila Frahm (R) will be sworn in to fill his unexpired term immediately. Dole announced the departure date on the Capitol steps in a photo-op with about 175 current and former staffers. Dole said that after leaving the Senate he plans a three-day Midwestern tour that includes: K.C.; Branson, MO; Louisville, KY; Toledo, OH (Kuhnhen, K.C. STAR, 6/5). Dole, announcing his plans: "Tuesday. One o'clock, after lunch" (AP, 6/5). Senate leadership races will be held 6/12 (Senior/Stiehm, THE HILL, 6/5).

"FATAL SETBACKS": W. TIMES' Kellman writes Dole "began his long goodbye to Congress" by "setting his resignation date, scheduling a vote on the balanced budget amendment" 6/6, "and suffering perhaps fatal setbacks on health care reform and missile defense." Dole expects the BBA "to fail, but provide a final defining example of his philosophical differences with President Clinton" (6/5). By a party-line vote, Sen. GOPers fell short of the votes needed to end a Dem filibuster against the Defense of America Act, missile defense legislation sponsored by Dole and opposed by Clinton (W. TIMES, 6/5). "Dole had little if any hope of winning the vote. But he wanted to demonstrate" that Dems "are blocking what he regards as popular initiatives" (Dewar, W. POST, 6/5).

SAROKIN: Federal Appeals Judge H. Lee Sarokin, "who was sharply criticized by Dole," announced he would resign effective 7/31. The judge warned "that efforts by politicians to 'Willie Hortonize the federal judiciary would damage public confidence in the courts." Sarokin, in a letter to Clinton: "In the current political campaign, enforcement of constitutional rights is equated with being soft on crime. ... To hold judges responsible for crime is like blaming doctors for disease. ... I regret that there are those who are willing to sacrifice my life's work and reputation for their own political gain." Dole, on Sarokin's resignation: "Bye-bye. ... The independence of the judiciary is very important. That doesn't mean they're above scrutiny. The president's appointments can be looked at, scrutinized. ... And we're happy he's leaving" (King, AP, 6/5). WH deputy press sec. Mary Ellen Glynn: "It's regrettable that any judge would reach the conclusion that political attacks have made it impossible for him to do his job" (USA TODAY, 6/5). Dole spokesperson Nelson

Warfield: "Since [Sarokin] has pursued such a liberal political agenda on the bench, it is not surprising that he turned his resignation into a political statement as well" (release, 6/5).

USA TODAY's Mauro: "The Dole campaign against liberal federal judges scored a victory." Sarokin was the "third person targeted by Dole to depart under fire." FL Federal Appeals Court nominee/ Clinton fundraiser Charles Stack withdrew and Miami U.S. atty Kendall Coffey quit "after an incident in a topless bar" (6/5).

TAXES: Dole, on whether his forthcoming tax proposal will include cuts: "It's way premature. ... I haven't made any decisions. I don't want to jump on anything like this until I know what it costs." RNC chair Haley Barbour: "Bob Dole is for lower taxes." NJ Gov. Christie Whitman: "He will have to be careful that the American people don't see his program as a wish list that has no potential for enactment. ... His program has to be believable" (Cohen/Orr, NEWHOUSE NEWS, 6/5). CNN's Bierbauer: "Dole's not in a hurry on this" ("IP," 6/4). CHICAGO TRIBUNE editorial: "Forget tax cuts, Mr. Dole. Instead, make sure Republicans deliver on their promise to balance the budget and control the growth in entitlement programs. Do that and the gap in polls will start to shrink" (6/5).

NEWPORT NEWS: W. TIMES' Kellman & Cain write according to some conservatives, Dole "could jeopardize his victory in a historically safe" GOP state by wading into VA's GOP primary fight. Dole has endorsed Sen. John Warner over Reagan OMB dir. Jim Miller. Oliver North: "John Warner has hurt the Dole campaign, and he's hurt the Republican prospects for president in Virginia. ... Dole has got to excite what I call the cultural conservatives and civil libertarians. John Warner is never going to excite those Republicans." Dole, who was in VA with both Warner and Gov. George Allen: "John Warner's my good friend" (6/5). Allen: "Bob Dole will do just fine in Virginia." Miller, on Warner appearing with Dole: "I think it's really pathetic when you've got a three-term member of the United States Senate who is desperate to hang on to, to ride behind anybody he can grab a hold of to win renomination" (Whitley, Richmond TIMES-DISPATCH, 6/5).

WAR RECORD: Longtime Dole friend Dean Banker, who also served in WWII, on Dole's military record: "It means he understands the meaning of sacrifice. And if you understand that, you are willing to put it all on the line. And that is a quality that is meaningful in a presidency. If he could express that, he could reach a few more people." Clinton adviser James Carville: "Obviously Senator Dole had very honorable service, but President Bush ... was a genuine war hero, too. ... I am not saying people don't care about it, don't respect it. But when they vote for president, there's a lot other things they will be looking at" (Raasch, GANNETT NEWS, 6/5).

*3 REFORM PARTY: LAMM GETS POSITIVE FEEDBACK

Under header, "Run, Dick Lamm, Run!," ROCKY MOUNTAIN NEWS editorial on ex-CO Dem Gov. Dick Lamm: "Lamm is embarking on a high-risk strategy. [Ross] Perot could be setting up [Lamm] to be his -- you should excuse the pun -- sacrificial Lamm. Perot

could be luring Lamm in to the ring where ... Perot will give Lamm a sound whipping. Then Perot will crow about his newfound credibility, presenting himself as a battle hardened veteran ready for the final assault against the Democratic and Republican fortresses. And Lamm would be left looking really silly. ... A Lamm candidacy would make this year's race for the presidency more edifying -- and a whole lot more fun to watch" (6/5). W. POST's Broder on Lamm's weekend address to the CA Reform Party: "Lamm did something that seems implausible: He drew lots of laughs and applause while painting an almost nightmarish picture of the American future unless immediate steps are taken to stop deficit spending ... and rework the educational, political and welfare systems while restoring traditional values. The message clicked with this crowd because they have an apocalyptic sense of history. ... In some ways, the meeting here made clear, [Perot's] own followers now see him as a barrier to establishing the Reform Party as a viable, long-term alternative force" (6/5).

CONVENTION PLANS: In an interview with the N.Y. TIMES, Perot said the Reform Party's convention "will in all likelihood be sandwiched between" the Dem and GOP conventions in 8/96. Party officials say the convention "is likely to be held in a West Coast city." Perot "declined to say when he would decide whether he would seek the nomination" of the Party.

BALLOT UPDATE: The Reform Party and the Libertarian Party "say they now have enough petition signatures" to be on the FL ballot in Nov., "although there may be legal fights along the way." Reform Party spokesperson Patricia Muth "declined to say how many signatures it has gathered but said the tot was more than enough." Libertarian Party state chair Nick Dunbar "said the party has gathered more than 99,000 signatures, to make sure they include enough valid signatures of registered voters." But the minor parties face some of the nation's toughest ballot-access laws in FL. Even if the Reform and Libertarian parties have enough signatures, "there still might be a legal fight over exactly whose names are on the ballot." FL requires both parties to print the names of their candidates for ps.re and VP on their petition forms, and both parties used "placeholder" names that they hoped to switch out later. FL law "says nothing about switching names on the ballot. It is not specifically outlawed, but it isn't authorized, either." The petitions listed Perot as pres. and FL supporter Carl Owenby Jr. as the VP cand. The Libertarians have qualified in 30 states, and Perot, either as a Reform cand. or an indie, has qualified in 12 (Troxler, ST. PETERSBURG TIMES, 6/3). Reform Party volunteers in KS and WI completed ballot access petition drives. The Party is on the ballot in CA, ME, MT, NM, ND, OH, SC, SD, TN and UT, as joins ind. parties in VA and MN (release, 6/4). Nat'l Patriot Party's Jacqueline Salit writes in USA TODAY that the significance of the Reform Party "is not whether it will spoil things for Dole or Clinton, but whether it will spoil things for the two-party racket. ... The decision made by Perot to conduct the 1996 petitioning drive with independent party petitions rather than candidate petitions (as he did in 1992) is but one indicator that Reform's goal ... is not necessarily to win the [WH] but to

create a permanent independent party" (6/4).

***4 NADER: STAYING BELOW THE SPENDING LIMIT**

L.A. TIMES' Bornemeier reports Ralph Nader, "who has made a career of openness in government and now has undertaken an admittedly quixotic presidential candidacy, is not filing personal financial disclosure forms required of those seeking" the WH. He will not reveal his contributors or how much they give, and will not release his income tax forms. "How is it that this tireless advocate of accountability can keep such information from the electorate?" Nader "admits he is more catalyst than candidate." A prime Nader goal "is to hold up a mirror to the campaigns of those other guys and show what a tawdry, money-drunk spectacle conventional runs ... really are." Nader's candidacy "has been orchestrated to stay below the \$5,000 federal campaign spending limit that triggers detailed filings" with the FEC. By staying below the limit, Nader does not "meet the federal definition" of a cand. -- and thus is not obligated to make his campaign and personal finances public (6/4).

BALLOT UPDATE: FL Nader supporters "conceded" they "would probably fall short of the 65,596 petition signatures they need to gather" by 7/15 to get on the FL ballot. FL Draft Nader for Pres. Cmte coordinator Johnny Ardis: "Unless something dramatic happens, it's unlikely that we'll make it" (Troxler, ST. PETERSBURG TIMES, 6/3).

***5 ALABAMA: POLL SUGGESTS HE "SHOULD SPEND SOME TIME" THERE**
(9 EV's; '92 vote -- Bush 48%, Clinton 41% and Perot 11%).

A BIRMINGHAM NEWS/HUNSTVILLE TIMES poll, conducted 5/24-6/1 by Southern Opinion Research, surveyed 1,006 registered Alabama voters; margin of error +/- 3% (6/3).

Dole	50%
Clinton	44

The poll suggests Bob Dole "should spend some time in Alabama." The latest survey "contrasts" with a 4/96 NEWS/TIMES "poll which showed a tie" between Pres. Clinton and Dole. "But survey directors said the latest results still suggest [Dole] cannot bank on a solid South." Poll co-director Patrick Cotter: "Clearly, he cannot count on Alabama. The figures suggest that what should be Dole's base is not all that secure" (Gordon, BIRMINGHAM NEWS, 6/3).

***6 RESULTS: DOLE WINS FOUR MORE**

AL, MT, NM and NJ held pres. primaries 6/4. The NJ and NM primaries were both beauty contests and thus awarded no delegates. AL had 91% reporting, MT 97%, NM 99% and NJ 99% (ABC, 6/5).

ALABAMA	VOTES	%	DELS	MONTANA	VOTES	%
Dole	150,227	76%	37	Dole	69,417	61%
Buchanan	31,238	16	3	Buchanan	27,770	24
Uncmtd	10,443	5	0	Forbes	8,160	7

Keyes 6,810 3 0 No Pref. 8,125 7

NEW MEXICO VOTES	%	DELS	NEW JERSEY VOTES	%
Dole 50,613	75%	18	Dole 172,744	82%
Buchanan 5,481	8	0	Buchanan 23,142	11
Forbes 3,797	6	0	Keyes 14,112	7
Alexander 2,605	4	0		
Keyes 2,144	3	0		
Uncmted 1,269	2	0		
Dornan 832	1	0		
Taylor 381	1	0		

===== NATIONAL BRIEFING =====

***7 WHITEWATER: PRINTS, DEALS, AND VIDEOTAPE**

"Fallout from the Whitewater affair" hit the WH "from multiple fronts" as AR Gov. Jim Guy Tucker "sought to strike a deal" with ind. counsel Kenneth Starr and the Senate Special Whitewater cmte released an FBI analysis "that found Hillary Rodham Clinton's fingerprints on her long-missing legal billing records." Also, U.S. District Judge Susan Webber Wright ordered Pres. Clinton to provide videotaped testimony 7/7 at the WH "for the Whitewater-related trial" of two AR bankers, Herby Branscum and Robert Hill, "who are accused of illegally converting bank funds to campaign contributions" to Clinton's 90 gov. re-election campaign and other AR campaigns. "The three developments ensure the Whitewater saga will continue to dog Clinton in the summer countdown to the 1996 election" (Hohler, BOSTON GLOBE, 6/5).

DEAL: Tucker asked Starr "to drop felony charges pending against him in a \$300,000 fraud case in exchange" for Tucker's agreement "not to appeal convictions handed down last week." Tucker, who will resign 7/15, "did not offer to testify" against Pres. Clinton or HRC as part of the deal (Seper, W. TIMES, 6/5). The move by Tucker "was seen as potentially damaging" to the WH "if Starr is able to draw evidence about Clinton from Tucker in exchange for a deal." Starr "is expected to be particularly curious about a note that Clinton apparently wrote during" the '92 pres. campaign to Susan Thomases, "urging her to call Tucker in response to news inquiries about Whitewater." A WH official "said a possible explanation for the note was that Tucker's law firm represented James McDougal at the time" (BOSTON GLOBE, 6/5). Tucker's attys said Tucker's liver disease played a role in his offering the deal (AP/BOSTON GLOBE, 6/5).

PRINTS: Senate GOPers and WH officials "immediately clashed" over the Starr-ordered FBI analysis of the fingerprints on HRC's billing records, which also found the fingerprints of Vincent Foster. Cmte chair Al D'Amato "said the FBI report raised 'important questions that the committee will examine in the coming days.'" WH officials "portrayed the findings as vindication." WH spokesperson Mark Fabiani: "Yet another Whitewater allegation has evaporated. For the last year, the Senate Whitewater hearings ... have showcased the conspiracy theory that White House staffers removed the billing records from Vincent Foster's office on the night he died. This fingerprint

evidence completely undermines the Republican theory." But the "analysis left unanswered the key question of how the documents suddenly appeared" in the WH residence (BOSTON GLOBE, 6/5). NBC's Lauer: "There are some telltale fingerprints on some crucial records, ... but the tale they tell is open to interpretation" ("Today," 6/5). "The latest development was the first bit of good news on Whitewater that the beleaguered" WH "has had in a week" (Galvin, N.Y. POST, 6/5). Cmte minority counsel Richard Ben-Veniste: "These are not the equivalent of the missing murder weapon in the O.J. Simpson case. They are boring billing records" (AR DEM-GAZETTE, 6/5). NBC's Miklaszewski noted the FBI report "contained no surprises, but Republicans insist it's still too early to close the book on Whitewater" ("Today," 6/5). Cmte majority counsel Michael Chertoff: "For the first time, we have some sort of chain of custody" ("GMA," ABC, 6/5). In addition to HRC and Foster, the records had fingerprints of Mildred Alston, special assistant to the pres. for personal correspondence and HRC aide at the Rose Law firm; WH aide and ex-Rose secretary Carolyn Huber; Rose law clerk Sandra Hatch; and Mark Rolfe, paralegal at the Williams & Connolly law firm representing the Clintons (Zehren, L.I. NEWSDAY, 6/5). The FBI report "did not say how long ago the fingerprints were left on the documents or in what sequence" (Lewis, N.Y. TIMES, 6/5).

VIDEOTAPE: Pres. Clinton "is expected to rebut the suggestion that he appointed Branscum to the powerful state Highway Commission in 1991 in return for campaign contributions." Hill "is not seeking Clinton's testimony." The indictment against Branscum and Hill "does not allege any criminal wrongdoing by Clinton" or HRC. The trial begins 6/17 (Manson, AR DEMOCRAT-GAZETTE, 6/5). Wright "decided Clinton will be questioned under nearly the same conditions he testified" in the trial of Tucker and the McDougals, "except that she will preside over the proceeding in person" (Haddigan, W. POST, 6/5).

OTHER NOTES: The cmte is expected to vote today on whether to grant immunity to David Hale in exchange for his testimony (W. TIMES, 6/5). Under header, "Arkansas Reform in Hands of Huckabee, Starr," W.S. JOURNAL's Morrison writes, "In a stunning reversal for the political machine that has dominated Arkansas for decades, events in recent weeks have shoved the one-party state to the brink of historic reform" (6/5). Clinton adviser James Carville predicted Starr "will 'pull some stunt' this autumn to politically embarrass" the WH: "As sure as I'm standing here, I think he (Starr) is going to pull some stunt in September or October." Carville "defined 'stunt' this way: 'They'll leak something, float some kind of memo out there, you know what I mean?' Was he saying Starr will 'politicize' the Whitewater investigation? 'I have no doubt in my mind -- none'" (Hachette, GANNETT, 6/5). House Speaker Newt Gingrich "told key GOP staffers that scandals will drive" Clinton out of the WH -- "and said a new one is rising involving the death" of Ron Brown. Gingrich "predicted in a closed-door meeting with the staffers that the allegations swarming around the First Family will eventually consume" the WH. Gingrich "accused" the WH "of delaying word of Brown's fatal plane crash in Bosnia so that

incriminating papers could be removed from his office." Gingrich spokesperson Tony Blankley "said the speaker was referring to an article in the American Spectator" (Galvin, N.Y. POST, 6/5). WH CoS Leon Panetta, on Gingrich's allegations: "It doesn't surprise me that he would make those kinds of allegations, that's the kind of thing he does. ... This is tragic, and I think that the Speaker, who did not attend Secretary Brown's funeral, frankly is out of line" ("CBS This Morning," 6/5).

*8 MEDICARE: REPORT EXPECTED TO WARN OF EARLIER BANKRUPTCY

Trustees for the Medicare system "are expected to report today that the program's hospital trust fund will go bankrupt in the year 2001, a year earlier than was predicted in last year's report" (McGinley/Rogers, W.S. JOURNAL, 6/5). CNN's Dougherty: "That red-hot political issue is back on the front burner. ... Medicare could soon be on life-support" ("Early Prime," 6/4). CBS' Rather, in the lead story, reported, "While the politicians are arguing over how to save Medicare, the patient is slipping away." CBS' Schieffer: "Congress has known for years that the Medicare program was going broke. Still, this news was greeted by the same action that Congress usually takes when it comes to Medicare -- there was another round of buck-passing. ... They've been arguing about all this for two years now and are nowhere close to a deal" (6/4).

HILL REAX: NBC's Myers: "The worsening Medicare crisis set off a new round of partisan finger pointing." Rep. Bill Thomas (R-CA): "For the president to miss this opportunity to step forward and lead, is simply a repetition of the last year of playing politics with Medicare" (6/4). House Min. Leader Dick Gephardt: "The Republicans hadn't even heard of the trustees' report until they needed a way to justify their Medicare cuts to pay for tax cuts for the wealthy. So we can expect even more mock concern when the new trustees report comes out" ("Early Prime," CNN, 6/4). Gephardt added, "We've wasted two years because Gingrich and the Republicans have been unwilling to do anything if it wasn't their way. That's really what's going on" (CBS, 6/4).

DON'T HOLD YOUR BREATH: CBS' Schieffer: "Neither side really wants to risk doing anything that might be seen as a reduction in Medicare services in an election year. So don't expect any real action on this one until next year at the earliest" (6/4). NBC's Myers: "Privately Republicans and Democrats admit that truly saving Medicare is going to require much bigger changes than either party has dared talked about" (6/4). CNN's Dougherty: "Most observers doubt that anything will be accomplished before this year's election unless ... there is a nonpartisan reform process that gives cover to politicians" ("Early Prime," 6/4).

MEANWHILE: Senate Dems "stepped up the pressure" on Bob Dole "to use his remaining time in the Senate to break the impasse on the health-insurance bill" (W.S. JOURNAL, 6/5).

===== SENATE WATCH =====

***9 RESULTS: BOTH PARTIES ADVANCE TO 6/25 RUNOFFS IN ALABAMA**

AL: Sen. Howell Heflin (D) is retiring, opening up the first non-incumbent AL Senate race since '78. For the Dems, state Sen. Roger Bedford held a big lead over Rep. Glen Browder (D-03), but not enough to avoid a 6/25 runoff. Trailing were pollster Natalie Davis and ex-state Rep. Marilyn Quarles Bromberg. On the GOP side, AG Jeff Sessions (R) led the field with 38%, and will go into the runoff with businessman Sid McDonald, who received 21%. Other GOPers: podiatrist Walter Clark, state Sen. Albert Lipscomb, atty Frank McRight, businessman Charles Woods, and Birmingham City Councilmember Jimmy Blake. Results with 98% of Dem and 91% of GOP precincts reporting (AP, 6/5):

DEM PRIMARY			GOP PRIMARY		
Bedford	135,051	44%	Sessions	78,161	38%
Browder	88,171	29	McDonald	43,943	21
Davis	69,402	23	Woods	23,298	11
Bromberg	11,043	4	McRight	21,468	10
			Clark	17,666	9
			Blake	14,594	7
			Lipscomb	7,586	4

IA: Rep. Jim Ross Lightfoot (R-03), who didn't get into the race until February, easily won the GOP nomination to take on Sen. Tom Harkin (D), getting 61% against state Sen. Maggie Tinsman (R) and state Rep. Steve Grubbs (R). Results with 100% reporting (AP, 6/5):

GOP PRIMARY		
Lightfoot	101,283	61%
Tinsman	40,907	25
Grubbs	22,537	14

Lightfoot's victory "sets up a contrast of styles and substance." Harkin, "who has been called one of the nation's most liberal senators, has earned a reputation as a scrappy populist." Harkin: "I hope we can have a positive campaign. The ball is in their court. If they want to start attacking my reputation, then they better look out because I know how to fight. They better duck." DES MOINES REGISTER's Yepsen wonders if Harkin's "liberal" talk during his '92 pres. campaign will "come back to haunt him." Some observers "think Harkin's vote against the Freedom To Farm Act, which is popular with farmers, will work against him. His support for abortion rights and vote against the ban on partial birth abortions alienates him from Catholics." But the GOP has "thrown the 'too liberal' image against Harkin for years, but it has never seemed to hurt him with independents. Harkin runs well with farmers. While he loses some Catholic and evangelical voters on the abortion issue, he picks up moderate women. ... Also, Harkin has worked in recent

years to soften his liberal image. ... And Harkin gives as well as he gets. If Republicans want to call him liberal, he calls them extremist. Efforts to 'go negative' on Harkin have historically met with a counter-barrage" (6/5). Lightfoot: "This is going to be a classic clash of two very different ideologies. Tom Harkin is liberal. ... He has a record of hard, far left votes for big government and more and more federal control" (release, 6/4).

MT: LG Dennis Rehberg (R), who got into the race only after efforts to draft Gov. Marc Racicot (R) failed, had no problem in his GOP primary win over businessman Ed Borchardt and ex-state Sen. Jack McDonald. Rehberg will face three-term Sen. Max Baucus (D) and Becky Shaw, who won the Reform Party nomination, in November. Results with 97% reporting (AP, 6/5):

GOP PRIMARY

Rehberg	79,845	74%
Borchardt	14,367	13
McDonald	14,097	13

Rehberg "described the general election as a battle between Baucus as a symbol of the status quo and himself as an agent of change." But Baucus "charged that Rehberg cares more about passing on tax breaks to the richest people in America, while he favors raising the minimum wage to help the poorest Montanans" (Johnson, Helena INDEPENDENT RECORD, 6/5).

NJ: Two House members are vying for the seat being vacated by Sen. Bill Bradley (D). Rep. Robert Torricelli (D-09), unopposed in the Dem primary, will face Rep. Dick Zimmer (R-12), the choice of the GOP establishment and Gov. Christie Whitman, who won the GOP contest over Passaic Co. Commis. Dick DuHaime and state Sen. Richard LaRossa. Results with 99% reporting (Newark STAR-LEDGER, 6/5):

GOP PRIMARY

Zimmer	143,991	68%
DuHaime	41,622	20
LaRossa	25,490	12

Torricelli immediately challenged Zimmer to a series of three debates on the environment, Medicare and education, extending the invitation to NJ Conservative Party cand. Richard Pezzullo (I) and "was quick, as well, to charge Zimmer with embracing 'the agenda of the Gingrich Congress, which endangers everything dear to this country.'" Torricelli's "tone was tough, but he said he did not want the coming campaign to degenerate into mudslinging and petty attacks." A Zimmer spokesperson "welcomed future debates but challenged Torricelli's idea to limit the topics, questioning whether Torricelli was running away from taxes, spending, crime and welfare." Zimmer said Torricelli's "liberal way is the old way. Our way is the way of the future." He "plans to make Torricelli's character and

aggressive nature an issue in the campaign. Torricelli, a one-time companion to Bianca Jagger, the divorced wife of rock star Mick Jagger, has bored into Zimmer's record on gun control, the environment and Medicare" (Wald, STAR-LEDGER, 6/5). For more on the race, see #99.

NM: Sen. Pete Domenici (R), seeking his fifth term, is a big favorite over Bernalillo Co. Dem chair/ex-Santa Fe Mayor Art Trujillo (D), who won the Dem nomination over atty Eric Treisman. Results with 99% reporting (AP, 6/5):

DEM PRIMARY

Trujillo	81,361	70%
Treisman	34,662	30

SD: Both Sen. Larry Pressler (R), up for a fourth term, and Rep. Tim Johnson (D-At Large) were unopposed in their party primaries.

*10 COLORADO: SMALL SAMPLE POLL HAS NORTON, STRICKLAND UP

A Talmey-Drake Poll, conducted 5/14-22, surveyed 503 registered voters; margin of error +/- 4.4%. Subsamples: 169 self-ID Dems and 196 GOPers; MOE +/- 8%. Tested: AG Gale Norton (R), Rep. Wayne Allard (R-04), atty Tom Strickland (D), ex-Univ/CO Law School dean Gene Nichol (D), Denver Councilmember Ramona Martinez (D) (DENVER POST, 5/31). Primary: 8/13.

DEM PRIMARY

Strickland	25%
Martinez	11
Nichol	8
Undec.	56

GOP PRIMARY

Norton	33%
Allard	22
Undec.	35

*11 KANSAS: BROWNBACK HAS THE MESSAGE IN "MAD DASH" CAMPAIGN

While frosh Rep. Sam Brownback (R-02) "heaped praise" on retiring Sen. Bob Dole, he "didn't mind saying that differences exist" between himself and the man he hopes to replace. Brownback said he has been "more willing to cut back on government spending" than Dole and added "he would take a stronger stand than Dole did on ethics bills." But it is taxes and spending that may emerge as "central" issues in the battle between Brownback and LG Sheila Frahm (R), who was appointed by Gov. Bill Graves (R) to fill Dole's seat as soon as the majority leader resigns, which is expected on 6/11 (Dvorak, K.C. STAR, 6/4). K.C. STAR's Kraske writes the state "has never seen anything like" the "mad dash" campaign that has been waged since Dole's 5/15 announcement. "With so little time, contenders will focus on raising money to finance scads of TV and radio ads." Brownback "appears to be off to an early lead in the message department," selling his "three R's: Reduce the size of the federal government, reform Congress and return to basic values." Frahm "has yet to formally kick off her campaign. She faces the added burden of learning her new Senate job at the same time she is jump starting her campaign." Probable Dems: ex-Gov. Joan

Finney and stockbroker Jill Docking. Primary: 8/6.

***12 MICHIGAN: LEVIN SLIPS UNDER 50% AGAINST ROMNEY**

A WZZM-TV poll, conducted 5/30-6/1 by Mason Dixon PMR, surveyed 808 registered voters; margin of error +/- 3.5%. GOP subsample: 263 likely primary voters (6/4). Tested: Sen. Carl Levin (D), '94 Senate primary cand./radio talk show host Ronna Romney (R) and businessman Jim Nicholson (R). Primary: 8/6.

GOP PRIMARY NOW 2/96 FAV/UNFAV ID

Romney	41%	30%	32%/ 10%	82%
Nicholson	21	19	13 / 1	48
Undecided	38	51	--	--

GENERAL ELECTION MATCHUPS

NOW 2/96		NOW 2/96	
Levin	49% 57%	Levin	52% 60%
Romney	34 24	Nicholson	24 19

***13 NEW JERSEY: MORE ON TORRICELLI'S FUNDRAISING**

U.S. NEWS' Pound & Duffy, under the subhead "Quid pro quo?," report that a review of campaign reports of Senate nominee/Rep. Robert Torricelli (D) "has turned up instances that raise questions about links between fundraising activities and legislative activity." In one instance, a L.A. businessman named Robert Wang felt that "Japanese financial markets discriminated against foreign investors" and in '91, conveyed his concerns to members of Congress. Torricelli "led a bipartisan congressional effort to push for a Treasury Department study of the issue." Wang and his wife gave \$40,000 to Torricelli's state PAC and an additional \$8,000 to his cong. campaigns; Wang's lobbyist donated another \$5,000. Wang, "who contributed much smaller amounts to other lawmakers, says he did not personally benefit from the study. Both he and Torricelli say the gifts were not linked to the congressman's support." Also, Torricelli "changed his vote last year on legislation intended to protect business interests from frivolous securities-fraud lawsuits." In 3/95, Torricelli voted for the bill. "But last winter, before a final vote, a NJ firm, Princeton Venture Research, Inc. -- whose business included assisting plaintiff's lawyers in class-action shareholders' suits -- contacted Torricelli." Princeton Venture opposed the bill and earlier had made a donation of \$20,000 to Torricelli's state PAC. After meeting with Princeton Venture officials and others, Torricelli "announced that he would vote against the bill, saying that Republicans had changed the proposal and that he could no longer support it." In an interview, Princeton Venture VP Richard Roberts "took credit for Torricelli's turnabout," but said he was not aware of the PAC contribution. Further, of the \$3.8M Torricelli has amassed thus far in his Senate bid, more than \$100,000 of this amount has come from anti-Castro Cuban-Americans. Torricelli began speaking out nationally against Castro in the early 1990s, and Cuban-Americans have responded by contributing heavily to his campaign. He has been a leader in Congress in voting for legislation that has intensified the

economic squeeze on the island nation" (6/10 issue).

QUESTIONS: Center for Public Integrity's Chuck Lewis: "Politicians never think there's a close connection -- and of course if they admit a connection, it's a felony. ... Why would a NJ congressman have such close and lucrative ties to a L.A. businessman? And what are the odds of them having an interest in the same arcane issue?" (BERGEN RECORD, 6/4).

*14 SOUTH CAROLINA: PRIMARY COULD BE TOO CLOSE FOR COMFORT

Before businessman Elliott Close (D) battles Sen. Strom Thurmond (R) in November, he must survive a challenge from "little-known" photographer Cecil Williams (D), who "could prove to be a daunting obstacle" to Close in the 6/11 primary. College of Charleston's Bill Moore: "If a significant number of voters are black, Williams could create some problems for Close and possibly end his campaign." Close aides "are clearly worried." In '84, Williams -- the first African-American to run for the Senate in SC since Reconstruction -- spent less than \$10,000 but still came within 1,100 votes of snagging the Dem nod from Melvin Purvis. With Dem turnout for next week "expected to be low" and many Dems running unopposed, SC "voters could be attracted to some hotly contested" GOP races. As a result, blacks "are likely to make up between" 40-50% of the Dem turnout. SC State Univ.'s Rickey Hill: "Cecil could piggyback on the black vote and embarrass Close. ... It's going to be a tight race. In primaries, black folks tend to vote for black folks." Close has purchased \$20,000 worth of radio time on "stations that serve predominantly black audiences." Close: "We're taking Cecil very seriously. With projected turnout expected to be small, we've got to do everything we can to get our supporters out and seek their vote." Close, a textile business heir, dominates Williams in campaign funding, having "budgeted" \$3M for the race; Williams "plans to spend less than \$20,000." Should Close beat Williams, he will face a major "struggle to unseat" Thurmond. Ex-Sumter Chamber of Commerce chair Jay Seth called Close "very attractive. ... [But] you never bet against Notre Dame. Close is running against a legend. Strom Thurmond is the Notre Dame football of South Carolina" (Bandy, Columbia STATE, 6/4). Other GOPers: state Rep. Harold Worley and technical college instructor Charles Thompson.

===== ON THE HOUSE =====

*15 RESULTS: YELLOWTAIL, HILL WIN IN MT; SURPRISES IN SD

AL 03: Rep. Glen Browder (D) gave up the seat to run for the Senate. State Sen. Ted Little (D) fell just short of winning the Dem nomination outright, getting 46% of the vote with 90% counted. He will go into the 6/25 runoff with state Sen. Gerald Dial, who got 27%. State Rep. Gerald Willis and Lea Fite Jr. trailed. On the GOP side, with 76% counted, auto dealer Bob Riley advanced to the runoff with businessman B.B. Comer; trailing were '94 Browder opponent Ben Hand, '92 Browder opponent Don Sledge, Rick Hagans, Jack Sexton and Joe "Nobody" Magee.

DEM PRIMARY			GOP PRIMARY		
Little	21,995	46%	Riley	6,424	39%
Dial	13,067	27	Comer	3,353	21
Willis	10,399	22	Hand	2,080	13
Fite	2,753	6	Hagans	1,486	9
			Sexton	1,366	8
			Sledge	1,085	7
			Magee	552	3

AL 04: Rep. Tom Bevill (D) is retiring after 30 years. The Dem runoff will involve ex-Wallace aide Billy Joe Camp and ex-state Sen. Bob Wilson; trailing were state Rep. Howard Hawk and Jerry Hester. GOPers: Judge Robert Aderholt won the nomination outright, defeating state Sen. Charles Davidson, ex-state Rep. Kerry Rich, businessmen Mickey Moseley & Barry Guess, and Ronny Branham. Results with 96% (Dem) & 85% (GOP) reporting (AP, 6/5):

DEM PRIMARY			GOP PRIMARY		
Camp	19,956	32%	Aderholt	9,961	52%
Wilson	16,424	26	Rich	4,649	24
Hawk	15,822	25	Moseley	1,416	7
Hester	10,299	16	Guess	1,302	7
			Davidson	1,030	5
			Branham	859	4

AL 05: Banker Wayne Parker, the son-in-law of House Ways & Means chair Bill Archer (R-TX), won a chance at a rematch with Rep. Bud Cramer (D), of whom he came within 1,800 votes in '94. Parker defeated engineer Hugh McInnish and Herb Burton in the GOP primary. Results with 74% reporting (AP, 6/5):

GOP PRIMARY		
Parker	17,616	55%
McInnish	12,476	39
Burton	1,824	6

IA 03: Rep. Jim Ross Lightfoot (R) is the GOP Senate nominee. Republicans nominated ex-IA GOP chair Mike Mahaffey, who defeated Rick Phillips and Dan Reed. On the Dem side, state Senate Pres. Leonard Boswell defeated deputy AG Charlie Krogmeier. Results with 100% reporting (AP, 6/5):

DEM PRIMARY			GOP PRIMARY		
Boswell	15,187	58%	Mahaffey	19,444	59%
Krogmeier	10,975	42	Reed	8,248	25
			Phillips	5,066	15

IA 04: Frosh Rep. Greg Ganske (R) will face ex-TV weather person Connie McBurney (D), who won the Dem nod over ex-state Rep. Jack Hatch (D). Results with 100% reporting (AP, 6/5):

DEM PRIMARY		
McBurney	17,187	58%

MT At-Large: The statewide House seat was open for the first time since '78, when Max Baucus (D) left to run for the Senate; this time, Rep. Pat Williams (D), Baucus' successor, is retiring. Ex-EPA regional dir. Bill Yellowtail (D), despite revelations about his past, easily won the Dem primary over state Sen. Mignon Waterman, Yellowstone Co. Auditor Leo Hudetz and atty Larry Jent. The GOP primary was won by businessman/ex-MT GOP chair Rick Hill, who defeated ex-Conrad Burns aide/ex-Yellowstone Co. Commis. Dwight MacKay and rancher Alan Mikkelsen. Results with 97% reporting (AP, 6/5):

DEM PRIMARY			GOP PRIMARY		
Yellowtail	47,957	56%	Hill	46,711	43%
Waterman	18,551	22	MacKay	38,870	36
Hudetz	10,038	12	Mikkelsen	22,228	21
Jent	8,976	10			

Helena INDEPENDENT RECORD's McLaughlin notes that Yellowtail "overcame his embarrassing past and ran away" with the Dem nomination. In the course of one week, it was reported that he "failed to make \$100-a-month child support payments for five years, had once struck his wife during an argument and was kicked out of Dartmouth College in 1967 after burglarizing a camera store." Yellowtail: "I can only surmise that Montanans see that this campaign is much bigger than just one person. In fact, this campaign is about Montanans' future, and that is built on real issues" (6/5).

NJ 09: Ex-Bergen Co. Surrogate Steven Rothman (D) won the Dem primary being vacated by Senate nominee Robert Torricelli (D), trouncing ex-Fair Lawn Mayor Robert Gordon and Lynne Athay Dow. Rothman will face Bergen Co. Clerk Kathleen Donovan, a pro-choice Republican backed by Gov. Christie Whitman, in November. Results with 99% reporting (AP, 6/5):

DEM PRIMARY		
Rothman	12,130	79%
Gordon	2,870	19
Dow	430	3

NJ 12: Rep. Dick Zimmer (R) is the GOP Senate nominee. In a surprise, Somerset Co. Freeholder Mike Pappas won the GOP primary over state Senate Maj. Leader John Bennett, Assemblyman Leonard Lance and businessman Luis De Agustin. Lambertville Mayor David Del Vecchio won the Dem primary, defeating physicist Rush Holt and atty Carl Mayer. Results with 100% reporting (AP, 6/5):

DEM PRIMARY			GOP PRIMARY		
Del Vecchio	9,084	45%	Pappas	10,998	38%
Mayer	6,341	31	Bennett	9,890	34
Holt	4,715	23	Lance	7,582	26

Newark STAR-LEDGER's Hassell writes that for much of the campaign, the struggle among the four GOPers was "to see who could position himself furthest to the right." In the end, "the candidate who won that skirmish, Pappas, also won the war." Pappas is a "deeply religious pro-life candidate" whose victory "defied almost all predictions about the race." It was "expected" that the GOP primary winner "would have little difficulty" against Del Vecchio. But with Pappas' victory, "that forecast may have been muddled." He won the primary "as a pro-life candidate after Bennett and Lance split the more moderate wing of the party. But in a general election contest, he may have a harder time." Bennett "cautioned that the abortion issue threatened to divide the party and leave it vulnerable to Democratic attack." Del Vecchio was "quick to seize" the issue, painting Pappas a "one whose views on abortion 'are outside the mainstream'" of NJ voters (6/5).

NC 07: Both parties held runoffs in the race to succeed retiring Rep. Charlie Rose (D). For the Dems, atty Mike McIntyre defeated Rose Marie Lowry-Townsend, the pres. of the NC Assn of Educators. On the GOP side, Robert Anderson, who lost to Rose in '92 and '94, was defeated by New Hanover Co. Commis. Bill Caster. Results with 100% reporting (AP, 6/5):

DEM RUNOFF			GOP RUNOFF		
McIntyre	16,272	52%	Caster	5,351	54%
Lowry-Townsend	14,851	48	Anderson	4,615	46

NC 08: Businessman Sherrill Morgan (R), who held Rep. Bill Hefner (D) to 52% in '94, was denied a second shot at Hefner, as he lost to ex-educator Curtis Blackwood (R) in the GOP runoff. Results with 95% reporting (AP, 6/5):

GOP RUNOFF		
Blackwood	3,352	64%
Morgan	1,859	36

SD At-Large: Rep. Tim Johnson (D) is running for the Senate. For the Dems, ex-Daschle aide Rick Weiland defeated ex-state Rep./'94 LG nominee Jim Abbott, ex-state Sen. Linda Stensland and farmer Dennis Jones. On the GOP side, SD Municipal League exec. dir. John Thune had surprisingly little trouble with LG Carole Hillard. Results with 100% reporting (AP, 6/5):

DEM PRIMARY			GOP PRIMARY		
Weiland	17,400	42%	Thune	41,321	59%
Abbott	11,544	28	Hillard	28,138	41
Jones	7,189	17			
Stensland	5,270	13			

Sioux Falls ARGUS LEADER's Kranz writes that a Weiland-Thune matchup offers voters a "clear choice" in November. Both Hillard

and Abbott had been favored, but Weiland ran TV ads calling himself a "Daschle Democrat," a strategy that "left voters with the impression that Weiland was the senator's choice." He also "attacked Abbott as a rich guy who not only took money from Republicans, but also gave money to Republicans," and by doing so he "infuriated a good number of the inner-circle Abbott Democrats who might not support him in the fall." Hillard's problem was that "she was not well-financed." She was also hurt by the news that her campaign information was accessible on the state computer. And when Gov. Bill Janklow (R) announced he would stay neutral in the race, it was contrasted by the active support Thune got from Janklow rival/ex-Sen. Jim Abdnor (R). Thune "ran the best campaign of the season" and "won the role of 'favorite' in November" (6/5). RAPID CITY JOURNAL's Mercer notes that Weiland's tactics "angered some Democratic Party activists, with whom Weiland now needs to quickly mend his relationship" (6/5).

***16 KS 02: RYUN IS OFF AND RUNNING FOR OPEN BROWNBACK SEAT**

Olympic champion runner Jim Ryun (R), the first person to run a four-minute mile (in '67), filed for the seat being vacated by frosh Rep. Sam Brownback (R), who is running for the Senate. Ryun "talked about reducing taxes, paying off the federal debt and cutting the size of the federal government. ... [He] said he is worried about the 'tide of abortion and assisted suicide,' that he said must be turned back 'before it is too late.'" KS GOP exec. dir. Karen Casto: "Jim Ryun's a hometown hero. We're very excited about him being our next congressman." KS exec. dir. Brett Cott had a different take: "Ryun's like the rest of the Newt Gingrich ... crowd that wants to legislate our lives." However, "exactly what Ryun stands for, though, is a little hard to tell right now." Rep. Todd Tiahrt (R-04), who "helped recruit" Ryun, said, "I told him he ought to think about it and pray about it. The next thing I heard, he was considering it." On the Dem side, atty John Frieden declared his intention to run 6/3, claiming, "Newt Gingrich's style of social conservative politics made him decide to run" (Cross, WICHITA EAGLE, 6/4). Filing deadline: 6/10. Primary: 8/6.

===== 50-STATE REPORT =====

***17 MONTANA: RACICOT WINS 3-1**

Gov. Marc Racicot (R) easily beat back a conservative challenge by Univ/MT's Rob Natelson and will face ex-state Sen. Chet Blaylock (D) in November. Blaylock defeated perennial cand. Bob Kelleher for the Dem nomination. Results with 97% reporting (AP, 6/5):

DEM PRIMARY			GOP PRIMARY		
Blaylock	53,346	75%	Racicot	90,039	76%
Kelleher	17,938	25	Natelson	28,184	24

===== POLL UPDATE =====

***18 CBS/N.Y. TIMES: CLINTON LEAD SHOWS "STRIKING RESILIENCE"**

1,200 adults surveyed 5/31-6/3; margin of error +/- 3%.

Subsample: 977 registered voters; +/- 3% (release, 6/5).

	CLINTON					DOLE				
JOB	ALL	GOP	DEM	IND	3/96	ALL	GOP	DEM	IND	3/96
Approve	51%	20%	75%	48%	48%	42%	63%	32%	36%	52%
Disappr.	37	70	16	34	40	36	18	48	37	31

	GINGRICH					CONGRESS				
JOB	ALL	GOP	DEM	IND	3/96	ALL	GOP	DEM	IND	3/96
Approve	33%	57%	21%	27%	32%	19%	30%	15%	16%	23%
Disappr.	48	24	64	48	49	71	60	77	71	66

	2-WAY					3-WAY				
	RVs	GOP	DEM	IND	5/96	RVs	GOP	DEM	IND	5/96
Clinton	57%	19%	85%	56%	56%	48%	15%	74%	45%	44%
Dole	35	78	13	35	41	32	68	10	27	33
Perot	--	--	--	--	--	16	15	13	22	18

GENERIC HOUSE RVs GOP DEM IND RVs 3/96										
Democrat	45%	6%	78%	36%	44%					
Republican	38	85	7	35	39					

DOLE VS. CLINTON			DOLE CLINTON		
SHARES MORAL VALUES MOST AMERICANS LIVE BY					
Yes	62%	58%			
No	25	36			
UNDERSTANDS NEEDS/PROBLEMS OF AVG. AMERICANS					
Yes	43%	59%			
No	48	37			

HAS MORE HONESTY/INTEGRITY THAN MOST FOLKS IN PUBLIC LIFE									
Yes					40%	31%			
No					45	59			

HAS CHANGED POSITIONS ON ISSUES DURING CAMPAIGN									
Has changed many positions					7%	20%			
Has changed a few					43	52			
Has remained consistent on positions					35	21			

IN HIS CAMPAIGN, HE SPENDS MORE TIME ...									
Explaining what he would do if elected					32%	54%			
Attacking the other candidate					48	27			

WHO WOULD DO THE BETTER JOB ...									
Appoint judges					37%	37%			
Fighting illegal drugs					37	36			
On social problems like unemployment & poverty	32	53							
Setting a moral & religious tone for country	45	33							
More likely to protect family values	42	38							

PERSONAL RATINGS FAV/UNFAV	
Bill Clinton	48%/ 33%
Bob Dole	47 / 48
Hillary Clinton	36 / 35

DOLE'S IDEAS ...	ALL	GOP	DEM	IND
------------------	-----	-----	-----	-----

Are behind the times	43%	23%	57%	44%
Are in step with the times	43	66	31	38

DOLE WOULD BE 73 WHEN ASSUMING OFFICE ...

His age would help him have the experience and wisdom to do a good job	42%
--	-----

His age would make it too difficult for him to do the work presidency requires	40
--	----

MOST IMPORTANT PROBLEM FACING COUNTRY

Crime	15%	Economy	6
Deficit	8	Drugs	5
Jobs/Unemplmnt	8	All others	<5

HOW CONCERNED THAT SOMEONE IN YOUR HOUSEHOLD WILL LOSE JOB IN NEXT YEAR?

Very/Somewhat concerned	48%	37%	51%	55%
Not too/Not at all concerned	51	63	48	45

IN WHITEWATER, THE CLINTONS ...

Did something wrong	30%	50%	18%	29%	23%
Did not do something wrong	14	5	23	10	12
Don't know enough to say	45	37	47	49	58

IN ANSWERS TO WHITEWATER QUESTIONS ...

Is telling entire truth	15%	12%
Is mostly telling entire truth	61	60
Is mostly telling truth but hiding something	10	15
Is mostly lying	14	13

IMPORTANCE OF WHITEWATER ISSUE

Great importance	15%	28%	9%	13%	16%
Some importance	35	43	29	36	32
Very little importance	42	26	54	43	41
No importance (vol.)	4	1	6	4	7

===== TV MONITOR =====

*19 THIS MORNING: ABC's "GMA" hosted Senate Whitewater cmte Maj. Counsel Michael Chertoff. NBC's "Today" hosted Tim Russert. "CBS This Morning" hosted WH CoS Leon Panetta.

LAST NIGHT: NBC and CBS led with the Medicare trustees report. ABC led with Pres. Clinton at Princeton. "NewsHour" led with a U.S. plane shot down by Japan. CNN's "WorldView" led with Defense Sec. Richard Perry planting a tree at a missile silo in Ukraine. "NewsHour" focused on missile defense with Sens. Jon Kyl (R-AZ) & Carl Levin (D-MI), and on the MT Freeman with CO Senate cand. Charlie Duke (R). CNN's "Moneyline" hosted House Budget chair John Kasich. CNN's "Crossfire" hosted Sens. Thad Cochran (R-MS) and Byron Dorgan (D-ND). CNBC's "Equal Time" hosted Christian Coalition exec. dir. Ralph Reed. CNBC's "Chris Matthews" hosted The Polling Co.'s Kim Schuld and talk-show host/author Tavis Smiley on the youth vote. CNN's "Larry King Live" hosted Gerald Ford. ABC's "Nightline" examined tornado chasers.

LAUGHS: Jay Leno, on Bob Dole's VP search: "Dole said today he's looking for dependability, reliability and strength. So, basically the same thing he wants in a good laxative" ("Tonight Show," NBC, 6/4). David Letterman: "Things are going so bad now for Bob Dole, the only way he could get into the White House is to be adopted by the Clintons" ("Late Show," CBS, 6/4).

TOP TEN WAYS TO MISPRONOUNCE BIBI NETANYAHU

10. Yahu Netanbibi
9. Bibi Natin Yo Yo Ma
8. Betty needs a Yoo-Hoo
7. "Weird Bibi" Netanyankovic
6. Yahootie and the Bibi-fish
5. To Bibi or Not to Bibi
4. The Unabibi
3. Baby, I'm-a want you
2. Boutros Boutros-Yahu
1. Snoop Bibi Bib ("Late Show," CBS, 6/4).

===== TV SOUNDBITE =====

"I don't know that he's stealing our thunder when he's basically doing what we want him to do.

-- House Budget Cmte chair John Kasich, on Pres. Clinton "stealing" GOP issues, "Moneyline," CNN, 6/4

----- Start RFC822 Headers -----

Received: by CCSMTP.NETSOURCE.COM (5.65+/1.3)

id AA0572; Fri, 07 Jun 96 16:44:21 -0700

Message-Id: <9606051149.AA13979@apn.com>

Date: Wed, 5 Jun 96 11:48 EST

From: hotline@apn.com

To: hotline.notes@ovp.gov

Subject: Hotline 06/05/96

Content-Length: 64185

----- End RFC822 Headers -----

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

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Rosemarie W. Dale (Rosemarie W. Dale (DALE_R)
[UNKNOWN])

CREATION DATE/TIME:30-JUL-1996 14:07:00.00

SUBJECT: LRM NO: 5226

TO: Ronald E. Jones (Ronald E. Jones (JONES_RE) [UNKNOWN])
READ:UNKNOWN

TEXT:
RE: Treasury Proposed Sectional Analysis on Draft Bill: Hope
Scholarship Tax Credits

On page 2 of the analysis, in the proposal section, there appears
to be no mention of the treatment of sales of unprocessed timber
provision that appears in the draft bill.

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

TEXT:
Message Mail Header

Status: SENT
Priority: FIRST CLASS (NORMAL)
Importance: NORMAL
Sensitivity: NORMAL

Delivery Receipt Requested

Creation Date: 30-Jul-1996 10:25:41.25 am
Modification Date: 30-Jul-1996 02:06:40.05 pm
Submit Date: 30-Jul-1996 02:07:00.00 pm
Delivery Date: 30-Jul-1996 02:07:00.00 pm

From: Rosemarie W. Dale (DALE_R)
Subj: LRM NO: 5226

To: Ronald E. Jones (JONES_RE)

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

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: SPRIGGS_J (SPRIGGS_J@MRGATE@CD@LNGTWY [UNKNOWN])

CREATION DATE/TIME:31-OCT-1996 14:26:00.00

SUBJECT: Talking Points

TO: Talking Points (Talking Points@EOP [UNKNOWN])

READ:UNKNOWN

TEXT:

Improving our Children's Educations,

Creating Opportunity for All

October 29, 1996

The strongest educational system in the world. President Clinton believes that education must be our highest priority as a nation, and is to preparing our people for a 21st century economy. Today, he has issued challenges to schools, businesses, teachers and communities to help raise standards so that every child can benefit.

A renewal of educational standards, for students, parents and schools. Education is about our values, and to meet the challenges of a global, highly-skilled, information economy, we must renew our educational system once again. President Clinton has called for:

- * An end to "social promotion", requiring students to pass tough tests to keep moving up in school;
- * Rewarding teachers who meet increased professional standards, and for removing those who don't;
- * Colleges and universities to look at admission requirements and make sure they are demanding excellence;

- * Every state and community to publish a report card for each public school, so parents can have the information they need to make well informed choices and help improve their own school. These report cards should be published in newspapers and on the Internet;
- * States and local communities to step in and fix schools that are persistently failing with respect to academic performance. If they cannot be fixed, the President challenged states to close these schools and reopen them as Charter schools -- schools that are formed by teachers and parents which are free of bureaucracy, and survive only if they produce results. This year, funding for the President's Charter Schools Initiative has almost tripled, from \$18 million to \$51 million.

A long commitment to educational reform. President Clinton is committed to making sure every third-grader can read on their own, every eighth-grader can log onto the Internet, and every 18-year old can go on to college. Other initiatives and proposals include:

- * Make at least two years of college as universal as high school education is today, using targeted tax cuts to do it. The proposal includes a \$1,500 HOPE scholarship and a \$10,000 tax deduction to help middle class families afford the cost of higher education.
- * Expand Head Start, Pell Grants, National Service, and College work study programs.
- * Allow penalty-free withdrawals from IRAs for education expenses.
- * Expand public school choice, especially through charter schools.
- * Make every child technologically literate, with a \$2 billion

Technology Literacy Challenge Fund to help connect more schools to the Internet.

- * An expansion of the Safe and Drug Free Schools program.
- * America's Reading Corps, which will provide tutoring for 3 million children who want and need help in order to read by themselves.

President Clinton has proposed that we require 100,000 of our college students earning work study to take part in this effort.

- * A GI Bill for America's workers, a \$2,600 grant for dislocated workers who need one, to return to school or get the training they need to make the most of their own lives.
- * Improved direct lending, cutting the costs of loans for college students.
- * \$1,000 college honors scholarships for the top 5% of students from

every high school.===== ATTACHMENT 1 =====
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
VMSmail To information: MRGATE::EOPMRX::LNGTWY::EOP::"Talking Points"
===== END ATTACHMENT 1 =====

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Catherine T. Kitchen (Catherine T. Kitchen@EOP@LNGTWY@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 6-JAN-1997 16:08:00.00

SUBJECT: 1997-01-06 Mike McCurry's Daily Press Briefing

TO: R S. Michaud (R S. Michaud@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

Message Creation Date was at 6-JAN-1997 15:08:00

----- Forwarded by Catherine T. Kitchen/WHO/EOP on

01/06/97

03:06 PM -----

SUNTUM_M @ A1

01/06/97 02:59:00 PM

Record Type: Record

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

cc:

Subject: 1997-01-06 Mike McCurry's Daily Press Briefing

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 6, 1997

PRESS BRIEFING

BY MIKE MCCURRY

The Briefing Room

1:24 P.M. EST

MR. MCCURRY: Well, welcome to the White House briefing room in this new year, for our first briefing of the new year.

Anticipating news, of which I have none, we shall go to your questions -- unless you want to know about the President's call to Chancellor Kohl.

Q Sure. Yes.

MR. MCCURRY: Those of you who have followed Chancellor Kohl's travels know that he met very recently with President Yeltsin, so President Clinton took that opportunity to have a half-hour

conversation with Chancellor Kohl today, a very wide ranging conversation that obviously focused on relations between the Russian Federation and the West, but touched on other subjects as well.

Quite a bit of the conversation dealt with the issue of NATO expansion. I think some of you have seen Chancellor Kohl's public comments on that subject. Certainly the President and the Chancellor share the view that the timetable for NATO expansion that has been outlined by NATO's foreign ministers should proceed. They exchanged views on how that will happen in the context of the very important discussions going on between NATO and the Russian Federation related to the NATO-Russia charter. It was most recently discussed at both the Defense Ministers meeting and the Foreign Ministers meeting. And they agreed that they would continue to remain in close contact as we work through that issue in the course of the coming year.

Q Mike, in that context, did they discuss the kind of harder tone coming out of Russia, even from Mr. Yeltsin himself?

MR. MCCURRY: They discussed in general the approach the Federation has taken to this question. There is certainly a great degree of concern, and some would say a certain degree of ambivalence, on that subject and the West is well aware of that. That's the importance of the parallel discussions that NATO has established with the Russian Federation on issues related to expansion and also the importance of the discussions related to a

charter, formal charter between NATO and the Russian Federation that Foreign Minister Primakov endorsed at the NATO Foreign Ministers meeting.

Q -- discussion of Yeltsin's health?

MR. MCCURRY: Not to my knowledge. I didn't see anything reflected on that. I can double-check that, but I didn't see anything indicated on that.

Q Russian officials today are suggesting that he might not be able to do the early-this-year summit.

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MR. MCCURRY: We remain in contact with the Russian Federation. As you know, we have not made any announcements related to timing or venue for that, but we do expect to proceed with the previously announced schedule for a summit meeting between President Clinton and President Yeltsin.

Q In the spring?

MR. MCCURRY: In the springtime. In fact, have we specified March?

MR. JOHNSON: We've suggested that it's likely to take

place in March, but we've been very careful not to say a specific place because that hasn't been agreed.

MR. MCCURRY: We have suggested March, but we have not suggested place or exact date.

Q Can you tell us about this food deal with North Korea? Is this tit for tat in terms of North Korea's apology to South Korea for the submarine incident? Now the U.S. is letting this major food sale go through? Is that part of the same package?

MR. MCCURRY: Not a specific, direct connection there, although there is now a climate on the Peninsula that we hope is conducive to discussions about peaceful resolution of differences that exist between North and South. We were encouraged, obviously, by the agreement to proceed with multi-party dialogue on the future of the Peninsula, but it has long been our policy that the Treasury Department, through the Office of Foreign Assets Control may, from time to time, issue licenses for specific transactions that are deemed in the interest of the people of the United States and, in this case, obviously the people of North Korea, given the grain, which is the item that would be shipped.

Q Mike, this is not part of Food Aid, right?

MR. MCCURRY: No, this is a separate transaction. There have been some international provisions of humanitarian relief, but

this would be a transaction purchase.

Q Is this one of the first big ones? I don't know really the history of that.

MR. MCCURRY: My recollection is that we have had those before. They were foreseen in the agreed framework document issued in 1994, that there would be, from time to time, those types of commercial transactions. But I'd have to check and see whether there's been one of this size. David can maybe help you on that.

Q Mike, this morning when we were asking about the budget, you said there were a few significant items that still remained under discussion. Can you tell us what those significant items are, and also can you give us -- tell us again about the date that you expect the budget to be out, because some people said the 7th and I heard from others that it's the 10th --

MR. MCCURRY: I think there are a couple of different suggestions. The notion was, since the President will be unveiling a formal program to the Congress in the State of the Union Address of which the budget is certainly a piece, not the only piece but an important piece, some discussion about the utility of having him deliver his State of the Union message prior to the formal sending of the budget to Congress. We do expect, at least based on the tentative conversations we've had with the Hill, that we would send the budget after the State of the Union, but so far there haven't

been any final dates locked in. Apparently, there is some discussion of maybe moving it towards the week of the 10th so you could follow the standard format that we usually use for unveiling a budget, which is traditionally done on a Monday.

Correct, Barry? Traditionally done on a Monday.

Q Is the 3rd not a matter of law?

MR. MCCURRY: There is a statutory requirement, but there have been some discussions with the Hill about whether or not, given the calendar that exists this year, whether or not it would be possible to move that date to reflect the --

Q It would be for purposes of --

MR. MCCURRY: For the purpose of the President giving a State of the Union Address prior to the submission of the budget.

Since the budget is a document that amplifies things that the President would intend to talk about at the State of the Union, it made some sense to the White House to see if Congress would entertain the notion of having a formal submission of the budget after the State of the Union Address; although, knowing how hard everyone in this room will work, the notion that it would be major news by the time the budget was formally submitted is probably hard to imagine.

Q Is Bob Novak correct in attributing to the President support -- voice to Bill Archer for a national sales tax on abolishing the IRS?

MR. MCCURRY: He was very correct in saying that they had a good, productive conversation that the President elected to keep private.

Q Mike, what is the President's position on national sales tax?

MR. MCCURRY: He's never formally submitted a proposal for such. He has been concerned, as are many experts, with some of the regressive implications of a consumption-based tax. How you integrate income-based taxation and consumption taxation is a major question that most industrial economies have faced in a variety of different ways.

Our European friends in the G-7, of course, have a different mixture in their income taxation, but I'm not aware that in the deliberations going on now for the submission of the budget that there will be any major tax reform initiative. The President has, though, always indicated that the Treasury Department and the White House remain open to ideas about tax reform. And, of course, the President could conceivably have indicated a receptivity or an openness to dialogue in meeting an important Republican chairman from

the Hill.

Q Does he want to get rid of the IRS?

MR. MCCURRY: Those are ideas -- I think there have been some ideas in the public domain here that have been more associated with Chairman Archer than with President Clinton, but --

Q What does the President think about it?

MR. MCCURRY: The President thinks he had a good conversation with Chairman Archer and looks forward to having a good, productive working relationship with the Chairman.

Q Any reaction to the advisory committee on Social Security, anything to add to Secretary Shalala's remarks?

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MR. MCCURRY: I don't have anything that I would really add to what -- there's a good joint statement that you've seen from the Social Security Commissioner Shirley Chater and Secretary Shalala. They thanked the advisory committee for its very important work. They have identified the fundamental principles that this administration would use in addressing the question of solvency for Social Security. There's no one who would fail to recognize that we face a long-term solvency issue with respect to both Social Security

and Medicare and it needs to be addressed.

We certainly in our deliberations are looking at the most urgent question, which is the solvency of the Medicare Trust Fund; but there are ideas in this report that will continue to be part of the public discussion that occurs. The President believes there will have to be a bipartisan process to address these long-term questions and he's committed to pursuing that as he engages in further consultations with Congress.

Q Were you disappointed that there wasn't -- that they couldn't achieve consensus on these recommendations? It seems to suggest it would make it harder to come up with a consensus if this commission with two years to focus solely on this failed to do so. Are you disappointed?

MR. MCCURRY: I think all of those who have followed the deliberations about the future of Social Security are disappointed that there's no easily found consensus. But it is not likely to be that type of issue in any event. It is an issue fraught with a great deal of political dynamic. It's also one that has enormous complexity just from the point of view of policy. But this administration believes several things: Social Security will have to remain a bedrock element of retirement income security for the American people; we're committed to making sure it remains solvent not only for the current elderly population receiving benefits, but for the workers of today and for the children of today who will

eventually be part of the system well into the next century.

We're committed to maintaining the solvency of Social Security and looking for those bipartisan solutions that will address the issues of solvency that the advisory committee did not resolve.

Q How is he going to push that forward? Is he going to propose another commission to look at this? I mean, how is he going to --

MR. MCCURRY: We have not committed to any specific idea of how you would go about addressing those questions. We've suggested only that there must be a thoroughly bipartisan process, one that involves the President, the Congress, those who represent the beneficiary community, and certainly those who represent the workers of the day who ultimately pay into the system itself.

Q Just to follow up on that, I mean, the President talked about forming a bipartisan commission for another entitlement problem, which is Medicare. Is he going to propose that as part of his budget, is he going to have a stand-alone piece of legislation? How is he going to push that forward?

MR. MCCURRY: As a general proposition for the next several weeks, I'm not going to detail specific decisions the President might be making or may have already made, going into the budget. There will be ample opportunity for the President to present

the budget, to talk about the reasoning behind it, to talk about some of the process elements that will lead to resolution of those kinds of issues, but I'm not going to make that news in advance of the President making it himself.

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Q What does the President think of investing some of the Social Security money in the stock market?

MR. MCCURRY: He believes that there are a number of ideas that have surfaced as part of this debate, and certainly in the report of the advisory council itself, that merit further discussion. He is not wedded to any of the suggestions made by any of the separate groups of members of the council itself, but agrees that many of these ideas will have to be discussed further and will have to be an element of the bipartisan process that would lead to resolution of questions about the future of Social Security itself.

Q How is the administration going to handle the case of this Georgian diplomat who was in the accident in which the young woman was killed?

MR. MCCURRY: First and foremost by working very closely with the government of Georgia. President Shevardnadze has publicly indicated, and we have certainly had it reiterated in conversations with the Embassy of Georgia, that they want to look for a resolution

of the matter that is satisfactory. The State Department has been heavily involved in discussions to that end, and I believe if I'm not mistaken that at this moment over at the State Department they're briefing in greater detail about some of the conversations they've already had.

Q What would the administration consider to be a satisfactory conclusion?

MR. MCCURRY: Well, that justice be done and that proper diplomacy be applied in resolving any concerns of the two governments, the host government and the government of Georgia.

Q Mike, when you say that justice be done, does that mean that the person responsible for the death be brought to trial, and that diplomatic immunity be waived?

MR. MCCURRY: It has been very rare when a minor crime is committed in the United States that diplomatic immunity has stood in the way of bringing those responsible to justice. The President and our government believes that's proper and we have good consultations underway with the government of Georgia to ensure that that central premise is adhered to.

Q If I could try one last time. I mean, I think you're reading correctly between the lines, but can you say explicitly we would like them to waive diplomatic immunity?

MR. MCCURRY: I would not want to endanger some of the good conversations that are already underway on that and at the State Department they're briefing in greater detail.

Q But in theory doesn't that open up U.S. diplomats to charges that they could retaliate and open them up to criminal prosecution?

MR. MCCURRY: Within diplomacy, actions set precedence and that's why governments amicably resolve matters like this to ensure that questions like retaliation don't present themselves.

Q If President Shevardnadze is involved, did President Clinton get personally involved in this?

MR. MCCURRY: He's been just briefed on some of the details of it and been told that the State Department has got an active dialogue underway on the issue.

Q Would the recall of the diplomat involved be something sufficient, in the eyes of the administration?

MR. MCCURRY: I'm not going to speculate on, you know, what the proper course of action is. I'll tell you that there are good conversations underway that will lead to an outcome that the United States government hopes will be a satisfactory outcome.

Q Why did the President order the staff to be silent on the Newt Gingrich problems?

MR. MCCURRY: Because the President believes this is a matter that the House has to address. It's a serious matter and one that the House will need to address seriously, but the White House can't usefully contribute to the deliberations that members of the House must undertake.

Q Mike, is there a concern that given the partisan rhetoric that's going back and forth on the Hill on this issue, that it will be difficult for the President to strike his spirit of bipartisan unity before the inauguration?

MR. MCCURRY: Well, the President, as he suggested today, well knows that there can often be a climate in Washington that is characterized by partisan rancor, as opposed to bipartisan cooperation. That's why his appeal today was for working together to address the problems that the American people face and for members of the Congress and the President, who has been elected by the American people, to get about the business of doing the work that they've been sent by the American people here to do. And he's trying to create a climate in which that work might more easily be done.

Q But doesn't the climate on the Hill make that more difficult to strike?

MR. MCCURRY: There are many things that can contribute to sulphur in the climate.

Q Mike, the President has told his own staff not to comment. Does he have any communication with House Democrats on their handling of --

MR. MCCURRY: Not to my knowledge. Most of the conversations that I'm aware of have been only about what likely issues of timing are going to be, or what the schedule is going to be, just so we know, in terms of our own planning about things that we want to work together with Congress on, how that might be affected by timing.

Q So legislative affairs is not in any way actively involved?

MR. MCCURRY: Not to my knowledge.

Q Mike, in his prayer breakfast he talked about churches hiring welfare families and then going on and having companies who are in churches hire families. Is that something he's laying out as some sort of a proposal, or is that just an idea he's throwing out?

MR. MCCURRY: That's an idea that actually was generated

from his visit to the Salem Baptist Church last year, in a conversation with a number of the members of the clergy there. They all talked about how the church community itself can play a role in helping welfare-dependent mothers make the transition to work environments.

And if you remember, the President has been really using the bully pulpit to encourage the private sector to respond to the historic opportunity that exists now because of passage of the welfare reform legislation to create the jobs necessary to move people from welfare into work. I suspect that by the end of the week you'll see the President doing much the same with major CEOs of private enterprises here in the United States, encouraging them to, within the private sector, respond to the opportunity that welfare reform now presents America by helping to create the solutions to the problems of dependency and the underclass that have existed for too long, so that every one, in a sense, has roles to play in making welfare reform a success: the church community and those who are advocates on behalf of the children of America, the private sector, and, certainly, those elected officials with responsibilities like the President. Everybody has to be a part of the solution.

And you saw, today, the President encouraging this one community to take on those responsibilities. You'll see him doing that with other communities as we seize on this issue as one of the fundamental challenges the President faces in his second term.

Q Did any of the churches give him any commitment?

MR. MCCURRY: Well, a number of them did. I'd stress that the idea, in a sense, generated from them. There are a number of churches already doing exactly that: providing employment opportunities for those who have been welfare-dependent, frequently members within the congregation or the community.

Q The leaders here, did any of the leaders say they would?

MR. MCCURRY: I would have to check. I haven't talked to the President since then, but that idea, as it has been expressed by the President in the past, has received favorable response from those that he has met with, both within the private sector and in the clerical and lay religious communities.

Q Mike, is the administration doing anything, setting up any kind of mechanism that would measure whether or not the private sector and the churches are stepping up to the plate and at the scale that's necessary in order to know whether -- the President keeps saying, it'll only work if you step in. Is there any kind of measurement going on?

MR. MCCURRY: Well, there are specific measures taken of employment opportunities and, of course, we'll get data on state-by-state welfare caseloads and what's happening to the

welfare-dependent population as they go through the next several years of change in the welfare system. We've got some data already generated as a result of the welfare waivers that have been granted at this stage. So we're monitoring that very carefully. I'm not aware that we've got any kind of specific measuring device, other than the ongoing data collection series that the government maintains related to employment, income and poverty.

Q Mike, would you foresee the White House hiring welfare recipients to sort of set an example for the rest of the country?

MR. MCCURRY: That's not a bad idea. But I haven't heard that discussed, but I will inquire further.

Q Any special guests at the Inauguration? For example, maybe you've answered this already. You know, opposition leaders -- Belgrade, any dissidents? People that you want to showcase?

MR. MCCURRY: I know the Inaugural Committee had a press conference last week and may have answered some of that; we'll have to check with them. But it would be within the province of the Presidential Inaugural Committee to address that.

Q Specifically, though, from say, emerging democracies or people who are engaging the struggle for democracy

that the President would want to offer some moral support to -- I guess that's more what I'm interested in.

MR. MCCURRY: That was done four years ago and I imagine may be, but I'd just have to check further. Not that I right now am aware of, but I would not be surprised if there was such an effort. Maybe we can -- Barry can check a little further with --

Q Mike, quite aside from what specific kind of a commission the President might recommend on Medicare, you and the President and others have made it clear that this administration wants a bipartisan solution to the long-term Medicare problem and to the long-term Social Security problem, but the time lines, in terms of solvency, are quite different, and I'm wondering, do you see that these two problems can be conjoined in a single commission or bipartisan task force, or is it more likely that you're going to split the two and give first precedence, first priority to Medicare because the day of reckoning is sooner?

MR. MCCURRY: First and foremost, there will have to be further consultations between the White House and Congress on how to address those questions. But let me separate the two issues somewhat differently. There is a short term and a long term in dealing with entitlement issues. The short term and the one that is most urgent is the one we face in Medicare, the solvency of the fund itself and what we can do to extend the solvency of the Medicare Trust Fund well into the next decade, at least halfway through the next decade.

That's been a goal of the President's budget planning, it's been one of the stated objectives of the bipartisan discussions we've had with the congressional leadership on budget-related issues, and it will be a feature in the President's budget to be sure, extending the short-term solvency of the fund so that we, in a sense, buy ourselves time to deal with the longer-term issues related both to Medicare and Social Security.

Now, whether or not you join the long-term issues is a separate issue and a complicated one, because the structure of financing for Medicare or the premium structure is much different from the way you pay into OSDI for Social Security. So it's not automatically a process that could marry both issues. Now, there are some central philosophical questions that then arise with respect both to Medicare and Social Security that fall under the general heading "entitlement reform," and those are the kinds of discussions and debates that you could foresee being part of the long-term deliberation. But again I'd stress that's the bipartisan process that the President will have to have further consultations with the congressional leadership on before we arrive at a process that everyone is satisfied has got the best prospect of working.

Q When you talk about the need for some form of bipartisan process, are you ruling out it coming in the form of legislation first, particularly when you have someone like Senator Daschle yesterday saying Social Security privatization is a non-starter?

MR. MCCURRY: Well, I think just as a practical matter, what comes first is the submission of an FY98 budget proposal. That's going to address certain aspects of Medicare financing; it will have to. And then there are larger issues that are longer-term issues that I suspect will be coming later. I think with respect both to Medicare and Social Security, the longer-term issues will have to come later in this calendar year, probably after we commence the formal deliberations on a budget.

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But they are connected because how you resolve some of the budget-related issues, if you want to balance the budget by a date certain, 2002, relate to your ability to address the longer-term problems, obviously.

Q On the budget, could you just tell us a bit about where the process stands? The President, right, went on vacation without -- deciding a lot of the appeals?

MR. MCCURRY: Well, no, he met -- my understanding is that he met with all of those Cabinet officials that had formal appeals to submit on behalf of their agencies. He resolved most of them. There are some remaining issues, but not those that prevent the budget staff at OMB for completing the work on formal submission of a budget.

There are some, as always, fine-tuning of issues that will have to go into the final draft of the budget to get submitted in February. But by and large, the large-ticket questions have been punched.

Q Do you have a date yet for submission, and do you have a date for the State of the Union?

MR. MCCURRY: No, we don't. We're waiting for Congress to announce whether or not February 5th is the date for the State of the Union. They will make the formal announcement at some proper point, and then I've suggested that we would prefer to submit the budget formally after the President delivers the State of the Union and, as I said earlier at the beginning of the briefing -- perhaps we'd try to do the traditional sequence of a Monday release, which would make February 10th look like a date that you might focus on, but that all has to be worked through in further discussions with Congress.

Remember, Congress is just returning now, members are being sworn in, they're getting their clocks running on the Hill for things that they're going to be doing. We're in close contact with them, but it'll be easier to resolve some of these questions now that Congress formally comes back.

Q Do I understand you say you won't delay it unless

you get their green light, from the leadership?

MR. MCCURRY: Yes, we would have to work cooperatively with them to fit that timetable. The OMB will be prepared to meet whatever the law requires and the law does require submission by February 3rd, but there could be some -- we would hope there could be some flexibility in doing that to accommodate the President's desire to deliver a State of the Union Address first, which sort of frames some of the larger issues that the budget presents as a subset.

Q There was a report from the Middle East saying that the President could convene a summit next month with Chairman Arafat plus the leaders of Israel, Jordan, and Egypt. Is there any truth in that?

MR. MCCURRY: There are often highly speculative reports that come from the region when there's intense diplomacy underway. The most I can tell you is that there is very intense diplomacy underway. Ambassador Dennis Ross, our special Middle East coordinator, has met with both Chairman Arafat and with Prime Minister Netanyahu today. There will be further deliberations as we work with the parties to attempt to bridge the final differences that remain before they reach agreement on the question of a withdrawal from Hebron.

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Q But you're not going to announce such a proposal, are you?

MR. MCCURRY: We are, right now, engaged in intensive diplomacy that focusses on Ambassador Ross' work in the region with the parties which is, certainly, a day-by-day proposition, if not an hour-by-hour proposition.

Q The President referred in his speech today to a college friend who talked to him about what a President should do. Do you know who that was?

MR. MCCURRY: The former classmate? I saw that in his remarks and I haven't had a chance to ask him that, but if we can get that I'll post it.

Q -- plans to announce this lower student loan default rate later this week. There's some argument being made that the best way for the President to open up the door to college education isn't through tax credits but by targeting loans -- for those most in need. Is there any response to that argument?

MR. MCCURRY: Well, the President, for all the reasons that he articulated at Princeton, believes that the concept of Hope scholarships presents the best opportunity for opening up college education opportunities for America's students. It's broad-based and targeted in the sense that it focusses on the type of relief that

would allow, typically, people who attend community college if they were getting additional years of education beyond the typical K through 12 schedule that most students in America have now. That proposal was well developed and well conceived. We believe that mirrored -- it was obviously built on the model of the experience in Georgia, which has been very successful in reaching targeted indigent populations, giving people a chance for college opportunity that might not have existed for even members of that same family in previous generations.

So, we think we're on that right track, but the important thing, ultimately, for the President is to create opportunities for college education for millions more American students. And we will be open, as we work with Congress, to deliberation on that idea and looking for the best way if someone has an idea better than the tax credits. But the President, I think it's safe to say, will be reaffirming his support later in the week for the Hope scholarship concept that he identified and set forth last year during the campaign.

Q Was that at Princeton University by any chance?

MR. MCCURRY: Absolutely. (Laughter.) At the -- let me make that very specific -- the 250th anniversary of one of America's premiere educational institutions.

Q Is that where his daughter is going to college?

MR. MCCURRY: She has, I think, just completed applications. And the judgment will be in the hands of those learned institutions.

Q You don't think she gets to go anyplace she wants?

Q Doesn't Princeton take anybody? (Laughter.)

MR. MCCURRY: One of America's most exclusively exquisite institutions of higher learning.

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Q Is that just in the last few years? (Laughter.)

MR. MCCURRY: They did, obviously, have lower admission standards in previous years.

Yes, one last question in the back.

Q Mike, former President Jimmy Carter sent a letter to North Korean leader Kim Chong-il. Can you confirm that?

MR. MCCURRY: I'm not familiar with the letter. We'll have to find out more about it. I'm not familiar with the letter. I'll go see if we can get some more on it.

Thank you, see you tomorrow.

END

1:55 P.M. EST

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 9, 1997

PRESS BRIEFING

BY EDUCATION SECRETARY RICHARD RILEY AND
ASSISTANT EDUCATION SECRETARY DAVID LONGANECKER

The Briefing Room

10:54 A.M. EST

MS. GLYNN: Secretary of Education Riley is here to answer your questions on the student loan default rate. We are also bringing in the six students who were in the Oval Office so that you can ask them questions afterwards; they're going to be right along here.

Secretary Riley?

SECRETARY RILEY: Thank you. Since I arrived at the Department of Education, it was clear to me that the nation's student loan default problem was very serious, and it was one of my

priorities. I'm so pleased to have David Longanecker, who is my Assistant Secretary for Higher Education; Betsy Hicks, who heads up student financial aid. You all want to come around in case they've got technical questions so you can be available?

But I'll say this, that we have used every tool that's been made available to us to slash default rate, save taxpayers hundreds of millions of dollars working on the collection side. The combination of those two things is very interesting. Slashing the default rates has a clear impact, and then increasing collections --it's a double impact which makes quite a difference.

Today's announcement shows it's paying off. The Fiscal Year '94 default rate was 10.7 percent, that's the most recent number, compared, then, to the all-time high of 22.4 percent -- 22.4 percent, down to 10.7 percent. These numbers offer a great example of this administration's commitment, I think, to reinventing government to show that it's not just talk, but it really is an effort to make things work better. You heard the details in the Oval Office; the debt collections is part of it that I think is another feature that was not much said about, but David and Betsy can elaborate on any of those specifics.

The numbers themselves of the various schools on defaults, we have -- do you all have those -- Rick Miller has those. So any questions we would be happy to respond to, and I'm so proud of these students as examples of what really is great about this

country's future, as the President has said.

Now, any questions? Yes.

Q Hi. I have a question. In the list of institutions that could lose their eligibility for grant and loan programs from the Fiscal '94 numbers, there are many that repeated from the Fiscal '93 numbers; I was just going through the lists -- especially in the college area, not so much looking at the trade schools. Why is that? I mean, why, if they could have been eliminated last year, is there -- why are some of the same schools coming up again?

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SECRETARY RILEY: You know, it's a three-year situation.

You have to be -- default rates in excess of 25 percent for three straight years. That's the congressional formula, as you know. And so, if it hadn't been three years, and of course, they wouldn't -- you're saying some that have been three years, and --

Q Already as of last year could have lost their eligibility because of the three years and they are on the list again.

ASSISTANT SECRETARY LONGANECKER: If I might address that. Of the 329 that are affected by the three years over 25 --

about 221 of those, in fact, are repeats from the past. And 108 are new -- essentially institutions that are, for the first time, facing the probability of losing eligibility to be in the Student Loan Programs.

The reason for that is, we continue to follow and track schools, and that extends the period of time that they can be out of the FFEL program. Keep in mind, the three years only excludes them from the student loan programs, not from all student financial assistance programs, so we continue to track the progress of those institutions, and that simply extends the amount of time that they have to be out.

A few of those also have pending appeals, and so they are still remaining eligible until those are done, although we have, for all practical purposes, completed all of the appeals that had been pending before us. There are a few that -- a very small number that are still outstanding.

Now, these institutions all will have the opportunity again to appeal their rate, so it's not -- after the appeal, it's true that most institutions do not prevail, but at least they have due process rights.

Q Mr. Secretary, when you say this is the lowest point in program history, what are you dating it from? When did the program start?

ASSISTANT SECRETARY LONGANECKER: The program began in 1965. This is the lowest in history since we have been recording a cohort default rate, which was a function of the law that began, I believe, in 1986.

Q And is there a total figure of money that's been defaulted on that you can report, that still has yet to be paid back?

SECRETARY RILEY: Total outstanding in default?

ASSISTANT SECRETARY LONGANECKER: There is -- I don't know that number. I'm sorry, but I -- but we can provide that to you.

Q Is there a percentage that you expect never to get back --

ASSISTANT SECRETARY LONGANECKER: Certainly -- some students default for a variety of reasons, and there is both death and disability in default; we don't expect to retrieve the death and disability pieces, obviously. Any loan program will have some loans that you don't collect on. We do the best we can to make sure that we collect every dollar that can be collected. We pursue defaulted loans with a vengeance, and so we work pretty hard to make sure that students who haven't repaid their loans, do. We use collection agencies. We use offset of federal tax returns. We garnishee the

wages. We use a variety of different techniques. So we're doing
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everything we can to make sure that students repay the loans on which
they default.

SECRETARY RILEY: And I think that's an important part,
is the tools that are available -- the refunds which are due people
under IRS is a tool. The garnishing of wages in some states; the
guarantee agencies also are working in the same regard. So we're all
working for collections. So just because you have a default out
there, that's a very serious indication of a lot of things, but we do
go after that and it's not over as far as we're concerned. And
that's what this increased collections number, why it's so important.

Q Mr. Secretary, when the Higher Education Act is
reauthorized, are you going to be looking for more of these tools to
help increase your powers?

SECRETARY RILEY: Well, as you know, we are -- that's
going to be a lengthy process. We've already had hearings, six
regional hearings where we have invited people connected with higher
education in every regard and the general public to come in and talk
to us about those issues dealing with the reauthorization of higher
education. That's a very important measure to be considered. It
will be probably '98 before it's completed. And I don't think we're
in a position to say exactly what we're going to recommend at this

time, but we are inviting all kind of input from the schools, from students, from everyone so that we can be prepared -- issues like that when we do get into it.

We'll be sending probably our proposal over in -- what -- April, something -- probably around April, so it's really a little early for us to say. But it will be an issue, certainly, we'll be looking at.

Q On the proposed \$1,500 education tax credit and as that might relate to IRS enforceability of it -- there is some concern that, given the B average involved and Pell Grant offsets, that it might be difficult for the IRS to enforce such a measure. And also, the timing of such a credit, if those that are most in need are in a financial position to take a credit might not be able to wait until April for a refund. So how would that be addressed?

SECRETARY RILEY: I think -- and you bring out some points I think all of us ought to be interested in, and that is we're looking at doing things differently. The old idea of passing a program in terms of education and then funding it really is not available if we are serious about deficit reduction. So we really don't have those options.

And I think the President's idea then to use the tax code and the middle-income tax cuts and tax relief and targeting it for education through the HOPE Scholarship, the \$10,000 tax

deduction, it's a new way of doing things. And it brings in points then just like those you mentioned. It involves the Department of Education and the Department of Treasury. So we do have to work with them to try to make those things work out.

Now, the B average, I think, makes real good sense.

It's a wonderful principle to say that every child in this country that finishes high school is going to get a shot at college. You've got a \$1,500 tax credit to go to your community college, which will cover it, and live at home, and you can have that option. That's a great mind set for young people. Everybody has a shot at college.

Then, if you have that shot, you've got to work hard and make a B average. Then you have the question of a B average here as opposed to a B average there, and how that's going to be supervised. It's our understanding, talking with the people in Georgia, that that has not caused grade inflation. It has served a very useful purpose of incentives for young people to work hard and strive to make a B average.

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But again, all of those issues -- that's part of the President's proposal, but we are now working through the details of how to make all of that fit. And there is going to be some things that we will have to work out.

Q What about timing? Is there any way of doing like an advance credit like you do with advanced -- the Earned Income Tax Credit.

SECRETARY RILEY: That, I guess, would have to be considered on a university basis as far as -- and that's a very good point, that the money would not be available at the beginning of the year. There are some good parts of that, though. One of the good parts is, by the time January and February comes around you know that this is a serious student and not just someone who is applying just because it's available. But one of the complications will be, is the student who has no funds and it's a tuition time at a community college, and this money won't be available until February or January -- what do you do about that? I presume that would be kind of something that the various schools would work out, David.

ASSISTANT SECRETARY LONGANECKER: And I think it's important to keep in mind the HOPE scholarship is part of an overall financial aid scheme of ours -- overall plan of which Pell Grants are an extremely important part. Pell Grants are the best way to help the most needy students, and we've had a very aggressive position with respect to that, and we will continue to. And if we're lucky, that may even get more aggressive.

But the tax credits are an extremely effective mechanism for the middle class, and the Pell Grants are an extremely effective mechanism for the most needy students. And the combination of those

is really what we think comes together as a really solid, integrated package.

SECRETARY RILEY: But I do think you're going to see some innovative things come in. I think you'll see some community colleges that would say, here's a student that qualifies for this tax credit, and work out some arrangement with them to hold off payment. But that generally would probably be between the school and the student.

Q How has the total number of students participating in the programs changed over the last four years? And do you have any numbers on what proportion of total tuition assistance is federal, that is, whether these students are becoming more or less dependent on the federal assistance?

SECRETARY RILEY: Well, the general number that I use on what part of overall assistance comes from the federal government is around 75 percent, and that is a very significant part of that issue. Now, the other number, the total number -- did you have a --

ASSISTANT SECRETARY LONGANECKER: Total dollars today that we're providing is somewhat over \$30 billion, closer to \$40 billion in loans, grants, work study at the federal level.

Actually, you have to look within those packages, though, to get the full story. We are a larger share of the total

dollars today, but we're a smaller share of the grant dollars. And the federal government hasn't really kept pace in grant assistance, which has forced many institutions to divert a share of their resources to grants for the most needy students.

We've had very substantial growth in our loan programs in recent years. We currently, this coming year, will provide about \$30 billion in student loan funds, and that's --

Q Is it serving more students or fewer students?

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ASSISTANT SECRETARY LONGANECKER: Oh, far more students, far more. The 1992 amendments to the Higher Education Act expanded eligibility for student loans substantially, and so we have both students on average borrowing more and more students borrowing as a result of that.

MS. GLYNN: Let's make this the last question.

Q You've been very forthright in saying that the tax credit, the HOPE Scholarship, is really a program for the middle class and Pell Grants for the neediest. But I think a lot of higher ed people have sort of been frustrated, because it seems that the President is still selling the tax credit as an access program. Today, he said the fact is, there are some people who want to go to

college who can't do this, and we believe that the HOPE Scholarship tax credit can help them. Where's the -- there seems to be a bit of a discrepancy.

SECRETARY RILEY: I think that's an interesting question because some people are asking that question -- you know, how many more students is this going to mean go to college. You do have Pell Grants for the very poor, and you have other programs. And, of course, you've got work study for all of these students available and other things -- the TRIO programs and things that really make quite a difference. A great portion of American students wouldn't get the chance to go to college if it wasn't for these programs.

Now, when you take the HOPE Scholarship, which picks up after Pell and in the middle income range, you say, well, how many more of those students are going? Some. You know, I'm not saying that it is an enormous amount, but I will say this, that hundreds of thousands of those students that are now struggling to go to school that are borrowing money that they can't hardly afford to pay back, their families are struggling and straining, they're in this anxious class, this middle income group that, in terms of college education is like being poor.

So I think the whole dynamics have changed. This middle income group, while they might scrape and twist and turn and be working jobs all night long and trying to go to school, this is going to be an enormous help to them, and it'll increase the numbers having

access, certainly, but a great part of it, as I see it, in addition to that, is that a great number of students who are going and can hardly make it, and it's going to really make their college experience a lot more meaningful.

Why don't we take one more, and then you have a question, I know.

Q Mr. Secretary, broadly speaking, the President has said, or indicated strongly, that education will be perhaps the top legislative priority this year. Do you see education as a top priority for the Republican Majority in Congress. What's your outlook for actually getting some of these new initiatives through the Republican Congress?

SECRETARY RILEY: Well, I think a lot of those issues were debated in a general way during the campaign. And I think the campaign clearly, to me, said that the American people put education as a top priority.

So I think, while the President made it a top priority in the campaign, I think the American people are saying the same thing. They don't want money wasted. They don't want money thrown /,

at anything. They want it carefully thought out, just like this program we're talking about today is something the American people

would like -- picking up money by careful control and management.

But I do think it is very clearly the priority of the American people and I think that will be reflected in the Congress at the end of the session, as the President pointed out a minute ago. The response was very positive. And so coming out of the session it was very positive. We hope that same feeling of positive support for education will be there when we go back in, and I have every reason to hope that it will.

I've met with the Democratic and Republican leadership in the House, in education, and talked about the future and hopefully that we could all work closely together and I'll meet with the Senators very soon.

Thank you very much.

END

11:15 A.M. EST

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RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Catherine T. Kitchen (Catherine T. Kitchen@EOP@LNGTWY@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 9-JAN-1997 13:00:00.00

SUBJECT: 1997-1-9 President's remarks on HOPE Scholarship tax cuts

TO: R S. Michaud (R S. Michaud@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

Message Creation Date was at 9-JAN-1997 12:00:00

----- Forwarded by Catherine T. Kitchen/WHO/EOP on

01/09/97

11:23 AM -----

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01/09/97 10:58:00 AM

Record Type: Record

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

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Subject: 1997-1-9 President's remarks on HOPE Scholarship tax cuts

THE WHITE HOUSE

For Immediate Release

January 9, 1997

REMARKS BY THE PRESIDENT
AT PRESENTATION OF THE
ANNUAL STUDENT LOAN DEFAULT RATE REPORT

10:31 A.M. EST

THE PRESIDENT: Thank you very much, Fiona. And I want to thank all the young people for coming here and for representing the best in our country and the best of our future. I also want to thank Secretary Riley for this report and for the work that he and the good people at the Department of Education have done every day for the last four years.

When I ran for this office in 1992, at every stop along the way I always said one of the most important things for me to do in the next four years was to open the doors of college education wider by passing a loan program that would allow people to pay their college loans back as a percentage of their income -- to have more options to pay their college loans back so no young person need ever

fear going to college because of the crushing burden of debt on them in the early years after they got out, but at the same time, we had to have more responsibility by dramatically lowering the student default rate.

I went to law school and college on scholarships and loans and jobs, and I felt very strongly that it ought to be easier for people to go, but that it ought to be harder to evade your obligation to repay the debt. And we have worked very, very hard to achieve those objectives. And that's why we've worked hard to expand college loans and lower their costs through the direct loan program. I'm glad Fiona is a direct loan student. We've seen the results of that throughout the country and we believe that when those loans start to be repaid they will lower the default rate to even more.

We expanded Pell Grants and work-study programs in the last session of Congress to their highest level in history. We had the biggest increase in Pell Grants in 20 years, and we added 200,000 more work-study slots. AmeriCorps was created and it lets young people, obviously, earn money for a college education by serving in their communities.

And in addition to that, as this report points out, we have strengthened the basic bargain. There has been more opportunity, but there is more responsibility. The default rate on student loans that is being announced today is the lowest in the history of America. It has dropped 40 percent since I took office.

It is now below 11 percent.

We want it to go lower still, but we can be proud of the fact that more young people who go to college are showing that, along with everything else, they have learned the important lesson of their responsibility to pay the loan back. And that means savings of hundreds of millions of dollars to our taxpayers, savings which will make it easier for us to balance the budget, and easier for us to invest more in education.

We have done our part by placing tough sanctions on schools that didn't do their part to prevent defaults, and in some cases, we actually took away eligibility for federal loan programs.

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When necessary, we have tracked down defaulters and made them pay.

But, frankly, a stronger economy has also helped to produce today's good news. More young people who get out of college can get good jobs and repay their loans more easily, and that's very, very important.

But the bottom line is that this report shows that our strategy of opportunity and responsibility is working. It's working because of the steps that have been taken to improve student loans and strengthen the economy. It's working because of the changes that were made in the loan program by Congress a few years ago. And it's working because more and more young people are taking advantage of a

college education and then taking the opportunity to be responsible in paying their loans back.

Now, as we begin this second term, I just want to reiterate my commitment to ensuring that every person in this country has the tools that he or she needs to make the most of their own lives, that we open the doors of college education to everyone.

The core of my second term efforts to build a bridge to the 21st century will be dramatic advancements in education. The fact is that some people who want to go to college still can't get there, so our first step should be to provide more opportunity. We can do that through the HOPE Scholarship tax cuts that I have proposed. They would allow Americans to deduct from their tax bill dollar for dollar the cost of the typical community college tuition for up to two years; to make the first two years of college as universal as a high school diploma is today. They would allow the typical family to deduct up to \$10,000 a year from their taxes for the cost of any college tuition. They would allow a family -- I mean, more families, many more families to save through IRAs, and then to withdraw from those IRAs penalty-free if the money is being used to finance a college education.

Especially now that more and more students are taking responsibility for their own education, we simply have to do more to open the doors wider. The HOPE Scholarship tax cut would make college affordable for every person in this country willing to work

for it, especially when you couple that with the availability of the loans and the work-studies.

America needs these tax cuts to help America pay for college. And I hope Congress will help us to pass them into law.

Let me also point out one of our other proposals that I've had on the table in Congress for four years now which I am determined to get passed in this next Congress, is the G.I. Bill for America's Workers. A lot of people in the work force need to go back to school. There are now scores of different training programs that we propose to consolidate and send a skills grant to people who lose their jobs or people who are dramatically unemployed and let them make the decision to use this skills grant in the same way, to finance a college education.

And let me finally say that while we can make sure that everyone can go to college it's also important that everyone be prepared to go. We have to set the highest standards for public education in this country so that highly-trained teachers demand peak performance from students. We should require that students pass tests that actually test whether they learn what the standards say they're supposed to know before they go on from grade to grade. We should reward teachers who do well and make it possible for local schools to remove those who do not.

We should expand public school choice and improve and

expand on charter schools run by teachers and parents that survive only if they produce results. We should make sure every child can read independently by the third grade, and I hope that we'll have another 100,000 young people helping in that million-person brigade of volunteers we're going to need to teach our young people to read. And we should finish the job of connecting every classroom to the Internet by the year 2000.

If every eight-year-old can read, every 12-year-old can log on to the Internet and every 18-year-old can go to college, America will enter the 21st century with every person able to have the skills that he or she needs to succeed in building a good life.

So let me say that these young people here -- they're a shining example of opportunity and responsibility -- give me the hope that we will succeed. And I thank you, Fiona, and I thank all the others and all of them like you all across America today who will be watching this and who will be building our future. Thank you, and thank you, Mr. Secretary.

Q What do you think is his chance of getting these through Congress?

THE PRESIDENT: Well, I think they'll be very good. You know, we've worked very hard on our budget and our OMB Director, Frank Raines, has begun conversations with members of Congress already. I have spoken, obviously, on many occasions with Senator

Lott and Senator Daschle, Speaker Gingrich, and Leader Gephardt. And if the atmosphere -- I can now only add to what I've already said --if the atmosphere of this Congress reflects what happened in the last two months of the last Congress, I think the American people will get their balanced budget, they will get these education tax cuts, they will get the next step of welfare reform to create jobs for people who are going to be moving from welfare to work, and it will be a very, very good time.

The atmosphere so far feels good to me, and if we just keep working on it I think we can get there.

Q Mr. President, have you made all of your final budget decisions? And is there any possibility of your reopening any of those decisions, specifically on Medicare?

THE PRESIDENT: Well, let me answer you this way. I have completed sometime ago the work on the budget. We still have to work around the edges from time to time. It is a good budget; it is a credible budget. I also am pleased that the OMB and the Congressional Budget Office have been working together to try to narrow the gaps between them in all these assumptions they have for the budget. And I'm confident that we can produce one that will bring balance under either set of assumptions, and I intend to do that. And the budget will reflect the priorities I laid before the American people in the campaign and will be consistent with what I have said over the last four or five years about this.

Now, I also expect there to be a negotiating process with the Congress, and I will work with them in good faith, as I have said all along. But I think this budget will show that I am making a clear effort to reach out to them, to meet them halfway, and to get this job done.

Q In what year will the budget you present in February actually reach a balanced budget?

THE PRESIDENT: In 2002, the same year we --

Q The same year.

THE PRESIDENT: -- all along.

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Q Does that mean that on Medicare you are going to go for raising the premiums and so forth? And you spoke in generalities, but is there anything you can --

THE PRESIDENT: Well, it means I don't want to remove all the suspense from my budget presentation. (Laughter.)

Thank you very much.

END

10:31 A.M. EST

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RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Catherine T. Kitchen (Catherine T. Kitchen@EOP@LNGTWY@LNGTWY [UNKNOWN])

CREATION DATE/TIME:13-JAN-1997 10:32:00.00

SUBJECT: 1997-01/11 Briefing on Cabinet retreat

TO: R S. Michaud (R S. Michaud@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

Message Creation Date was at 13-JAN-1997 09:32:00

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09:30 AM -----

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01/11/97 07:01:00 PM

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

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Subject: 1997-01/11 Briefing on Cabinet retreat

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 11, 1997

PRESS BRIEFING BY

MIKE MCCURRY,

SECRETARY OF THE TREASURY ROBERT RUBIN,

SECRETARY OF EDUCATION RICHARD RILEY,

DEPUTY ASSISTANT TO THE PRESIDENT

FOR NATIONAL SECURITY AFFAIRS SAMUEL R. BERGER; AND

ENVIRONMENTAL PROTECTION ADMINISTRATOR CAROL BROWNER

The Briefing Room

5:31 P.M. EST

MR. MCCURRY: Good evening. I'm going to move briskly through this, since we're not going to give you much substance, anyhow. (Laughter.) The President has just concluded what he has described as a very exciting working session with his Cabinet, new and old, today. He began today's meetings right on the button at 10:00 a.m. this morning in the Jackson Place Conference Room, a large

sort of ornate room that's attached to Blair House, that frequently has meetings of this nature and also, obviously, meetings of foreign visitors when they're here in the United States.

The Cabinet and the presidential staff sat around a very large table and engaged in productive dialogue for most of the day. And I've got a lot of people here who will tell you about some of the sessions that they had, some of the things that we did during the course of the day.

A very broad range of issues discussed today, starting with foreign policy in the morning, international economic policy, followed by a working lunch at which the President and the Vice President spoke; I'll tell you a little bit about that in a second. Then afternoon sessions that dealt with budget policy, fiscal policy, building on our economic growth strategy, social policy with a particular focus on education and on some of the things that we're doing to attack problems like teenage pregnancy and drug use, and then we have just concluded with good discussions of natural resource policy and technology.

And we've got briefers here who will cover those areas, although I think you will see that a lot of the work done today is work that prepares the President's unveiling of his second term agenda at the Inaugural Address and the State of the Union message before Congress. For that reason, we are not going to go into any elaborate detail on the specifics of the discussion today.

However, I will give you the menu for the lunch, knowing that you would be interested to know that the President had a lunch with about 80. That was the largest gathering of poobahs during the day. We had about 80 people in the solarium at Blair House for a lunch of black bean roasted red pepper soup, pan roasted breast of chicken, garlic mashed potatoes, and green beans and lemon meringue pie with strawberry sauce or sans souci, however you like it.

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At the lunch Erskine began with one of the nicest personal moments of the day, a very warm tribute to outgoing Chief of Staff Leon Panetta, and Leon got a very sustained and affectionate standing ovation from everyone present; and he seemed somewhat

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embarrassed by it and shouted out to Erskine, you still have to take the job -- (laughter) -- which everyone laughed at.

The President then spoke at some length and really tied together the achievements of the first term and cast them in the context of the work that we have to do in the second term. He put a special stress on bipartisanship and the need for us to work closely with Congress and remain engaged with Congress. In fact, I'd say that emerged as a point of discussion throughout the day in each of the areas discussed how important it was to reach out to especially

the Republican leadership of Congress and work closely with them.

And he also put a stress on teamwork.

He said that, an observation you've heard him make before, that he believes that historians will record that he has had one of loyalist Cabinets in the history of the American presidency. And in part that's because of how well the Cabinet members themselves worked together. He cited as one example of that, drug control strategy and pointed toward General Barry McCaffrey and said that he had been an example of how you could pull together the resources of government with individual Cabinet members in their own domains being willing to work as part of the teamwork strategy and not getting bogged down in some of the traditional institutional bureaucratic turf fights that have characterized government in the past.

The President introduced the Vice President and paid a tribute to the working partnership they have, and the Vice President was a very active participant in all of the discussions today. The Vice President then spoke and talked about ways in which the Cabinet member operationally could maximize their own effectiveness and work with the White House, and he also stressed some of the opportunities that lay ahead in the Reinventing Government area because, of course, that's one of his special focuses.

The President then closed out the lunch with an interesting observation, a personal one, to all of the members of the Cabinet, saying that he hoped that he had appointed them to what they

would later feel were the greatest jobs of their life, he said, but he also hoped that they would recognize that they have jobs as husbands and mothers, wives, family members, that they pay some attention to family obligations as well.

And he said, looking at Secretary Bob Reich that, of all the documents and achievements produced during this administration, nothing has made me prouder than the op-ed piece that Bob Reich wrote for The New York Times about why he had to leave the administration. Some of you will recall that was a very personal statement by Secretary Reich about the costs and joy of having a very demanding job like the Secretary of Labor, but a very nice kind of eloquent end point on the lunch.

And, by the way, during the course of the day we took coffee breaks and sat around and ate pastries and drank coffee and that was an opportunity for many people who do not know some of the new members of this team to socialize and get to know the people better.

At the end of the day the President described this session as being very useful because, it forced me and the staff to go through the discipline of putting together presentations about our goals and objectives. It was a good exercise to bring this new team together, this was literally their first assignment. And, as I say, he described it as being quite excited.

The only other thing more exciting was to see Secretary of State Warren Christopher in a dashing red sweater, depart the lunch wearing a black leather jacket like he was going to go out and climb on a Harley. (Laughter.) A very interesting sight.

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Anyhow, with that sort of general overview of the day, I'll turn it over to newly incoming Chief of Staff, Erskine Bowles, and he'll tell you a little bit more about the work we did today and then introduce the Cabinet members, who can tell you about some of the respective sessions.

MR. BOWLES: Thank you, Michael. I don't have a lot to add to what Michael said, because he gave you I think a good overview of what we did.

It was, without question, a real working session. The purpose of this retreat was to focus on the President's vision for the 21st century, the vision for national leadership, his vision of meeting the challenges of a 21st century with more limited resources while operating within a balanced budget.

We also focused on the President's priorities for achieving that vision of balancing the budget, of investing in education and training and early childhood programs, of investing in technology, expanding exports. And the other people coming up after

this will talk about that.

And we spent a great deal of time talking about how we needed to work together as a team, just as had occurred in the first term of the presidency -- working as a team across agency lines, working through the National Security Council, the National Economic Council and the Domestic Policy Council, making sure that we work together to help the President achieve his goals, and also amplify those goals in the marketplace.

The agenda encompassed foreign policy; international economics; the budget and how you manage with fewer resources; education, with a particular focus on literacy and standards; and then the environment and technology.

Sandy Berger is going to talk to you first about foreign policy, then Bob Rubin will talk about our economic policy and what we discussed there. Secretary Riley will talk about education and our focus on standards, and then Carol Browner will talk about the focus we had on the environment.

Sandy.

MR. BERGER: Thank you, Erskine. The initial meeting this morning with the members of the President's national security team, old and new, lasted for about an hour and a half, about 30 minutes of which were presentations by various members of the

national security team to the President, and the remainder of the discussion with the President and the Vice President.

In our opening presentations to the President, we outlined six fundamental strategic objectives which we believe the United States must pursue over the next four years that build upon the cornerstones that have been put in place over the past four years. On each subject we outlined specific objectives and opportunities, as well as the difficult issues inherent in each of those objectives and the risks that we face.

In broad terms, those strategic objectives are the following: One, building an undivided, peaceful democratic Europe, which involves both the cluster of issues surrounding NATO expansion and our relationship and NATO's relationship with Russia itself. Second, cementing America's role as a stabilizing force in a more integrated Asian-Pacific community. We talked about China, we talked about Japan and Korea. Third, helping to bring peace to key regions of the world. We specifically discussed our goals and challenges in Bosnia, Middle East, Northern Ireland and Cyprus and the Eastern Mediterranean.

Fourth, confronting the range of new security challenges the President has talked about often over the past two years, such as terrorism, international crime, drugs, the environment, rogue states. Fifth, assuring that we maintain a modern and ready military force and that we gain adequate support for the resources that we need for

an effective American diplomacy.

Finally, the effort to continue to build an open global economy regionally, such as in Latin America, and there was some considerable discussion of that, as well as globally to create American jobs through exports.

We also specifically discussed and addressed defense intelligence and U.N. reform priorities. No one doubts today that America's armed forces are indispensable and that we have the world's strongest and finest military. General Shalikashvili at one point noted that the difference between the United States and others' military today is greater than any time in his adult life and that our challenge was to maintain that advantage going forward with a new set of challenges, including modernization of forces.

The President made it clear that he wants to build on the foundation that was laid in the first term, that he foresees an active foreign policy agenda, both for our country and for himself. He stressed the need for a close partnership with the Congress on foreign affairs, something he would like to initiate right away; and an ongoing dialogue with the American people about our international interests, not only what, but why we are engaged so actively in the world.

A major theme of the session was the President's eagerness to have the tools to get these tasks done. Madeleine

Albright summed that up well, I think, by her statement that right now, less than one percent of our budget -- that is, the foreign affairs budget -- will be used to write 50 percent of the history and legacy of our times. We talked about how we can expand those resources by building a bipartisan consensus for engagement in the world.

At the end of the session, I noted -- recounted a similar somewhat smaller scene in Little Rock in 1992 during the transition, when a number of us were briefing the President on the daunting challenges of Haiti, including the fact that a million Haitians were building -- tearing off their roofs and building boats, heading for the United States. It was a very sobering briefing. The Vice President leaned back at that point and said, that's a worthy challenge.

And I think that as we went through the challenges that we face today, we both did so with generally an energized sense of excitement, as well as a sober sense that there are serious challenges that we must face, but with a clear sense that the opportunities do outweigh the problems that we face and this is an extraordinarily exciting time over the next four years.

SECRETARY RUBIN: Thank you, Sandy. We discussed economic strategy in two components. As you know, the President from the very beginning of the administration has talked about the integral relationship between economics and foreign policy, and in

that respect we had a discussion led by Dan Tarullo, Assistant to the President for International Economic Policy on international economics.

We discussed the integral role of economics to foreign policy on the traditional areas of foreign policy -- China, Russia, other subjects. We established the extreme importance of continuing momentum with respect to opening markets around the world. We talked about the remarkable establishment over the last five or so years of consensus around the developing and transitional countries about approaching economic development through market-based policies -- deepening capital markets, privatization, sound macroeconomic policy and the like -- and the importance of continuing to support this through the World Bank and at sister banks and having adequate funding for those institutions.

We then turned to a discussion of the domestic part of economic policy and the focus there was particularly on building on the deficit reduction that we began in 1993 by now going to a balanced budget. It was a general view in the discussion this really is an historic opportunity to reach a balanced budget, partly because of the enormous progress we've made, partly because of the public environment that exists, and partly because the differences in economic assumptions between ourselves, the OMB, that is, the administration and the Congressional Budget Office have narrowed -- for all of these reasons, it was extremely important to once again reach out to Congress and try to find common ground to reach a

balanced budget, and the President recommitted himself to that objective.

He also said, and I wrote the words down so I'll read them to you, if I may -- that finishing the job is, and I quote, "critical to the administration's credibility," on all other issues. So, clearly he made balancing the budget central to his strategy for the second term.

There was also a very good discussion led by Deputy Secretary Larry Summers with respect to retirement security and savings that focused on pension reform and similar measures the administration has taken or will be proposing to help enhance retirement security and savings.

We then turned to education which obviously is central to any economic agenda. With that, I'll turn the podium over to Dick Riley.

Q Mr. Rubin, could you say that quote again where it ended, just --

SECRETARY RUBIN: Oh, where did it start? Yes, sure. I'll just read the quoted word, if I may. Quote, "critical to the administration's credibility," unquote, on all other issues.

Q Accomplishing a balanced budget is critical?

SECRETARY RUBIN: Accomplishing a balanced budget is, quote -- you've got it, okay.

SECRETARY RILEY: Thank you. We spent a good part of this afternoon on domestic matters, and primarily education. We had some discussions on reducing crime, the criminal issue. Janet Reno participated, of course, in that. Some discussions on drugs. General McCaffrey and Donna Shalala and I and others talked about that issue. The Domestic Policy Council, with Bruce Reed chairing it, really conducted the discussions, and it's going to be very clear that we're going to have a strong emphasis with the councils here in the White House working effectively with the pertinent Cabinet people to shape these policies.

I feel very good about the domestic policy and the way it's shaping up, especially in education. I think, as all of you know, the President's background for years has been one where he's been very much interested in education himself. He knows education. I think his first term was very successful in dealing with education and getting the American people to seize on the importance of education.

We talked about that, then we got into the next term, had some discussions on the Hope Scholarship, the other higher education issues -- the \$10,000 tax deduction for tuition that was discussed, of course, a lot in the campaign; the issue of the reading

initiative which also was discussed in the campaign. Carol Rasco, who is coming with the Department of Education and will head up that initiative, and we're all very excited about that -- she, of course, spoke on that and its relationship to standards. The access to higher education of course being a very important part of that package.

But the large issue that was discussed was standards.

All of these issues relate to standards. Goals 2000 of course is the framework, really, for state and local control, but national priority of high standards and assessment linked to standards and state goals for reaching high standards. And we were so pleased to be able to say that Virginia, which was the only state that had not yet come into Goals 2000 informed me yesterday through Governor George Allen, that they plan to file an application. So we were very pleased at that, that's all 50 states working on this matter of developing standards, developing assessment to those standards and then getting the standards down to the classroom.

We had some discussion about TIMS, the Third International Math and Science study, which is very, very interesting and informative. TIMS study clearly says internationally, in terms of math and science and 8th grade, that standards matter, standards work. However, you've got to get them down into the classroom and that is very, very important and very difficult. And that's the job we have to do over the next four years. Again, that's a state and local responsibility, but a federal government, a national priority

and the President made it very clear the it was going to be certainly one of his top priorities over the next four years.

Carol Browner on the environment.

ADMINISTRATOR BROWNER: The final discussion of the day focused on our work to strengthen public health and environmental protections for the people of this country. This discussion focused initially on the fact that we have really changed the system, that we have sought to develop partnerships with business, state, local governments with citizens, to find the cost-effective, common-sense solutions that will allow us to provide the strongest possible protections.

We talked about making sure we were protecting the very best of what's left -- the work the administration has done at Yellowstone, the San Francisco Bay Delta, the work we're doing in the Florida Everglades -- how can we continue to build those kinds of partnerships so we can leave for our children pristine areas where they can enjoy an afternoon outdoors, they can enjoy a wonderful trip with their families.

We talked about the need to continue our work to clean up the toxic waste sites of this country, both the large sites and the smaller sites -- we refer to them as the Brownfield sites -- the work that we can do across government agencies and departments to address the very real concerns of those communities where these small

areas continue to be a blight on that community, fenced off, unavailable for redevelopment, unavailable to that community for jobs, for a sense of hope.

We talked about continuing to involve the public in the work that we do. The President has done an awful lot in the last four years to expand the public's right to know about the release of toxic chemicals into their air, their water, the environmental legislation he signed, the drinking water bill, the food safety bill -- both of those, because of the President's leadership for the first time ever, give the American people a right to know what's found in their drinking water, what's on their food, so they can become a part of helping us find new solutions to the environmental and public health challenges we face.

We recognized that the work that we do in terms of public health and environmental protection must continue to focus on our children, that when we set a standard, whether it be an air, a water, a food safety standard, that it should be about protecting the most vulnerable among us, and we looked at how we could build that, how we could move beyond the work we're doing, what kind of science might be helpful to finding those answers to setting those standards to guaranteeing those protections.

I want to say that I think one of the most important things that happened today is something that I believe has been one of the most important things of my experience as a part of this

administration over the last four years, and that is the willingness to work across agency and department lines.

There are stories that EPA, going back seven, eight years ago, that EPA wouldn't talk to the department of this or that on any individual issue or vice versa, that they certainly wouldn't go up to the Hill and testify together, they wouldn't lend support to each other.

Well, in this administration, we worked with the Department of Agriculture to craft a food safety bill, the first in 25 years. We've worked with the Department of Commerce to look at issues involving the economy and the environment, and so on and so forth. And I think, if I could say one thing about today, what characterized today was that ongoing commitment to teamwork, that recognition that by working together, setting aside perhaps historical differences, we would find far better answers for the people of this country.

MR. MCCURRY: We'll take some questions. Just one last point. The very last discussion of the day dealt with the role that technology policy plays, an especially important area as we make the transition from an industrial society to the age of global information flows. Greg Simon from the Vice President's staff led that, along with Jack Gibbons from the Office of Science Technology Policy. There was a real key stress on the need for continued investments in research and development, in technology and those

things that will be a premise for building a stronger foundation for the bridge to the 21st century, and obviously a lot of discussion about the work of the last four years when it comes to telecommunications policy, the V-chip, those things that we are doing to more effectively use resources like the Internet as we take advantage of higher technologies in preparing for the 21st century.

Q Mike, was there any discussion of anything that might be done differently in a second term, any mistakes or lessons? And also, Mrs. Clinton, we understand, was there as was Tipper Gore.

MR. MCCURRY: Let me have Erskine talk a little bit about maybe some of the things that suggest themselves as different practices or how things might be different. I mean, largely, as you've heard the President say in the past, this is a matter of building on a record of success as we look ahead. Things have worked very well in the first term and we want to build on that success, so there was no contemplated major changes in either operational plans, but a renewed focus on policy as we craft a policy agenda for the second term.

On the First Lady's role and then also Mrs. Gore's role -- Mrs. Gore was at the lunch -- the First Lady participated -- I guess I'd say "listened" to most of the discussion today, beginning with the first session this morning. She'll be an enormously important part of the work that lies ahead during the next four years as the President's partner, as the First Lady of the United States,

as a goodwill ambassador around the world. She's been asked by the State Department to continue in that capacity and then continue to visit foreign countries in the next four years. So she was very keenly interested in the discussions today. She did not directly participate, but was very interested in the deliberations.

Q Was she there all day, Mike?

MR. MCCURRY: She was there all day, and as I say, Mrs. Gore was present for lunch. Did Mrs. Gore stay for any of the afternoon sessions? I think she may have been there for a little while.

Q Mike, you said that the President's stressed bipartisanship and that this appeared again during the day. Now that we've heard summaries from each of these people, where does that show up at various --

MR. MCCURRY: Most keenly, as Sandy said, and I think it was reflected in other conversations too, the need to really work cooperatively with this Congress was a key focus that we recognize -- the President recognizes that a large part of the agenda that we are going to address involves cooperation with the Legislative Branch, which is dominated by the other party.

But I'd also stress something the President said in one of his remarks, too. He said one -- for him, personally, one of the

lessons of the first term is that there are a number of tools that are available to the President, and they're important to the conduct of the presidency, and they go beyond just the crafting of the legislative agenda. They are also the tool of the bully pulpit and how the President articulates policies, they're the role the President can play, lifting up examples of success in the private sector, in communities, success by state and local governments, places other than the federal government, and that is a role that he would be stressing himself. And then a third, there are areas in which the executive acts through executive directives or executive orders. The Executive Branch has the capacity to shape the agenda of the country.

But I would say specifically in that area in which we need to work cooperatively with Congress, whether it's balancing the budget, whether it's crafting a national education strategy, whether it's fighting drugs, whether it's protecting Medicare, whether it's reforming welfare, whether it's conducting or fulfilling the very ambitious foreign policy agenda that Sandy laid out, we're going to have to work very closely with Congress and we have to consult with them and have to put a focus very early on reaching out to the Republican congressional leadership to keep them apprised of their plans.

Q Where's Erskine?

MR. MCCURRY: I was boring him to tears, so he left.

Q Mike, did any specific role for Mrs. Clinton emerge from this discussion?

MR. MCCURRY: Absolutely. She's the First Lady and that's her role.

Q I'm sorry, I meant --

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Q Projects.

Q -- in the next four years, any projects. Did anything come up like that --

MR. MCCURRY: No, to my recollection there was not any focus at all specifically on her role. She was really watching this and interested in how all the work across the administration would be addressed over the next four years. But she herself has talked about some of the things she's doing and she's most specifically said she will continue addressing those things that are of interest to her as First Lady.

Q Mike, Sandy mentioned the increasing resources for foreign policy. Does that mean paying off the U.N. debt, or what else do you have in mind?

MR. BERGER: I think it's across the board. First of all, we need to, as you know, there is a defense review that follows from the bottom-up review we're now engaged in, which takes our defense plans forward into the next century. So the first issue is adequately funding the defense needs of the next decade. Second, there's the 150 account generally, an account that has been shrinking rather dramatically over the last several years to the point where I think many people believe that there simply are not adequate resources -- less than one percent of the budget being spent on all the range of diplomatic activities, whether it is fighting terrorism or the economic activities of our embassies or the diplomatic activities. We spent \$1.7 billion, for example, assisting the Guatemalan government in the '80s in the war in Guatemala; we only have \$27 million to help the Guatemalan government build a peace.

So, generally, I think there is a feeling here that we need a strong bipartisan push to fund generally the 150 account, specifically with respect to U.N. arrears. There will be some ideas in the budget and we will be engaged in consultations with the leadership about some ideas that will link paying U.N. arrears to specific and concrete reforms that take place in the U.N.

We now have a new Secretary General who we're very excited about. We believe he's a man who shares our vision of reform. We have a new, if confirmed, ambassador there who considers this to be a high priority. So it's not only U.N. and the

international institutions, it's the overall international budget.

Q Sandy, the 150 account is what Secretary Albright meant when she meant one percent of the budget --

MR. BERGER: That's correct. Her quote was, I have it written down here, but something to the effect that about one percent of the budget will determine 50 percent of our legacy. Obviously, she wasn't trying to quantify this in a highly mathematical sense, but I think it was a very powerful way of making the point here that we're spending very little money on America's role in the world, which will have an enormous impact on peace, prosperity, and the extent to which the world shares our values over the next decade.

Q And, Sandy, is this foreign aid? Is that what this account is?

MR. BERGER: No, this is not foreign aid; this is everything. This is our diplomacy. This is our embassies. These are the people who are representing America abroad, that are stamping visas, that are helping countries work on drug strategies, that are working with countries on terrorism, that are helping American business sell products abroad, that are engaged in the peace process in the Middle East. This is -- all of our international account is about 1 percent of our budget.

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Most Americans, polls indicate, think that it's 15 percent of our budget, and a University of Maryland poll indicated that most people think it ought to be about 5 percent of the budget. In fact, it's about 1 percent of the budget.

Q Sandy, as long as you're here, there have been some developments in Bosnia -- I'm sorry, in Serbia -- reports that Milosevic may be recognizing or willing to recognize some opposition victories in the election, and also the possibility of even maybe a coalition government. Are you up on that?

MR. BERGER: Well, I haven't seen reports today. Our view continues to be that President Milosevic needs to respect the results of the election, the conclusions that have been drawn by the OSCE team that went there, which found a number of the elections to be deficient, and to honor the democratic process.

And we will continue to press him to do that. He has made some -- taken some steps in the past few days in terms of, for example, perhaps re-running some of the elections in Nis, one of the cities, but that doesn't solve the entire problem -- for example, the fundamental problem in the city of Belgrade, where the OSCE concluded that the elections -- and other international observers -- were deficient.

Q Sandy, perhaps one of the most dramatic

developments in the last couple of days was this 10 percent drop in the Japanese markets. I was wondering if there was any discussion about that, in particular, or more generally, about how to deal with these kind of turbulences on the financial markets which have systemic --

MR. BERGER: I don't believe -- Bob, tell me if I'm wrong -- in the session -- I didn't stay for the afternoon session -- (laughter) -- it may have come up in the education section --(laughter) -- or as part of balancing the budget. But it did not specifically come up in the sessions today.

Q Can you say anything more about the conditions you're going to be putting on for making the back payments to the U.N.?

MR. BERGER: Well, we've talked very consistently over the last two years about the things that we believe the U.N. needs to do to streamline, to maintain a budget that is going down rather than going up. And we will be presenting additional ideas to the U.N. and working very closely with Secretary General Annan on an agenda. Some of these are unilateral; they go to our assessment. We believe that in some respects in some areas our own assessment has been too large and needs to be scaled down.

So there is a series of steps but we need to enter -- this goes back to the bipartisanship point. This is -- we need to

sit down with the Congressional Leadership. Now that we have taken the step here that the President was somewhat criticized for, which was to say that we did not think that the previous Secretary General was up to this task or was dedicated to this task, we stood out there alone, we effected a change in the leadership of the United Nations, we now have a new generation of leadership that has a different kind of a vision. And if we now as a country don't step up to this and say, we have ideas, we're prepared to pay our share of this burden if the U.N. changes, I think what will have come before will have appeared to be rather hypocritical.

MR. MCCURRY: Last question.

MR. BERGER: There are a lot of other very talented people here.

Q You have taken into account the importance of the increased linguistic capability in order to compete in the global market. I think that only English not correct. We can't -- it no good -- we have to speak all the language like all the people in Europe do. And they make a penetration in the market. It's going to help -- the national -- different market, create jobs for the people, but they cannot compete because they don't speak the language --

MR. BERGER: Let me say, I agree with you and it's a good example of the resources point that I'm making because one of the things, for example, that's being cut by virtue of the budget

squeeze is the capacity in the State Department, the Voice of America and others, to have multi-lingual experts that are able to interpret and speak and deal with other countries.

MR. MCCURRY: Thank you.

Q Random House read a statement challenging you to either specify the charges of inaccuracy in the Dick Morris book or to retract a statement they said --

MR. MCCURRY: What does their statement say?

Q They say that they invite you to either specify your charges of inaccuracy or to retract your statements questioning the veracity --

MR. MCCURRY: I haven't made any -- I haven't made any such charges. I reported on the President's reaction to the book so I don't have any comment.

Okay. Thanks.

THE PRESS: Thank you.

END

6:10 P.M. EST

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Collection: 2007-0143-F Segment 2

Bucket: Default

Creation Date: 1997-01-16

Subject: Weekly Report for January 19-25

Creator: Robert Clayton CN=Robert
Clayton/OU=EDUC/O=GOV [UNKNOWN]

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Collection: 2017-1075-F

Bucket: Default

Creation Date: 1997-01-30

Subject: Clinton's Education Budget

Creator: ussaleg ussaleg@essential.org@INET@LNGTWY [UNKNOWN]

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: SDEVD (SDEVD@aol.com@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 2-FEB-1997 18:39:00.00

SUBJECT: RMS Version

TO: Kevin Moran (Kevin Moran@eop [UNKNOWN])

READ:UNKNOWN

TEXT:

TO: Kevin Moran

FR: Dan Baum

Attached please find Microsoft Word 6.0 file:

STUNION.DOC

Under seperate cover I will send a WordPerfect

version of the enclosed.

Best, Dan===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from storm.eop.gov (storm.eop.gov)

by PMDF.EOP.GOV (PMDf V5.0-4 #6879) id <01IEY648YAAO0118PX@PMDf.EOP.GOV> for moran_k1@a1.eop.gov; Sun, 02 Feb 1997 17:39:18 -0400 (EDT)

Received: from emout08.mx.aol.com (emout08.mx.aol.com)

by STORM.EOP.GOV (PMDf V5.0-7 #6879) id <01IEY63XXD9G007IO2@STORM.EOP.GOV> for

moran_k1@a1.eop.gov; Sun, 02 Feb 1997 17:39:15 -0700 (MST)

Received: (from root@localhost) by emout08.mail.aol.com (8.7.6/8.7.3/AOL-2.0.0)

id RAA05092 for moran_k1@a1.eop.gov; Sun, 02 Feb 1997 17:39:19 -0500 (EST)

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

===== ATTACHMENT 2 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

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I come before you tonight with a plan of
action and a challenge as great as any in our peacetime history -- to prepare
our people for the next century and a global economic revolution.

We have much
to be thankful for. With four years of growth, we have won back the basic strength
of our economy. With crime, welfare rolls, and teen pregnancy all declining,
we are winning back our basic optimism, the enduring faith of America that
we can master any difficulty. We won the Cold War, and now we are helping to
bring unrivaled peace and prosperity across the world.

It would be easy to become
complacent, to rest at this moment. But we are not a people made for complacency.
We must not win the struggles of the past only to lose this moment of opportunity.

Though we face no enemy bent on destroying us, the great enemy of
our time is inaction. It is the enemy within. The new promise of the global economy,
the Information Age, new careers, and life-enhancing technology are ours
to seize for our people. But if we do not act, the chance will slip from our grasp
or even be turned to our disadvantage in this vigorous new era of competition.

Our moment of opportunity is fleeting. A child born tonight will have
almost no memory of the 20th Century. Everything she is likely to know firsthand
and about the progress of America, she will know because of the work we do now
to help build the new century. We must focus on our responsibilities to her and
all our children. We must be shapers of events, not observers. Our task is
not to ask what the future means for us, but what meaning we can give to the future.

My fellow Americans, the State of our Union is strong, but the opportunity
before us is even stronger. So tonight, I issue a call to action -- a call
to this Congress, to our states, and to all our people to welcome a future that
will be what we make of it. [To answer this call, we must have a new government
for a new century, one that assures every person the means and the power to
make the most of their own lives; we must seek a new sense of responsibility among
all individuals, a new spirit of community across our nation.]

This call
to action summons us to work for stronger education and harness the forces of
technology and science; to build stronger families and stronger communities; to
keep America the world's strongest force for peace, freedom and prosperity. An

d above all, to build a stronger, more perfect union here at home.

The spirit
in which we approach the work will determine its success. The people of this nation elected us all. They will not tolerate gridlock or acrimony. What matters now is the next century, not the next election. What matters is not the applause when we arrive, but the judgment when we leave.

Here is what I believe
we, together, must do for our country:

First we must move quickly to finish
the unfinished business before us -- balancing our budget, renewing our democracy, and finishing the job of welfare reform.

Over the last four years, we have
brought new economic growth by investing in our people, expanding exports, cutting our deficit and creating 11 million new jobs. Now we must keep our economy the strongest in the world.

We here tonight have an historic opportunity.
Let this Congress be the Congress that finally balances the budget.

In two days,
I will propose a detailed plan to balance the budget by the Year 2000.

My plan proves we can balance the budget and invest in our people so they can make the most of their lives. We can and must balance the budget and provide tax relief to pay for education -- to help raise a child -- and buy and sell a new home. The middle class deserves tax relief, and we must and we will give it to them. We can balance the budget and build on the Vice Presidents work to make this government work better, even as it costs less.

Let me be blunt: A balanced budget amendment could cripple our country in time of crisis; it could force unthinkable results such as judges impounding Social Security checks or increasing taxes. Balancing the budget requires only your vote and my signature. It does not require us to rewrite our Constitution.

I am ready to sign a balanced budget; I ask you to pass it this year.

We must also act together, in a bipartisan process, to safeguard Social Security and reform Medicare so these fundamental programs will be as strong for our children as they are for our parents.

The second piece of unfinished business relates not just to our economy, but to our democracy itself. Tonight, before the eyes of America, we must commit ourselves to enacting bipartisan campaign finance reform.

We have just come through an election in which more money was raised and spent on races for C

Congress and the Presidency than ever before. Every one involved in this system -- every one of us here -- must take responsibility for this and for changing it.

[In the last Congress, we passed sweeping reform of lobbying laws, and we did it in a bipartisan way. Now] Senator McCain and Senator Feingold, Representative Shays and Representative Meehan have reached across party lines to craft tough and fair campaign reform. Their proposal would curb spending, reduce the role of special interests, create a level playing field between challenges and incumbents and ban the large soft money contributions that both parties receive. And it would ban contributions from foreign owned companies and people who are not American citizens.

You know and I know that delay will mean the death of reform. So let's set our own deadline. Let's work together to write campaign finance reform into the law, let's do it by the day we celebrate the birth of our democracy -- July 4th.

There is a third piece of unfinished business for us here: Last year we enacted landmark welfare reform. Now each and every one of us has to fulfill our responsibility to finish the job and help the permanent underclass lift themselves into our growing middle class.

Over the last four years, we moved a record two million people off the welfare rolls. Now we must act to meet a new goal -- one million more people moving from the dependence of welfare to the dignity of work by the Year 2000.

To everyone here, whether you supported this law or opposed it -- but especially those of us who supported it -- I say: We now have a moral obligation to make sure people who must work can work. We cannot blame the welfare system anymore. We have torn the broken system down. Now we must come together to raise our people up.

Here is my plan: Tax credits to businesses that hire people off welfare. Incentives for corporations and job placement firms that create jobs for welfare recipients. Transportation and childcare to help people go to work.

This is not the responsibility of the federal government alone; this is the responsibility of every American. I challenge every state: turn welfare checks into private sector pay checks. I challenge every religious congregation, every community non-profit, and especially every business: hire someone off welfare. If every business in America would do that, we could solve this problem, once and for all. Every employer in this country who ever criticized the old welfare system should do their part and hire someone from welfare to work.

Tonight, I am proud to announce that five major corporations -- Sprint, Monsanto, UPS, Burger King, and United Airlines -- will be the first to join in a new national effort to marshal American businesses to hire people off welfare.

And we must join together to do

something else -- something what Republican and Democratic governors alike have asked -- and that is to restore help for legal immigrants who work hard, pay taxes, and obey the law.

We passed welfare reform. We were right to do it. But no one should walk out of this chamber with a clear conscience unless you are prepared to help us finish the job. To those who are well-off, we must say: Count your blessings, but always be ready to reach out to others. And to those who are in need: Always be ready to take personal responsibility, but count on America to offer a helping hand through the dignity, the power and the ethic of work.

If we balance the budget, enact campaign finance reform, and finish the job of welfare reform, we will have taken first and fundamental steps on the path to a new century.

But the greatest step of all -- the high threshold to the future that we must now cross -- and my number one priority as President for the next four years -- is to insure that America's children will have the best education in the world. Let's work together to meet these goals: Every 8 year old will be able to read; every 12 year old will be able to log on to the Internet; and every 18 year old will be able to go to college.

My balanced budget makes an unprecedented commitment to stronger education -- \$42 billion next year, the largest ever. We are going to do our part here in Washington. But when it comes to education, that is nowhere near enough.

I have a Plan for America's Schools, based on [four] principles, to which we must commit ourselves tonight. [hold up booklet]

First, we must set rigorous national standards for education, and help our children reach them. For the first time in America, every school in every community will say: Fourth graders must be able to read, and read well. Eighth graders must be able to do algebra. All our children must master the basics.

To do this, we must begin a new national education crusade. Every state and every school must dedicate itself to shaping the curriculum and training the teachers to lift our students up. To help schools meet the standards and measure their progress, we will lead an effort over the next two years to develop national tests for student achievement.

Tonight, I issue a national challenge: By 1999, every state should test every student in reading and math to make sure these standards are met.

In addition, we will provide the Third International Math and Science Survey -- the TIMSS test -- to every school district that will accept it. Children all over the world have taken this test. It is a reflection of the world class standards our young people must meet for the new era.

And every state should require a tough graduation exam, so high school seniors will not get a diploma unless they can pass a test to show they have earned it. No one should be able to graduate without being able to read the diploma they receive.

Raising standards will not be easy. Some of our children will not be able to meet them at first. But the point is not to put them down, it is to lift them up. The tests will help to show us who needs extra help, what changes in teaching we need to make, and which schools need to be improved. And they will help us, once and for all, to end social promotion in America.

They are far more than just tests of our children. This entire endeavor is a test of our nation, of our ability to marshal the will and resources to meet the demands of the global economy and the Information Age. We must make American education, like America itself, the envy of the world.

Last week, I visited schools outside Chicago, where parents are not afraid to test their communities against the rest of the globe. Their children took the TIMSS test. They came in first in the world in science. And two of them are here today, along with their teacher. [introduce students and teacher in First Lady's box]

They prove what we all know: Our children can achieve excellence. When we aim high and challenge our students, they can and will be the best in the world.

We can't start teaching them too soon. We are already expanding Head Start -- by one million children by 2002. New scientific discoveries teach us that we build the foundation for a child's later learning in the earliest years. My wife Hillary has spent a lot of time studying this and writing about it. And I am pleased to announce that this Spring, we will convene a White House Conference on Early Learning.

But Head Start will falter without continuing help. Today, 40% of 8 year olds cannot read on their own. We have just launched the America Reads initiative -- a national commitment to build a citizen army of one million volunteers to tutor those who need extra help. We will use thousands of AmeriCorps volunteers to mobilize this citizen army. Tonight, I am proud to announce that 60 college presidents have pledged tens of thousands of work study students to work one year as reading tutors.

I call on more of you to join us. Call 1-800-USA-LEARN to find out how. This is a challenge to every citizen -- and to teacher and every principal -- to be honest enough to recognize when a child is having trouble reading, and committed enough to do something about it. But this is especially a challenge to parents. Parents should read to their children every night. This spring, the Vice President and Mrs. Gore will host their sixth annual family conference where they will focus on parents and learning -- because parents are our children's first teachers, and every home must be a classroom.

The second principle of our Plan for America's Schools recognizes the simple truth that to have the best schools, we must have the best teachers. For years, educators and leaders like North Carolina Governor Jim Hunt have

ave worked hard to establish nationally accepted credentials for excellence in teaching. The goal is to measure, not just what teachers know, but how well they teach. The first of these master teachers were certified [last year], and there are now [###]. My budget will help more than 100,000 more teachers seek national certification as master teachers. We should reward our best teachers, and we should find ways to quickly and fairly remove those who don't measure up. And we have to do more to challenge the best of our young people to look at teaching as a career.

The third part of our plan calls on every state to let parents choose the right public school for their children. Innovation and competition will make our public schools better. We must do more to encourage teachers and parents to start public charter schools that set and meet the highest standards. My balanced budget doubles the funding to help start charter schools, so there will be 3000 of them by the year 2000.

We cannot raise our children up in schools that are literally falling down. My budget includes \$5 billion to spur \$20 billion in school construction and modernization over the next four years.

Finally, we must press forward to make sure character education is a part of every curriculum. We cannot raise standards if we fail to teach our children how to be good citizens. We must continue to demand order and discipline, supporting communities that introduce school uniforms, impose curfews, enforce truancy laws, and get disruptive kids out of the classroom.

Tonight I pledge to take this plan to the country, to enlist America's support in this crusade for tomorrow's children.

One of the greatest sources of our national strength in the 20th century was a bipartisan foreign policy; politics stopped at the waters edge. Tonight, I ask you for a new bipartisan commitment to education -- because education is the national security of our future -- and politics should stop at the classroom door.

Beyond high school, to prepare our people for the 21st Century, we must make the 13th and 14th years of education -- at least two years of college -- as universal in America as high school is today.

To do that, we should cut taxes. I propose America's HOPE scholarship, a \$1,500 tax credit for college tuition, enough to pay community college tuition; a deduction of up to \$10,000 for all tuition after high school; an IRA you can save and then withdraw tax free, as long as it's for education; and the largest increase in Pell Grant scholarships for deserving students in two decades.

With this package, no working family will ever have to pay a nickel of taxes on money they save for college -- and I ask you to pass it so every young American who works hard can go to college.

But education in this new world is not just the need

of the young; all our people must have the chance to learn new skills throughout their lives. Nearly every American worker lives within driving distance of a community college: the roads that take them there can be the path to a better future. Government doesn't need to decide what kind of training they need; they can decide for themselves -- if they have the means. My G.I. Bill for Workers will transform the confusing tangle of federal training programs into a single, simple skill grant that will go directly into eligible workers' hands. For far too long, this bill has sat before you without action -- and you should pass it now.

To prepare America for the 21st century, we must harness the powerful forces of knowledge, science and technology to the service of all Americans.

This is the first State of the Union to be carried live over the Internet. But we have only begun to spread the benefits of a technology revolution that should be the modern birthright of every citizen.

Last year, I challenged our nation to connect every classroom and library to the Internet by the Year 2000 -- so that for the first time, children in the poorest rural communities, inner city schools, and well off suburbs will all have access to the same universe of knowledge. We are doing it, and doing it at rates every school can afford.

This year, I challenge the private sector to help us connect every child's hospital to the Internet as soon as possible, so a child in bed can stay in school and stay in touch with family and friends.

My plan increases funding to teach our children how to use computers by \$225 million. We will build the second generation of the Internet so our leading universities and national laboratories can communicate at speeds a thousand times faster than today, to develop new medical treatments, new sources of energy, and new ways of working together.

We must continue to explore the heavens, pressing our mission of discovery with the Mars probes, the international space station, and the project to discover the origins of life.

And we must speed the remarkable advances in medical science. In the last year alone, American scientists have found the gene for breast cancer and ovarian cancer, and have found drug treatments that dramatically lengthen the lives of people with AIDS.

Since I took office, funding for AIDS research has gone up nearly 50%. With these new resources, the National Institutes of Health will now become the primary discovery engine for an AIDS vaccine. Every year we move up the discovery of that vaccine, we will save 65,000 lives. If you approve this plan, scientists from business, universities and our national labs will be able to work together so we can end the threat of AIDS -- among ourselves and around the world.

To prepare for the 21st Century, we must also strengthen our families.

This involves more than material things. There is an economy of numbers and statistics. But there is also an economy of values that measures the true worth of America.

In the new century, with new pressures on people in the way they work and live, we must help parents pass on their values to their children.

For four years, the Family and Medical Leave Law has done that for millions of our people. Now we should expand Family Leave so workers can take time off for parent teacher conferences or a child's routine checkup. We should pass flextime so workers can choose to be paid for overtime not only in income, but also with time off to be with their families.

For our families to be strong, we must continue, step-by-step, to give them access to affordable, quality health care. My balanced budget will extend health coverage to five million children -- cutting in half the number of uninsured children in America. It will help all Americans between jobs pay their premiums for up to six months. No child should be without a doctor just because a parent is without a job.

And we must not -- and I will not -- lose sight of our ultimate goal -- to find a way to cover the rest of the 40 million Americans who are in working families, who pay their taxes, and who still lack health insurance. I don't think that's right, and I know you don't either. We have to work together until every American has access to the world's best health care system.

Last year, we ended drive-through deliveries by requiring that new mothers and their babies get at least 48 hours of hospital care. This year, we must enact the bipartisan legislation before you to end the dangerous and demeaning practice of drive-through mastectomies.

And if we want to protect our children, we will stand by our action to ban cigarette ads that lure our children. This is the right thing to do; it will save lives; and I will not back down.

Every parent must uphold their most sacred responsibility -- their responsibility for their children. We should make it a felony for any parent to cross state lines in an attempt to flee the obligation to pay for child support. And to America's fathers, let me say: child support is no substitute for the love and discipline your children need from you. You must be there for them.

Beyond stronger education, beyond stronger families, to prepare America for the 21st Century, we must build stronger communities.

Even though this economy produced over 11 million jobs in four years, the most ever in a single term, there are still places in America where opportunity and economic growth have not reached. Our approach to renewing urban neighborhoods, and poor communities across the nation, is to bring the full force of the private economy to bear -- to create jobs, spur

investment by businesses and loans by banks, and most of all restore hope. What we are doing is not to provide one top-down bureaucratic plan, but thousands of community plans that actually work in the places where people live and earn their living.

Empowerment zones have already brought hope to communities like Detroit, where the unemployment rate has been cut in half in four years. We should double the number of empowerment zones. We should expand the network of community development banks. We should enact the brownfields initiative to restore contaminated land and buildings to productive use.

And we, together, must pledge tonight that we will use this empowerment approach -- including private sector tax incentives -- to renew this great capital city, so it is once again the proud face America shows the world.

As we strengthen our communities, we must protect our environment and preserve our natural heritage for the 21st century. We cleaned up as many toxic waste sites in three years as in the previous twelve; we cut the amount of toxic pollution in half; we protected the 1.7 million breathtaking acres of the Grand Escalante Staircase in Utah.

Now we should clean up over 500 more toxic waste sites, so that two-thirds of our worst sites are cleaned up by the Year 2000. We should pass my proposal to make big polluters live by this simple rule: If you pollute our environment, you pay to clean it up.

And to strengthen our communities in the 21st Century, we must press our fight against crime and violence. Serious crime has dropped five years in a row -- the longest decline in decades. The key has been community policing -- and we must finish the job of putting 100,000 police officers on our streets. We should pass a Victims Rights Amendment to the Constitution. We should set a goal to deport a record 100,000 criminals and illegal aliens this year.

And, for the next four years, our goal must be to mount a full scale assault on juvenile crime. I will submit comprehensive legislation to declare war on criminal gangs, with new prosecutors and tougher penalties; give judges more power to crack down on gang members who intimidate witnesses; extend the Brady Bill so a minor who commits a violent crime will never be given the right to own a handgun; require trigger safety locks to prevent unauthorized use; and provide resources to keep schools open late, on weekends, and in the summer, so young people have someplace to go and something to say yes to.

Helping young people through service is exactly why President Bush, General Colin Powell, and former Housing Secretary Henry Cisneros joined Vice President Gore and me at the White House to announce the Presidents Summit of Service, to be held in Philadelphia in April. Out of that summit, we intend to mobilize millions of Americans to serve in thousands of ways. Already, AmeriCorps, our national service program, has helped 50,000 students to work their way through college as they serve America. Citizen service belongs to no party or ideology. It is an American responsibility which all Americans should embrace in their daily lives. An

d I hope many more of our young people will take up that responsibility as well

And we must help our communities in the battle against drugs. My balanced budget includes the largest anti-drug effort ever: to stop drugs at their source, punish those who push them, and provide drug education for the young.

Let me say a word directly to you, our children: As we work to build a strong future for you, you have to take responsibility for your own future. Nothing your parents do, nothing anyone can do, will keep drugs out of your hands if you set out to find them. Drugs are deadly. They will ruin your life. Don't let them. It's up to you to heed the wise words of another First Lady -- just say no.

And to prepare America for the 21st Century, we must master the forces of global change and keep American leadership strong and sure in an uncharted time.

Fifty years ago, in the first winter of the Cold War, President Harry Truman stood before Congress and called for a national commitment to fulfill America's role as the free world's indispensable nation. We launched the Marshall Plan to rebuild our allies and our former adversaries. We created the institutions and provided the resources that brought us security, prosperity, and the victory of freedom. Because we kept that commitment, today more people than ever before share the ideas that define America and the interests that we defend.

Now we face another time of fundamental change and choice. We have dismantled many of the blocs and barriers that divided the world for our parents. But we must forge the new institutions and understandings that will make the world safe for our children.

We must build, for the very first time, an undivided, peaceful and democratic Europe. When Europe is stable, America is more secure. When Europe prospers, so does America.

Nearly half a century ago, NATO strengthened struggling democracies and paved the way for prosperity in Europe's west. Now, we can do the same for Europe's east by opening NATO's doors to new democracies and building a strong NATO-Russia partnership. This summer, I will go to Madrid for a special NATO summit. Together, we here should commit our country to an expanded NATO by 1999, in which countries that were once our enemies become our allies to keep Europe united and at peace.

In a global economy with global security challenges, America must look East no less than the West -- and build a true community of nations in the Asia Pacific. Our security demands it: Americans have fought three wars in Asia in living memory. Our prosperity requires it: More than 2 million American jobs depend on trade with Asia.

As we tear down trade barriers and build up our alliances, a genuine Pacific community is emerging. But we must not let our progress mask the peril that remains. We must

dismantle North Koreans frozen nuclear program, as North Korea has agreed. I call on you to fund Americas contribution to this effort. And we must advance peace talks between South Korea and North Korea to bridge the final divide of the Cold War.

We must pursue a deeper dialogue with China. An isolated, inward looking China is not in our interest. Instead, we must stand together against common dangers like weapons proliferation and deal with fundamental differences like human rights. As contacts grow, as markets expand and information flows, as China assumes its rightful role, that great and powerful nation will become a more open society. I look forward to exchanging state visits with President Jiang -- not because we agree on everything, but because a constructive U.S.-China relationship matters to every hope we have for the world.

But the American people will know the true security only if they have the opportunity to prosper in the global economy. These past four years, we made it our mission to open markets abroad and create good jobs at home. More than two hundred trade agreements later, I am proud to say that America is once again the worlds number one exporter. Today, we are the worlds most competitive nation.

Now, we must build on that momentum throughout Asia and Latin America. To place the United States at the hub of the two most dynamic regions on earth, I am pleased to announce tonight that I will travel to Mexico in April, then to [tk] in May, for talks that will advance the cause of a common prosperity. And I will work with Congress to make -- and enforce -- trade agreements that are good for America and American workers.

Beyond this, we must continue to be an unrelenting force for peace -- from the Middle East to Northern Ireland to Africa. Considered risks for peace lessen the likelihood of war. They encourage other nations to build up their people, not their arsenals.

In Bosnia, with American leadership, the killing has stopped -- but the habits of peace are slow to take hold. That is why I agreed that our troops would take part in a smaller follow-on force that should complete its mission by June of 1998. The force will help prevent hostilities from resuming so economic reconstruction and political reconciliation can continue -- and Bosnias peace can become self-sustaining. Tonight, I ask Congress to continue its strong support for our troops. They are doing a remarkable job for America -- and America must do right by them.

Finally, we must move decisively against new threats to our security that respect no borders -- weapons of mass destruction, terrorism, international crime and drug trafficking. The American people are more secure -- and should be proud -- because we have dramatically reduced the nuclear threat. We have reached an historic accord to end nuclear testing for all time. We have extended the treaty to halt the spread of nuclear weapons. With Russia, we have made deep cuts in our nuclear arsenals and agreed to stop targeting each others citizens. We are working to stop nuclear materials from falling into the wrong hands and to rid the world of landmines.

But the American people will have no cause for pride if we fail the test of leadership that lies ahead -- ratifying the Chemical Weapons Convention. The Convention will make our troops safer from chemical attack. It will help us fight terrorism and isolate rogue states. That is why the Reagan Administration negotiated the Convention; the Bush Administration signed it; and XX nations have approved it. Together, let us make the Chemical Weapons Convention law -- and begin to banish poison gas from this earth.

Preparing America
for the 21st century cannot be done on the cheap, but the price of neglect would be even greater. We must maintain a strong and ready military -- and we will, by increasing weapons modernization funding 40 percent by the Year 2000. Our men and women in uniform have preserved our freedom in the past. They must have the most advanced equipment and training to defend it in the future.

We must renew our commitment to Americas diplomacy. Every dollar we devote to diplomacy and to the international financial institutions brings a sure return in security and savings. Yet international affairs spending totals just one percent of the federal budget -- versus sixteen percent when Harry Truman asked America to choose engagement over isolation. We have to do better.

The United Nations
Nations can help us spread the risks and costs of leadership -- saving childrens lives, sheltering refugees, giving peace a chance to take hold. The new Secretary General is committed to reform. As the UN cuts waste and streamlines staff, the United States should pay our debts and dues.

At key points during the
second half of the century, Republicans and Democrats have debated a specific policy. But we have always agreed on the necessity for American leadership. That bipartisan support has fortified our strength.

Before this month is out
, I will ask the leadership of both houses and both parties to meet with me to work together on Americas foreign policy agenda. The course we take, much like the actions we took 50 years ago, will shape the lives of every American for generations to come.

In the end, our most important leadership in the world grows
out of the power of our example and our ability to remain strong as One America.

In too many other places, people are splitting apart in conflicts of race
or religion or ethnicity. This division fuels the fanaticism of terror. We are the worlds most diverse democracy. And the world looks to us to show that it is possible to live and advance together across all differences.

America
has always been a nation of immigrants. From the start, a steady stream of people, in search of freedom and opportunity have left their own lands to make this land their home. We began as an experiment in democracy fueled by Europeans, and have evolved into an experiment in diversity fueled by openness and promise.

So much of our future depends on how we relate to the world. Our diversity is not a weakness -- it is our greatest strength. People on every continent can look to us and see the reflection of their greatness. And we must give every one of our citizens the opportunity to achieve their own greatness.

But we still see all around us that we have not yet healed our divisions. We see it every day in the sullen, hopeless faces worn by too many of the young. Too often, we see it in the corridors of business, and the schoolyards and streets of our daily lives. Too many people still spend time trying to drive wedges between us -- black against white, haves against have nots, old immigrants against new.

A few days before my second inauguration, one of America's best known pastors, the Reverend Robert Schuller, suggested that I read Isaiah 58:12. I placed my hand on that verse when I took the oath of office. It says: Thou shalt raise up the foundations of many generations, and thou shalt be called, the repairer of the breach, the restorer of paths to dwell in. I put my hand on that Bible on behalf of all Americans. No matter what our differences -- in faith, our background, or politics -- we all must be repairers of the breach. For we may not all share a common past, but surely we share a common future.

Along with the Reverend Schuller, we are joined tonight by two other Americans, and the spirit of another, who come from different backgrounds but show us how to come together to build that common future. Congressman Frank Tejeda was buried yesterday, a proud Mexican-American who earned a Bronze Star and a Purple Heart fighting for freedom in Vietnam, and served Texas and America fighting for our future in this chamber. Gary Locke, a Chinese-American, is the newly elected Governor of Washington and the first Asian American governor in our history. And Vernon Baker. Along with six comrades-in-arms, he waited fifty years for the recognition he deserved -- for bravery, for patriotism, for risking his life for his country -- simply because he was black. Last month, I had the privilege of awarding the Medal of Honor to Mr. Baker, and his six courageous comrades. He is the only one still alive, and he is here today.

Reverend Schuller, Governor Locke and Lieutenant Baker -- I'd like to ask them all to stand up in the box. They are repairers of the breach. And we should thank them all.

The work of staying together as a nation is hard work. But there is nothing more important or rewarding. Our unity is our greatest strength. It is the foundation of many generations, of every other strength we must build for the 21st century.

America is not just a place, but an idea -- the most powerful idea in the history of nations. It has endured from the days when we were a pilgrim people on a narrow margin of land at the edge of a vast continent. The idea has sustained us through peril and triumph and inspired the yearning for freedom everywhere. Now we are the bearers of that idea. This is our honor and our challenge. For the third time in our history, we Americans are entering a new century. We are leading a great people into a new world.

Thank you,
and God bless you, and God bless America.

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