

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. schedule	Schedule of the President [partial] (5 pages)	2/18/93	b(7)(E), b(6)
002. schedule	St. Louis Address [partial] (1 page)	2/17/93	b(6)
003. schedule	One-on-One Interviews [partial] (1 page)	2/18/93	b(6)
004. memo	To: Eller, From: JPG, RE: Omaha [partial] (1 page)	2/17/93	b(6)

COLLECTION:

Clinton Presidential Records
First Lady's Office
Liz Bowyer
OA/Box Number: 3989

FOLDER TITLE:

[HRC Background File] BC Brief - Sample [February 1993] [1]

2014-0483-S

sb317

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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BC Bed-Sample

PHOTOCOPY
PRESERVATION

1 St Lady

THURSDAY, FEBRUARY 18, 1993

MISSOURI

Remarks for St. Louis	TAB A
Briefing Paper for Address to the People of St. Louis	TAB B
Meet and Greet with Local Officials and Supporters	TAB C
Local Interviews	TAB D
Photo-Ops	TAB E
Missouri Political Background/ Local Impact of Economic Plan	TAB F
Background on the Economic Plan	
General	TAB G
Constituencies	TAB H
Questions and Answers on Foreign Policy	TAB I
Copy of your Speech to the Joint Session of Congress	TAB J

SCHEDULE OF THE PRESIDENT

FOR

THURSDAY, FEBRUARY 18, 1993

FINAL DRAFT

Weather Forecast for St. Louis, MO

Sunny; low temperature -- 6 degrees; high temperature -- 28 degrees

Weather Forecast for Chillicothe, OH

Sunny; low temperature -- 3 degrees; high temperature -- 20 degrees

SCHEDULER: STEPHANIE STREETT
HOME: 202-332-5651
OFFICE: 202-456-7560
WHCA PAGER: 4033
CELLULAR: 202-494-9855

PRESS DESK: ANNE EDWARDS
HOME: 301-565-3101
OFFICE: 202-456-7560
SKYGRAM: 227-8821

ST. LOUIS ADVANCE:

L: Ed Emerson
S: Tom Trapasso
C: Ernest Herrell
P: Sam Myers
P: Ellen Berlin
M: Regina Davis Tooley

CHILLICOTHE ADVANCE:

L: Brian McPartlin
S: Jim Loftus
P: David Neslen
P: Allison Jones
M: Susan Wallace

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**SCHEDULE OF THE PRESIDENT
FOR
THURSDAY, FEBRUARY 18, 1993**

tba	JOG
9:30 am- 9:45 am	BRIEFING OVAL OFFICE AGJ, Mack McLarty, Tony Lake, Sandy Berger, Leon Fuerth
9:45 am- 10:00 am	BRIEFING OVAL OFFICE AGJ, Mack McLarty, Tony Lake, Sandy Berger, Leon Fuerth
10:00 am- 10:15 am	MEETING OVAL OFFICE Mack McLarty, George Stephanopoulos, Marcia Hale, Bruce Lindsey
10:15 am- 12:15 pm	PHONE AND OFFICE TIME OVAL OFFICE

**NOTE TO STAFF: ALL LUGGAGE SHOULD BE TAGGED AND DROPPED OFF IN
OEOB 89 1/2 BETWEEN 8:30 AND 9:00 AM**

11:20 am	Staff traveling on Air Force 1 should be assembled at West Lobby, West Executive Avenue
11:35 am	Staff depart from West Executive Drive en route Andrews Air Force Base
12:20 pm	Staff immediately board Air Force 1
12:30 pm	All staff must be on board Air Force 1

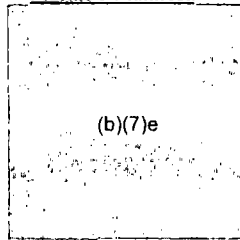
Note to staff: All staff must be on board Air Force 1 including staff from
Marine 1-

(b)(7)e

001

12:15 pm	THE PRESIDENT begins to proceed to South Lawn for departure on Marine 1
12:20 pm	THE PRESIDENT meets and greets with public as he proceeds to Marine 1
12:38 pm	THE PRESIDENT boards Marine 1

Marine 1 Manifest:



001

12:40 pm **THE PRESIDENT** departs from the White House via Marine 1
en route Andrews Air Force Base
[10 minute flight time]

12:50 pm **THE PRESIDENT** arrives Andrews Air Force Base

12:55 pm **THE PRESIDENT** boards Air Force 1

1:00 pm **THE PRESIDENT** departs Andrews Air Force Base via Air
Force 1 en route Lambert International Airport, St. Louis, MO
[flight time is 2 hours]

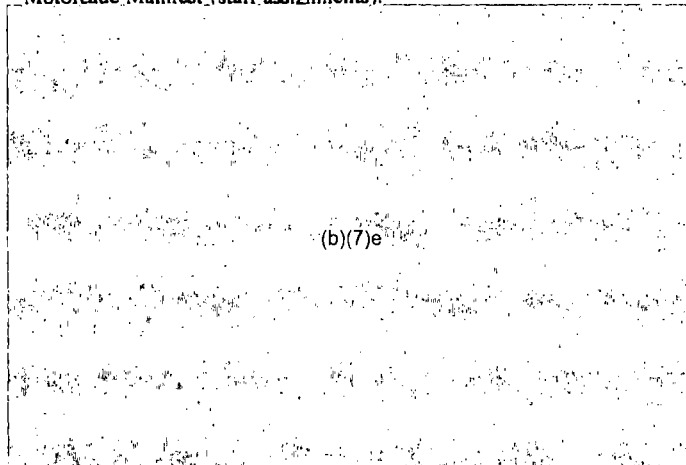
2:00 pm CST **THE PRESIDENT** arrives Lambert International Airport,
St. Louis Air Cargo
Address: 6107 McDonald Boulevard

2:05 pm **THE PRESIDENT** deboards Air Force 1
Greeters:
Governor Mel Carnahan
Mrs. Carnahan
Robin Carnahan
Treasurer Bob Holden
Secretary of State Judy Moriarty
Attorney General Jay Nixon
Lieutenant Governor Roger Wilson
State Auditor Margaret Kelly
Speaker Bob Griffin
Senator Jim Mattheson
Mayor Vince Schoemehl
Lois Schoemehl
Pearlie Evans (from Congressman Clay's office)
Senator Jet Banks
John Mandelker
County Executive Buzz Westfall
Katie Steele
Roy Temple

2:15 pm **THE PRESIDENT** departs Lambert International Airport
en route Union Station

[drive time: 20 minutes]

Motorcade Manifest (staff assignments):



2:35 pm

THE PRESIDENT arrives Union Station
Security entrance-- Market Street

THE PRESIDENT proceeds to Grand Hall
Grand Hall Greeters:

Brian E. Ulione, Vice President and General Manager of St. Louis Union Station; his wife, Maggie Ulione; Kevin Farrell, Director of Marketing for St. Louis Union Station; Steve Miller, Oppenheimer Properties; John Russell, General Manager of Hyatt Regency; Priscilla E. Buehrle

2:45 pm

THE PRESIDENT proceeds to stage with Representative William Clay, Governor Mel Carnahan, Majority Leader Richard Gephardt
(Off-stage intro/Music: "Stars & Stripes Forever")

CONGRESSMAN WILLIAM CLAY introduces Governor Mel Carnahan

GOVERNOR MEL CARNAHAN introduces Majority Leader Richard Gephardt

CONGRESSMAN RICHARD GEPHARDT introduces
THE PRESIDENT

2:53 pm

THE PRESIDENT proceeds to podium

2:55 pm-
3:15 pm

ADDRESS TO THE PEOPLE OF ST. LOUIS
OPEN PRESS

3:15 pm **THE PRESIDENT** exits stage left and works ropeline

3:30 pm **THE PRESIDENT** proceeds to Hyatt Room 3001

3:30 pm-
3:50 pm **THE PRESIDENT** meets and greets with local officials and supporters, Hyatt Room 3001
CLOSED PRESS

3:50 pm-
3:58 pm **THE PRESIDENT** proceeds to Hyatt Room 3000
(b)(6) 001

3:58 pm **THE PRESIDENT** proceeds to Gothic Room

4:00 pm-
4:30 pm **LOCAL INTERVIEWS**
GOTHIC ROOM
Staff Contact: Jeff Eller
CLOSED PRESS

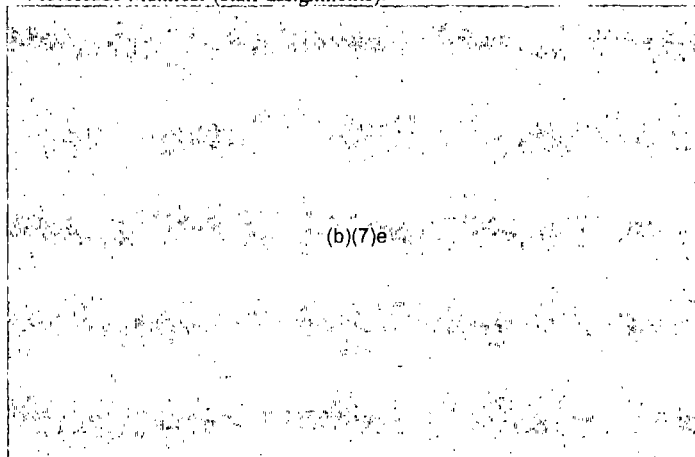
4:30 pm-
4:35 pm **PHOTO-OPS**
GOTHIC ROOM
Chief of Police and 5 other uniformed officials

4:35 pm **THE PRESIDENT** greets Campaign Workers along rope line
GOTHIC ROOM (other end)

4:45 pm **THE PRESIDENT** proceeds to motorcade

4:50 pm **THE PRESIDENT** departs Union Station en route Lambert International Airport
[drive time: 25 minutes]

Motorcade Manifest (staff assignments):



001

5:15 pm **THE PRESIDENT** arrives Lambert International Airport

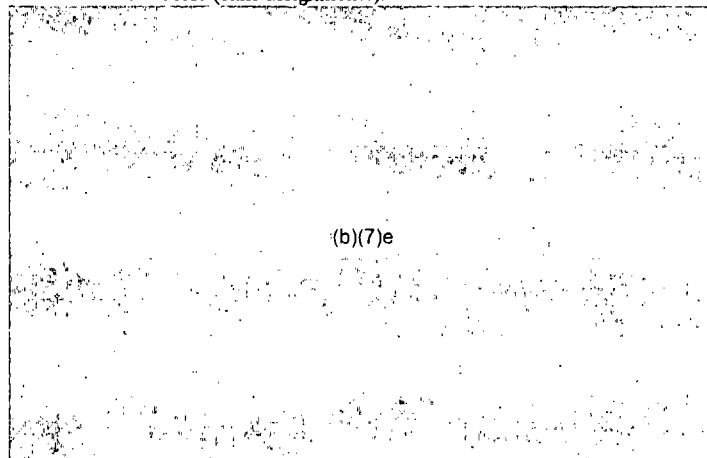
5:20 pm **THE PRESIDENT** greets volunteers, motorcade drivers, etc.

5:30 pm CST **THE PRESIDENT** departs Lambert International Airport via Air Force 1 en route Rickenbacker Air Force Base
[flight time: 1 hour, 10 minutes]

7:40 pm EST **THE PRESIDENT** arrives Rickenbacker Air Force Base
Greeters: Brigadier General John H. Smith Jane, Wing Commander; Colonel William Howland, Base Commander; his wife, Jane Howland

7:50 pm **THE PRESIDENT** departs Rickenbacker Air Force Base en route Chillicothe, OH, Comfort Inn
[drive time: 40 minutes]

Motorcade Manifest (staff assignments):



8:30 pm **THE PRESIDENT** arrives Comfort Inn
Address: 20 North Plaza Blvd.
Phone: 614-775-3500
Staff Contact: Sharla

BC AND STAFF RON **COMFORT INN, CHILLICOTHE, OH**

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THE WHITE HOUSE

WASHINGTON

February 17, 1993

St. Louis Address

Date: Thursday, February 18, 1993

Location: St. Louis Union Station, St. Louis, MO

Time: 2:30 pm

From: Stephanie Streett, Deputy Director of Scheduling

I. **PURPOSE/BACKGROUND**
See attachment.

II. **PARTICIPANTS**
Representative William Clay, Governor Mel Carnahan,
Majority Leader Richard Gephardt

III. **PRESS PLAN**
Open Press

IV. **SEQUENCE OF EVENTS**

* Upon arrival at Union Station you will be greeted by Brian E. Ullone, Vice President and General Manager of St. Louis Union Station; his wife, Maggie Ullone; Kevin Farrell, Director of Marketing for St. Louis Union Station; Steve Miller, Oppenheimer Properties; John Russell, General Manager of Hyatt Regency Hotel, and Priscilla E. Buehrlen.

* 2:40 pm - Proceed to stage with Rep. William Clay, Gov. Mel Carnahan, and Majority Leader Richard Gephardt. Rep. William Clay will introduce Gov. Carnahan, Gov. Carnahan will introduce Majority Leader Gephardt, Majority Leader Gephardt will introduce you.

* 2:48 pm - Proceed to podium and make 15-20 min. remarks. After you finish remarks, exit stage left and work ropeline.

* 3:25 pm - Proceed to Hyatt Hotel, Room 3001 for a brief meet and greet with local officials and supporters.

*

(b)(6)

002

* 3:55 pm - Proceed to Gothic Room for interviews.

- * 4:30 pm - Proceed to opposite end of Gothic Room to greet Campaign workers along ropeline.
- * 4:45 pm - Proceed to motorcade and depart for Lambert International Airport, St. Louis Air Cargo.

V.

REMARKS

See attachment.

THE WHITE HOUSE

WASHINGTON

February 17, 1993

ADDRESS TO THE PEOPLE OF ST. LOUIS

DATE: Thursday, February 18, 1993
LOCATION: St. Louis, MO
TIME: 2:50 pm CST
From: Roger Martin

BACKGROUND

St. Louis was selected as a representative of an industrial midwestern city, an excellent location to sell your economic plan to people who largely depend on big businesses for employment.

St. Louis Union Station (the exact site of your speech) represents urban renewal and a rebuilding spirit which characterizes your economic plan. According to station officials, it is the "largest adaptive re-use project in the United States and the centerpiece of the renaissance of the city of St. Louis."

Union Station, a National Historic Landmark, opened in 1894 as the largest train terminal in the country. (The first Union Station, at a different location, opened in 1875.)

By the late 1960's activity at the station had dwindled; it closed in 1978. In 1985, after two years of extensive renovation, it reopened as a specialty retail, restaurant, entertainment and hotel complex.

Your speech will be open to the general public. The capacity of Union Station is approximately 5,000.

Some of your previous visits to St. Louis:

1/13/92 Fundraiser
7/21/92 Downtown rally (conclusion of bus trip; 40,000 people attended)
7/22/92 Met with Mayor Vince Schoemehl and then Lt. Gov. Mel Carnahan
10/2/92 Met with black leaders
10/3/92 Walk through, Souldard Farmer's Market; rally
10/10/92 Airport rally
10/11/92 Bethesda Temple Church of Apostolic Faith; debate prep
11/2/92 Rally (part of fly around)

THE WHITE HOUSE
WASHINGTON

FEBRUARY 18, 1993

SUPPORTERS' MEETING

DATE: February 18, 1993
LOCATION: Union Station, Holding Room Hyatt,
Room 3001
TIME: 3:30 p.m.
From: Rahm Emanuel

I. PURPOSE

You will be meeting with local supporters including recently elected state officials, members of the state legislature, and top CEO's.

II. PARTICIPANTS

See attached.

III. PRESS PLAN

No press coverage.

IV. SEQUENCE OF EVENTS

This will be a straight 20 minute meet and greet with supporters.

V. TALKING POINTS

None required.

II. PARTICIPANTS

Governor Mel Carnahan
Lt. Governor Roger Wilson
Secretary of State Judy Moriarity
Treasurer Bob Holden
Senate President Jim Matheson
Speaker Bob Griffen
State Auditor Margaret Kelly (R)
Congressman Dick Gephardt
Congressman Bill Clay
Congressman Pat Danner
Congressman Ike Shelton
Congressman Harold L. Volkmer
Congressman Alan Wheat
Buzz Westfall, County Executive
August Busch
Horace Wilkens, CEO, SW Bell
Chuck Knight, CEO, Emerson Electric
Andrew B. Craig, III
Alfred H. Kerth, III
Pearlie Evans
Tom Irwin
Judy Wierciak
Tom Eagleton
Ted Foster
Ed Whitacre
Willie Ellis
Mike Shanahan
Lee Kling
Zeke Robertson
Wally Rombach (Gephardt Photographer)

THE WHITE HOUSE

WASHINGTON

February 17, 1993

DATE: FEBRUARY 18, 1993
LOCATION: One-on-One Interviews
Hyatt Regency-St. Louis
TIME: 4:00 p.m. - 4:30 p.m.
FROM: Jeff Eller
LaVora Barnes-Southern Desk
Jock Gill-Midwest Desk

I. PURPOSE

The purpose of these one-on-one interviews is to sell the plan at the local level in targeted markets. You will be interviewed by the anchors from Birmingham, Alabama and Omaha, Nebraska. You will be interviewed by all three anchors from the markets together.

II. BACKGROUND

These stations and markets were chosen to concentrate the message in areas where there are legislative concerns.

III. PARTICIPANTS

The President
Jeff Eller

From Omaha:
Carol A. Schrader - KETV
Joseph Fenton Jordan - KMTV
Gary V. Kerr - WOWT

From Birmingham:
Barbara Bolding - WMBG
Mike Royer - WVTM
Terri Denard - WBRC

IV. PRESS PLAN

No coverage. Interviews are closed.

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V. SEQUENCE OF EVENTS

(b)(6) 003

Omaha anchors interview for 15-minutes
Birmingham interview for 15-minutes

VI. REMARKS

None prepared

Additional briefing material is attached.
Clips from the Birmingham and Omaha papers, reviewing the
speech last night, will be available from Jeff Eller on the
flight to St. Louis.

Memorandum concerning interviews with Birmingham stations on Thursday, February 18, 1993 in St. Louis.

The anchors will be: Barbara Bolding - she is one of two women who anchor the 10 PM News for WMBG, Mike Royer - he anchors the midday news for WVTM, and Terri Denard - she is the weekend anchor for WBRC.

Mike Royer (WVTM) is a former weatherman who, before this Midday anchor assignment hosted a morning talk show. He is considered an easygoing interview. His is the number two station in Birmingham. Mark Joyella, political reporter, did an interview with "Candidate" Clinton in December of 1991. (the News Director's wife was Alabama volunteer coordinator during the Presidential campaign)

Terri Denard (WBRC) is a good friend of the Alabama Democratic Party. Hers is the top Birmingham station-she is the most likely to pose tough questions. She will be very fair.

Barbara Bolding's station (WMBG) is number three in the market. They are not known for hard hitting political reporting but for soft news. She usually asks rather general questions such as: How will this Energy tax affect the average Alabamian?

ISSUES

There will certainly be questions about any budget cuts that impact the Space Station in Huntsville. It's a big employer many rely on for their income--if it's cut, the whole state feels it.

Energy tax issue will probably come up--look for questions about the impact the tax will have on the middle class Alabamian.

Education reform has grass-roots support. There is great disparity among school districts. Some schools have teacher shortages, leaking roofs, outdated equipment while others have enough computers for almost every student.

The University of Alabama at Birmingham (UAB) is the city's largest employer. They do good work in the area of medical research at UAB's hospital and research facility.

Gov. Hunt's indictment on charges of theft, conspiracy, and an ethics violation is in the news. Prosecutors claim that he failed to pay taxes on more than \$270,000 from 1986 through 1989 and that he diverted \$176,000 in campaign funds for personal use. His right-wing supporters have launched an extensive letters-to-the editor campaign.

The Governor was court ordered to stop flying the Confederate Flag at the capitol. Today, the Governor announced that he would appeal that decision. As in Georgia, many Alabamians feel this is a "Southern Heritage thing", but the flag was put up at the height of the civil rights movement.

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to: Eller
re: Omaha
from: JPG
date: 2.17.93

KETV - ABC Carol A. Schrader, anchor
402-345-7777

(b)(6)

004

Tough, flighty, does her home-work. Went to Nat. Convention. in NYC. Not expected to be too hard. Detailed questions.

KMTV - CBS Joseph Fenton Jordan, anchor
402-592-3333

(b)(6)

004

A killer. Goes for throat. Sensationalize. Pick up on the negative. Very knowledgeable.

WOWT - NBC Gary V. Kerr, anchor
402-341-6194

(b)(6)

004

Very fair. tries to balance story. Wife is head of Nebraska league of Women voters. Very political family.

Gov. Nelson
Sen. Kerry
Sen. Exon
Cong. Douglas Bereuter (R, 1st Dist)
Cong. Peter Hoagland (D, 2nd Dist -- only 51% victory)
Cong. Bill Barrett (R, 3rd Dist)

Election results:

Clinton 29.5% Bush 46.8% Perot 23.7%

Unemployment down a bit. August '91 2.68% --> Nov. 92 2.47%

Median household income: '89 - '90 negative .93%
'90 - '91 plus 3.18%

Omaha:

In second district.

Population 559,974 (1990)

88.1% white
9.1% black

1.1% asian
1.1% other
2.6% hispanic

Areas we will impact that are important to Omaha:

1. Agriculture
2. Elderly -- 2nd largest population of elderly in US
3. Insurance
4. S.A.C. Headquarters
5. Energy tax -- agriculture, transportation
6. Health care costs
7. Low level nuclear waste - Arkansas connection
8. Gun amnesty program

Please see attachments.

Talked with the editorial page editor of the Omaha World Herald:

Frank Partsch 402-444-1000

He reports that Omaha is pretty quite.

Schools: Given good review in last week's NewsWeek.

Jobs: There is a good program to create jobs. Fear is that it will not last. Desire to be able to offer real (GOOD) jobs to the young so they can stay in the community and not move out of state.

Economics: seek stability regardless of farm economy

Social: Bring along the ones who have not been so fortunate -- training and education.

Big QUESTION: Middle Class Taxes. Partsch thinks there is strong support for sacrifice and weak support for tax cuts. This is area was strong for Perot, who was "very popular".

Gays in Military NOT popular according to his mail counts.

FAXes of editorials expected this PM. Thursday paper clips will be faxed in AM. Same Friday -- expect editorial on economy in Friday paper.

JOCK GILL
WHITE HOUSE

RE: OMAHA ISSUES

MR. GILL,

WHILE MUCH OF THE COUNTRY IS CONCERNED ABOUT THE NEED TO CURB UNEMPLOYMENT, IN OMAHA THE JOBLESS RATE HANGS IN THE VICINITY OF 3 PERCENT, AND HAS FOR QUITE SOME TIME. HOWEVER, THERE ARE CONCERNS HERE THAT THOUSANDS OF PEOPLE ARE UNDEREMPLOYED (FORCED TO WORK IN LOW PAYING SERVICE RELATED JOBS) BECAUSE STRONG HIGH-PAYING MANUFACTURING JOBS ARE LIMITED.

WHILE I HAVE NOT SEEN ANY LOCAL POLLING DATA IT IS LIKELY THAT THE PRESIDENT'S MUCH TALKED ABOUT ENERGY TAX COULD BE OF MAJOR CONCERN IN NEBRASKA. FIRST OF ALL AGRICULTURE COULD BE HEAVILY IMPACTED, AND SECONDLY BECAUSE OF THE GREAT DIFFERENCES BETWEEN POINTS "A AND B" IN THIS STATE, SOME COMMUTERS MAY FEEL THE PINCH OF A GASOLINE TAX.

STATE OFFICIALS HAVE BEEN STRUGGLING WITH A GROWING PROBLEM OF MEDICAID COSTS OF HEALTH CARE FOR THE POOR, AND IN NEBRASKA WHERE THE TAX BASE IS ALMOST "FIXED", STATE GOVERNMENT IS LOOKING TO CUT OTHER SERVICES IN ORDER TO PAY FOR MEDICAID.

THE STORAGE OF LOW LEVEL NUCLEAR WASTE IS ALSO A GROWING CONCERN HERE. AT THE MOMENT NEBRASKA IS PART OF A FIVE STATE LOW LEVEL NUCLEAR WASTE COMPACT, ONE OF THE OTHER FIVE STATES IS ARKANSAS, WHICH IS STRUGGLING TO FIND A SPOT TO STORE THE WASTE. NEBRASKA IS THE DESIGNATED HOST STATE, HOWEVER LOCAL POLITICAL SQUABBLES HERE HAVE TIED THE ISSUE UP, AND GOVERNOR NELSON HAS BEEN WORKING TO KEEP THE WASTE SITE FROM OPENING WITHOUT THE CONSENT OF THESE WHO LIVE IN THE VICINITY OF THE SITE (BUTTE, NEBRASKA).

IN OMAHA, THE MAYOR, LOCAL BUSINESS LEADERS, AND BLACK COMMUNITY LEADERS ARE INVOLVED IN A CONTINUING EFFORT TO GET HANDGUNS OFF THE STREET, THROUGH A GUN AMNESTY PROGRAM. NEBRASKA HAS BEEN RELUCTANT TO ADOPT HAND GUN CONTROLS (I.E. MANDATORY WAITING PERIODS) BY REWRITING STATE LAW.

Comments of Joe JORDAN
KMTV 3

BITTER
Omaha-Council Bluffs — Cloudy
Tonight: High: 31 Mostly sunny
Wednesday: High: 32

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OMAHA, NEBRASKA OUR 125TH YEAR

TUESDAY, FEBRUARY 16, 1993

VICTOR, POLITICAL EDITOR: 10 PALES

Median Income

1983 median household income in Nebraska: \$26,211

Household Income	Number Of Households
Less than \$5,000	31,705
\$5,000-\$9,999	61,896
\$10,000-\$14,999	64,687
\$15,000-\$19,999	123,454
\$20,000-\$24,999	103,560
\$25,000-\$29,999	107,111
\$30,000-\$34,999	63,478
\$35,000-\$39,999	16,607
\$40,000-\$44,999	8,207
\$45,000 or more	5,277

Source: 1990 U.S. Census

\$100,000 Households: Are They in the Middle Class?

BY JEFF GAUGER
OMAHA HERALD STAFF WRITER

Slightly more than 2 percent of Nebraska households had 1989 income above \$100,000 — those households that President Clinton said Monday would have to pay many of the higher taxes he intends to aim at reducing the federal deficit.

According to the 1990 U.S. Census, 13,314 Nebraska households had incomes above \$100,000 in 1989. They represented 2.2 percent of the state's 602,858 households.

Clinton also said in his televised

national address that the middle class would have to bear part of the new and bigger tax burden. The president didn't say whom he considers middle class, though.

Economists said Tuesday that defining the middle class is difficult, partly because the term encompasses more than income. Values and lifestyle have much to do with being in the middle class, they said.

"Very few people in this country ... will claim to be rich," said Keith Turner, an economics professor at the University of Nebraska at Omaha.

Still, the economists generally

agreed that, defined solely in terms of income, Nebraska's middle class would include those households earning about \$25,000 to \$75,000 a year.

They quibbled more about the bottom end of the range than the top end.

For instance, Turner said Nebraska households must have annual incomes close to \$30,000 to maintain a middle-class lifestyle. In some other areas such as California and New England, minimum household income would have to approach \$40,000 a year to place a family in the middle class, he said.

Thomas Nitsch, a professor of eco-

nomics at Creighton University, said the bottom end might fall lower for Nebraskans — somewhere between \$15,000 and \$25,000.

In 1989, the federal government's official poverty level income for a family of four was \$12,000.

Nebraska's median household income in 1989 was \$26,211. Nationally, the median was \$20,056.

Nitsch distinguished between a definition of middle class used for socioeconomic purposes and one used to promote political goals.

For economic purposes alone, he said, the middle class could be defined

as the middle 50 percent of households based on income, leaving another 20 percent on both the top and bottom.

But for political ends, the definition sometimes stretched to include up to the middle two-thirds of households in an attempt to make political programs appeal to more people, Nitsch said.

"You'd want to bring in the Archie Bunkers, and you also want to appeal to people like Tom Nitsch," he said, adding that his own income places him in the top 20 percent, or the "Fortunate Fifth."

Adam Smith, the capitalist writer of *Flowers and the People*, Vol. 1

Three-Alarm Fire Leaves a Mess at the Mayflower Shops



Clinton Says Plan Will Aid Middle Class

In addition to the individual rate, other tax increases under consideration include raising the corporate tax rate from the current 34 percent to 36 percent; a surtax on millionaires; making Social Security benefits subject to income taxes; imposing a tax on gasoline or other fuels; increasing tax collections from foreign corporations; and limiting certain deductions, such as business entertainment or home mortgage interest.

Administration officials have said they also intend to propose spending cuts to accompany the tax increases, in order to finance new programs and cut the deficit in half by 1997.

Rep. Peter Hoagland, D-Neb., said he supports Clinton's deficit-reduction goal of cutting \$145 billion from the annual deficit.

The new 36 percent top individual income tax rate would provide only part of the deficit-reducing revenue, said Hoagland, a new member of the tax-writing House Ways and Means Committee.

He said congressional analysts estimate that the new tax bracket, coupled with a 10 percent surtax on people earning \$1 million or more a year, would generate \$17.8 billion in the first year. By the fourth year, the higher tax rates would produce \$2.1 billion annually in added revenue.

Current Tax Rates

For taxpayers, the new tax rate would not affect families that make less than \$200,000 in adjusted gross income, or about \$180,000 in taxable income after deductions.

For single people, the new rate would affect only taxpayers who earn more than \$125,000 annually, or probably about \$91,000 in taxable income.

Below those levels, the three current tax rates would apply: 15 percent for taxable income under \$35,800 for married taxpayers filing jointly; 28 percent for taxable income between \$35,800 and \$86,300; and 31 percent for taxable income of more than \$86,300.

The new 36 percent Clinton tax bracket would mean that a family earning \$250,000 in adjusted gross income would have to add, on average, \$2,500 to its \$58,175 tax bill, based on Internal Revenue Service figures from 1990.

A family with \$2 million in income might pay \$137,200 more in income taxes, depending on the family's deductions and the structure of the surtax on incomes of \$1 million or more. That would be a 21.8 percent increase from the \$492,800 average calculated from IRS statistics.

In Nebraska, 3,458 returns were filed for individuals or couples with \$200,000 or more in adjusted gross income. There were 777,497 Nebraska tax returns in all.

Nebraskans with more than \$200,000 income paid 17.5 percent of the federal income tax from the state's taxpayers.

Spending Cuts

By Paul H. ...

NEW PRICE

Spending Cuts

Rep. Fred Grandy, R-Iowa, said he assumes that Clinton will propose the \$1-million-earner surtax and the 36 percent rate. Grandy, also a member of the Ways and Means Committee, said he and other Republicans want to see Clinton's proposed spending cuts before considering tax increases on the highest-income Americans.

"The problem there is if you raise it too high, the knotholes are going to make their way back into the tax code," he said.

Grandy said he expects that pressure will be strong to provide new exemptions or to go back to old deductions that have been worked out of tax law.

Daniel Mitchell, a senior fellow with the conservative Heritage Foundation, said higher tax rates will increase incomes to shelter income in tax-eligible, but possibly unproductive investments.

Mitchell said he predicts that the tax increases will do the opposite of what Clinton intends, harming the economy and reducing tax revenue as a result. He said that occurred after the tax increases of the 1990 budget agreement.

Moreover, he said, tax increases will encourage more spending by Congress.

"Congress is truly like a kindergarten," Mitchell said. "A tax increase is like leaving a plate of chocolate chip cookies on the table and leaving the room, telling the kids, 'Don't eat them!'"

Mitchell said he disagreed with Clinton's assertion that a tax increase on top income earners would simply make them pay their "fair share."

"The wealthiest 10 percent of taxpayers are paying a larger share of the income tax burden today than they were in 1990," he said. "All Clinton is doing is playing the politics of envy."

"People at some other think tanks and organizations disagreed."

Henry Aaron, director of economic studies for the liberal Brookings Institution, said, "The tax changes, starting in 1977 and going through 1983, drastically shifted (the tax burden) from high-

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Misses, Petites
& Women's
Fall Dresses

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Favorite
Designer
Separates

The taxes would come on top of what President Clinton will propose Wednesday to cut the federal deficit.

A Jan. 25 memo written by Ira Magaziner, the senior White House adviser with overseas Hillary Rodham Clinton's health care panel, outlines some of the options being explored. The memo was obtained by the Wall Street Journal.

health care reforms.

"Right now, it's premature to say any of these ideas are more likely than others," the official said.

Among the possibilities, according to the memo:

■ Taxing premiums collected by insurance companies.

■ Taxing health care benefits above a certain level. All employee health bene-

fits would be subject to a proposed 10 percent tax.

■ Raising taxes on "products that contribute to health problems," such as tobacco, alcohol, guns and pollutants.

■ Creating a tax on "noncritical" health services. That might include such things as plastic surgery.

The memo also suggests that 20 other alternatives are being weighed.

Clinton would like to see all Americans who have no insurance.

The administration also hopes to begin curbing medical costs through some short-term measures. According to the memo, these options include extending to the private sector Medicare rate restrictions on doctors and hospitals.

Universal health care, Magaziner warned, could cost between \$30 billion and \$300 billion a year by 1997.



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*Clinton Says Plan Will Aid Middle Class

Continued from Page 1

Americans, not of middle-income Americans," Foley said.

The speaker also said Clinton has rejected the idea of appearing on the House floor to take questions from lawmakers in the style of Britain's Parliament.

"It may have potential for the future," Foley said, but "my own view is this matter needs further study."

Republicans offered to cooperate on cutting the deficit after Clinton's first prime-time address to the nation Monday night but were skeptical about his approach. "What the president has proposed so far is not 'fiscal sanity' but raw punishment," said Sen. Phil Gramm, R-Texas.

Clinton, responding to Gramm said: "I think that when you see the whole program, it won't be raw pain. I think most middle-class Americans, when they look at the costs plus the benefits, they're going to be much, much better off."

The president also shrugged off a Tuesday morning slump in the stock market.

"The bond market's a better indicator. And that response has been very positive," Clinton said after the Dow Jones Industrial Average fell more than 60 points, apparently on nervousness surrounding the economic package.

"Those people who come to from the business community who actually know pretty well what's in this program have responded very positively," Clinton said.

On the Road

Washington (AP)—President Clinton will take his economic stimulus plan on the road after his Wednesday night speech, traveling to Vermont, Ohio and New York. Clinton plans to embark on a two-day speaking trip beginning Thursday in St. Louis. Mo. He will stop in Cincinnati, Ohio, and in the Hudson Valley area of New York, probably Hyde Park. Clinton will fly Sunday to the West Coast for another two-day trip to promote his plan.

In an 11-minute address Monday night, the president sought to explain his decisions to raise taxes and cut government services and programs.

"This is nothing less than a call to arms, to restore the vitality of the American dream," he said. "The price of doing the same old thing is far higher than the price of change."

Clinton used color charts to illustrate the increase in deficit spending and what he called a neglectful decline in government investment in programs such as education, transportation, local law enforcement, "the things that make us stronger and safer, more and safer."

Setting the stage for his address to Congress, Clinton said, "I had hoped to

invest in your future by creating jobs, expanding education, reforming health care and reducing debt without asking more of you."

"I've worked harder than I've ever worked in my life to meet that goal. But I can't."

Although the proposed energy tax — to be based on heat content of various fuels — would proportionately affect middle-income Americans the most, Clinton said 70 percent "of the taxes I will propose fall on the shoulders of those who make more than \$100,000."

That was the first time Clinton has used the \$100,000 figure. In the past, Clinton has said he would raise the income tax rate from the current ceiling of 31 percent to 36 percent on households earning more than \$200,000 and individuals earning more than \$150,000. He also has called for a surcharge, probably 10 percent, on incomes over \$1 million.

Administration officials are suggesting that Clinton is likely to impose the higher tax rates on households with incomes over \$125,000 — instead of the \$200,000 he said in the campaign.

Ms. Myers said Tuesday: "People who make over \$100,000 will pay 70 percent of the aggregate taxes that the president proposes in his package." That would not only include higher tax rates, but also the whole range of energy taxes and tax increases on Social Security benefits for elderly people with higher incomes.

In the Republican response to Clinton's speech Monday night, Senate Minority Leader Bob Dole, R-Kan., questioned whether the president would make deep enough cuts in government spending before asking for more taxes.

"We'll be working . . . to make certain that 'fiscality' isn't just a presidential code word for more taxes, more spending and more mandates from Washington," Dole said.

The Boston Globe contributed to this report.

Hongland Bill Seeks Capital-Gains Tax Cut

WORLD NEWS SERVICE

Washington — Investors who buy stock in companies with less than \$500 million in assets could pay less in taxes under a bill introduced by Rep. Peter Hongland, D-N.Y.

The bill, which is similar to measures that Hongland has sponsored in the past, would give investors a 50 percent reduction in their capital gains taxes if they hold the stock for at least five years. They also would have to acquire the stock directly from the company.

"It has the potential of revolutionizing the flow of capital into small businesses," said Hongland, a new member of the tax-writing House Ways and Means Committee.

Hongland and his co-sponsors, Sens. Dale Bumpers, D-Ark., and Mark Brown, R-Calif., and Rep. Robert Matsui, D-Calif., hope that their targeted capital-gains plan can become part of Clinton's economic package. A nearly identical measure was included in a tax bill that was vetoed last year by President George Bush.

Hongland said the measure would

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100 occupations. At \$20.51 a credit hour, Metro's tuition is \$20.51 a credit hour.

Lied, Ballet Omaha Study Joint Effort

Continued from Page 1
never experienced before.

Perdition will visit Nebraska for one week in March.

also will study the idea of holding some of the choreographic sessions and rehearsals for the new work around the

performance of its production of Sergei Prokofiev's "Cinderella" at 7 p.m. Feb. 24 at the Lied.

**CINDERELLA:
BALLET GIVES
FRESH LOOK
TO TIMELESS
LOVE STORY**



Entertainment
Page 2

**REVENGE:
PIATKOWSKI
SAYS WIN
OVER KSU
IS SWEET**



Sports Page 1 C

GOOD MORNING

METROPOLITAN EDITION

FEBRUARY 14, 1993

**PROFILE:
EX-TEACHER
GETS KIDS
HOOKED
ON BOOKS**



Living Page 1 E

**SOLO TRIP:
U.S. VISIT
BY PRINCE
DRAMATIZES
HIS WOES**



People Page 6 A

INCREASINGLY COLDER

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Today — high 25, low 12. Clear
Monday — high 15, low 5. Chance of
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Midlanders Express Caution About Clinton's Call for Sacrifice

Pro

'When he got to that part of his address, I stopped and turned around and said, "All right!"'

— Wendell Gilliam
Central City, Neb.



Con

'He wants to increase spending to make more jobs. It's classic Democratic spend and spend.'

— Doug Thompson
Aurora, Neb.



BY STEPHEN BUTTRY
WORLD-HERALD STAFF WRITER

MIDLANDS SPECIAL REPORT

As John F. Kennedy did a generation earlier, Bill Clinton assumed the presidency with an appeal for national sacrifice and service.

Kennedy's call in 1961 to "ask not what your country can do for you" echoes a generation later as among the most memorable words of his short presidency. Just three weeks after taking office, however, Clinton's inaugural call for sacrifice has slipped many voters' minds.

In interviews last week, people across the Midlands shared their initial

expressions of the new president. They brought up his plans to lift the ban on homosexuals in the military. They mentioned his ending the gas order on abortion, counseling at federally funded facilities. They shook their heads over his struggle to find an attorney general. They fretted over the role Hillary Rodham Clinton might play in her husband's administration. They spoke warily of the prospect of higher taxes.

They did not ask what they could do for their country.

"He isn't really reaching out and doing anything for us," said Herbert Sinta, a Hanxville, Iowa, farmer.

Although such views were common,

many of the skeptics still stressed that they were willing to give Clinton a chance. And the new president did have his admirers.

Clinton's sacrifice theme struck a chord with Wend Gilliam of rural Central City, Neb., director of numerous ministries at Faith United Methodist Church in Grand Island.

"When he got to that part of his address, I stopped and turned around and said, 'All right!'" Ms. Gilliam said.

She especially embraced Clinton's call for students to work off student loans through community service. "I grew up in the '60s, and I was Peace

Please turn to Page 4, Col. 1

**J.N. Halts
Aid Flights
To Sarajevo
City Peacekeepers**

Ice Pileup Shows 'Mother Nature Is Awesome'



**Budget Load
Of Medicare**

4A

SUNDAY WORLD HERALD February 14, 1993

Midlanders Cautious About Call to Sacrifice

Continued from Page 1

Come time." Ms. Gillan said. "I just see a lot of things we could do for our communities with some public action."

Such enthusiasm was rare. "When they say sacrifice, that means more than 'right,'" said Susan Currell of O'Neill, Neb.

Many, however, noted that Clinton still was in his first month in the White House.

"He hasn't been to any games yet. This is still spring practice," said John Jacobson, owner of a motel in Glenwood, Iowa.

The people interviewed were not a scientific sample, but they represented a variety of backgrounds and viewpoints.

Their occupations were mixed and varied, including those of one woman who works five jobs.

Three interviewed included high school seniors who might benefit from Clinton's student loan program and organizations who bristled at any suggestion of cutting or taxing Social Security benefits. There was one who voted for George Bush or Ross Perot. And some did not vote.

The interviews took place during a week when Clinton was trying to refocus attention on his theme of "balanced sacrifice" in anticipation of Wednesday's speech detailing his economic program.

Given Allen of Aurora, who voted for Bush, voiced a fairly common acceptance of the general principle.

"This philosophy that he has is great," she said. "People are going to have to share the sacrifice in order to solve some of the really critical problems our country faces."

That sacrifice, a number of people said, needs to start in Washington, D.C.

"They could be more responsible for their spending," Gary Egan of Valentine said of government leaders.

"There's a lot of economic waste," said Wesley Pitt of Albia, Neb., a laborer who voted for Bush. He endorsed Clinton's plans to trim the size of the executive branch and added, "I think Congress should do the same thing."



Jacobson



Mr. Allen

'We must do what no generation has had to do before. We must invest more in our own people, in their jobs and in their future, and at the same time cut our massive debt. . . . It will not be easy. It will require sacrifice. But it can be done, and done fairly, not choosing sacrifice for its own sake but for our own sake.'

— President Bill Clinton
Jan. 20, 1993

Drop Swanson, an Aurora farmer, said. "What I hear him saying right now is he wants to increase spending to make more jobs. It's classic Democratic spend and spend."

Fuel Tax
Swanson, who uses about 1,000 gallons of diesel fuel a year, opposes any energy tax.

"As a young farmer trying to make a go of it, I'm being knocked down," he said.

Denver Scamhorn, an Elwood, Neb., car dealer, said a fuel tax would hurt in rural areas.

"These farmers and ranchers, some of them have to drive 40 to 50 miles to get to town. Why penalize them?" he asked.

To other people, though, a fuel tax was a sacrifice they would accept, if reluctantly.

Phyl Andrijewski, who lives in Holbrook and manages a physical therapy office in Kearney, drives 40 miles to work and 40 miles back.

"I don't like it," she said of the prospect of higher gasoline taxes. "But I think it's fair."

"I hate to pay it," agreed Wes Holmes, branch manager of the Farmers Railroaders Co-Op in Valentine, "but if that's how to get the debt down, fine."

Rodney Myers of Fremont thinks taxes are high enough. But if an increase is necessary, a fuel tax makes the most sense, he said.

"We've got the cheapest gas in the world," he said. "Gasoline hasn't gone up as much as housing and food and everything else we buy."

Chris Lustgarten of Omaha, a Creighton University law student who teaches computer science at Iowa Western Community College, said that if gas taxes increase, "I would just cut back somewhere else. If I could do that to help out, I would be willing."

A proposal to limit interest deductions

on home mortgages found little support. "I'm against raising taxes," said banker Allan Olson of Glenwood, Iowa. "You're just taking away some of the incentive to buy a home."

Ken Wagner of Omaha disputed both the mortgage and fuel proposals. "It's going to affect us all," he said. "But if it helps the economy, it's worth it."

Conservatism Noted

Ms. Gillan had plenty of examples in support of Clinton's plan to require students learn through public service.

"It might prove very beneficial to low-income families," said Kathy Skramstad of Kearney. "It would give them pride in their nation and in their community."

Seven Norfolk High School seniors were asked whether they would want to commit to a couple of years of public service.

"I wouldn't want to do it," said Korina Mahaback.

Robby Hupp, who has been filling out college financial aid forms, said, "It's probably a pretty good idea if you had a pretty big loan."

But, he added, "I don't know if I'd want to do it."

From the other end of the college experience, Phil Carmichael, a senior at the University of Nebraska-Lincoln, said the plan is attractive.

"I know I've got a bunch of student loans," he said. "I would probably be in support of that."

Social Security

The suggestion, quickly abandoned, to cut Social Security cost-of-living increases drew strong opposition from four retired women in Gortonsburg, Neb.

"They'd better not do that," said Emma Kinman as her friends nodded in agreement.

Swanson, the Elwood car dealer, who opposes Social Security benefits, said: "The people who are drawing Social Security, they've paid into it for 30 many years. The way I feel is they've got that money coming."

The Clinton administration has ruled out cuts in the cost-of-living increases but still might try to tax more of the benefits for retirees with higher incomes. The Gortonsburg women did not support that idea, either.

"I feel like I'm paying too much now," said Leta Lyne.

Mrs. Lyne was one of several people who thought those with higher incomes could pay more in taxes.

"I want to go around for the Red Cross, and the rich people were always the ones that shut the door," she said.

"I think the rich should pay their fair share," agreed Ann Parale of Gortonsburg, Neb.

Marie Thorrell, owner of the Bridal Tale in Loomis, Neb., does not want businesses lumped in with those who could pay more.

"I think small businesses will go out of business if they do too much more in us," she said.

Some people were adamant that taxes of any sort were not the answer.

"I hate to see new taxes," said Alan King of Atlantic, Iowa. "I'd like to see most of it come out of spending."

Larry DeChast, principal of Kim Junior High School in Council Bluffs, echoed the need to cut spending before raising taxes.

"It's not to be much more complicated than just increasing the fuel tax or increasing liquor taxes," he said.

Three Views

As Clinton prepares his week's economic address, he has a small core of support in the Midlands that is prepared to share the sacrifices he proposes.

"Ten often we talk for granted what we have, and it doesn't come at a low price," said Rick Thorne of Lincoln.

Another group we met at all receptive to Clinton's message.

"The only one that has to sacrifice is in your dorms back here," said Dan Dignan of North Platte.

Paul Anderson of Cozad voiced an opinion of many in the middle, who are reluctant to give up anything but willing to bear the present pain.

"I get selfish when they start talking about cuts," she said. "But I know we can't have the things we need without paying for them."



Ms. Skramstad

Increases in Top Income Tax Levels Would Raise \$17.8 Billion

BY PAUL GOODSELL
WORLD HERALD STAFF WRITER

Washington — Families earning at least \$200,000 a year — who President Clinton has said ought to pay higher taxes — should expect to pay about 47 percent more in federal income taxes if his plan is enacted.

Clinton is expected to outline his economic plan in Wednesday's State of the Union address. Although many details were still uncertain Saturday, the proposal seemed sure to include a new individual top income tax bracket of 36 percent for those earning \$200,000 or more.

"We should begin with those whose taxes were reduced and whose incomes went up in the 1980s," Clinton said last week.

The current top individual bracket is 31 percent. About 850,000 tax returns, or 1 percent of the total, indicate incomes of \$200,000 and above. These taxpayers paid more than \$195 billion in taxes in 1990, which represents 23.3 percent of all income taxes paid in that year.

Other increases

income to middle-income and low-income taxpayers."

Aaron said the 1986 tax bill was more neutral, except for removing the lowest-income taxpayers from the tax rolls entirely.

The Federal Citizens for Tax Justice said its analysis of tax rates suggests that the top 1 percent of families are paying 29 percent less of their income in taxes than they would have at 1977 rates, saving an average of \$66,300 per family.

In comparison, the lowest one-fifth of American families paid 4 percent less than they would have at 1977 rates, a \$23 reduction, and the second-lowest 20 percent of families paid 10 percent more, or \$22.

More High Incomes

One reason the two sides are so far apart is that they are talking about

different things. On the one hand, higher-income people are paying more taxes because there are more people in high-income categories than before. But effective tax rates have gone down since 1977 for people earning the highest incomes, according to the IRS.

IRS statistics show that taxpayers with \$250,000 or more in adjusted gross income paid 46.3 percent of it in income taxes in 1977. By 1986, that percentage had dropped to 37.9 percent for those with \$251,000 in income and 36.6 percent for those with \$270,000 in income.

After 1986, the IRS changed its reports to list taxpayers at the \$200,000 level and the \$251,000 level. Since then, the effective tax rate for such taxpayers dropped to 26 percent. The effective rate probably has increased following the 1990 budget deal, which reduced deduc-

tions and established the 31 percent marginal rate.

Another factor is that some budget analysts include Social Security and Medicare payroll taxes when they look at tax charges. Social Security and Medicare tax rates combined have risen from 5.85 percent of income to 7.65 percent, with an equal amount paid by the employer.

Some economists, including Aaron at Brookings, say the entire 35.3 percent rate should be considered a tax on the employee, since businesses take payroll tax costs into consideration when setting salaries and making hiring decisions.

Because Social Security taxes are capped at a \$57,600 income level this year, they take a smaller percentage bite out of a \$250,000 income than a \$50,000 income. Benefits for high-income people

however, are also limited, based on the amount subject to the tax.

Mitchell of the Heritage Foundation said that if Social Security taxes are considered too high, the tax rates should be reduced.

"We're not going to help those lower- and middle-income people by raising taxes on the rich," he said.

Corporate Tax Rates

Aaron said the Clinton administration's possible increase in corporate tax rates is a good idea if personal income tax rates rise. By making the corporate rate equal to the top personal rate — 36 percent — people with small businesses will not create corporations as a way to pay lower taxes, Aaron said.

Small business owners with "Subchapter S" corporations now pay taxes at their individual income tax rate, which

is below the present 34 percent corporate tax rate.

Mitchell said raising corporate taxes would be a bad idea.

A higher corporate tax rate would generate \$5 billion to \$6 billion in federal revenue, Clinton administration officials have said.

Clinton has not spelled out other specific tax changes, although he indicated last week that he wanted to eliminate the business tax deduction for top executive compensation. During the campaign, Clinton talked about letting the tax deduct on firms \$1 million in salary and bonuses.

Taxes on cigarettes or alcohol are expected to rise, although Clinton may save those revenues to help pay for a health-care financing reform.

★ PRESIDENTS' DAY CLEARANCE ★

William L. Gonsky
On next page

THE WHITE HOUSE

WASHINGTON

FEBRUARY 18, 1993

PHOTO-OPS

DATE:	February 18, 1993
LOCATION:	Gothic Room, Union Station
TIME:	4:30 p.m.
From:	Rahm Emanuel

I. PURPOSE

You will have two photo-ops.

II. PARTICIPANTS

See attached.

III. PRESS PLAN

Closed press.

IV. SEQUENCE OF EVENTS

The first photo-op will take place with the Chief of Police and 5 other uniformed officials.

The second photo-op will take place as you greet Campaign workers along a rope line.

This should total 10 minutes.

V. TALKING POINTS

None required.

II. PARTICIPANTS

A. Police Chief Photo-Op participants to be determined.

B. Campaign workers:

Freeman Bosley, Jr.
Virvis Jones
Harold Crumpton
Brian Bond
Sterling Miller
Sharon Tyus
Max Starkloff
Colleen Starkloff
Gregory Carter
Paula Carter
Thomas B. Welch
Robert M. Heggie
Glen W. Overton
Gene Bushmann
Maria Varner
Sandra Hasser Bennett
Cara Susan Morris
Dennis Coons
Mike Deckman
Joyce Deckman
Timothy Terrence Hogan
John D. Ryan
Craig Schmid
Shirlee Solomon
Lou Hamilton
Richard Riezman
Chris Kuban
Tricia Etling
Sen. Bill Clay, Jr.
Mary Ann Pfaffinger
Danny Slay
Bishop James Johnson
Virginia Slay
Henry Slay
Betty Thompson
Henry Scott

BRIEFING FOR PRESIDENT'S VISIT TO ST. LOUIS

1992 ELECTION RESULTS

Democrats swept all statewide races except the reelection of Senator Kit Bond, who beat Geri Rothman-Serot 54%-46%. Mel Carnahan was elected governor 59%-41%, ending 12 years of Republican rule. The President carried the state with 44%, Bush 34%, Perot 22%.

GENERAL BACKGROUND

St. Louis has traditionally been home to many high-paying manufacturing jobs which are now in jeopardy. McDonnell-Douglas, the area's biggest employer, has laid off 15,000 workers in the past 3 years, including 600 today. Auto companies show mixed results--Ford is expanding and retooling, but GM may be closing a relatively new facility. Missouri is a low-tax state, but one that scores poorly against other states in public services. In a widely discussed recent series in the St. Louis paper called "fortysomething," Missouri was found to rank in the 40's among the 50 states in most social spending. Governor Carnahan was elected in part on a pledge to improve the state's #49 ranking in public school spending.

LOCAL ISSUES

A hot mayor's race is underway, with the primary scheduled for March 2. The favorite is Tom Villa, President of the Board of Supervisors. In a city with a 46% black population, African-American Circuit Court Clerk Freeman Bosley, Jr., an early Clinton supporter, is the strongest challenger. All four Democratic candidates for mayor will attend the rally.

The event is sponsored by Civic Progress, a group of 30 local CEO's including the heads of McDonnell-Douglas and Busch. Several of them may ask the President to return to St. Louis for the opening of a new convention center this spring.

The St. Louis area is an anti-abortion mecca and there is a sizable senior citizen population. East St. Louis, across the river in Illinois, has become the national media poster child for urban decay. Public services are nonexistent or infrequent, crime and corruption are rampant.

prepared by Tom Epstein, Political Affairs
February 17, 1993

UPDATE TO ST. LOUIS POLITICAL BRIEFING

Missouri Governor Mel Carnahan strongly supported the President's economic program after the speech last night. His words are especially meaningful since Missouri law permits residents to deduct 100% of their federal taxes from their state obligations. As a result, Missouri will lose between \$135 and \$285 million in state revenue. The Governor had planned to fulfill his campaign commitment to increase funding for public schools by eliminating the state deduction for federal taxes, but now he will have to do that just to break even and find an additional revenue source for the schools.

Some, but not all, states permit federal taxes to be deducted from state tax liabilities, so this will also be an issue elsewhere.

prepared by Tom Epstein, Political Affairs
February 18, 1993

February 17, 1993

LOCAL IMPACT OF ECONOMIC PLAN

ST. LOUIS

LOCAL BENEFITS

- o Community Development Block Grant (CDBG) funding for the State of Missouri will be increased by \$53 million in 1993.
- o Funding of Federal Highway Administration will increase by \$32 million.
- o Funding for a new Weather Service Office in St. Louis, MO.
- o The 1994 Housing Opportunity Made Easy (HOME) funding for Missouri will double to \$34 million.
- o Funding for the National Institute of Standards and Technology Advanced Technology Program will be increased.
- o Because St. Louis is a conservative city and has a high percentage of low-income people, the deficit initiatives should be perceived as positive.
- o Full funding of Head Start and WIC will have tremendous impact in this community as will the Housing programs.
- o The Job Training Partnership Act summer youth employment program will be very beneficial to low-income minority youth in St. Louis.
- o Because this is one of the "older" cities it suffers from a failing infrastructure and will gain from the ISTEA.
- o The area was expecting cuts in the Space Station program and will be relieved that this was avoided.

LOCAL SENSITIVITIES

- o Excise Tax ("sin") on Beer and Alcohol - While not included in this package, word has leaked that an excise tax may be part of the health package later this year. You should be prepared for press to ask this question given the presence of Anheuser-Busch in St. Louis.
- o The economic plan will invest \$3.1 million in the Community Development and Defense Conversion program. With McDonnell-Douglas as the largest employer in the area, this program is important to St. Louis. Keep in mind, however, the defense cuts are being announced on Monday by Secretary Aspin.

FOREIGN POLICY Os and As

Updated February 18, 1993

1. ACDA's Future
2. Bosnia: Convoys/Air Drops
3. Former Yugoslavia: Sanctions Enforcement
4. Former Yugoslavia: Six Point Plan
5. China: Release of Imprisoned Students
6. Christopher Trip
7. Cyprus
8. Defense Conversion and St. Louis
9. Defense Cuts
10. Foreign Policy Involvement
11. Haiti-HIV
12. Hamas
13. Iraq
14. Jerusalem
15. Kosovo: Rugova's Appeal
16. Libya
17. Libya CW Plant
18. Demolition and Sealing of Palestinian Homes
19. Mexican NAFTA Fund
20. Nicaragua
21. Nuclear Proliferation Situation in North Korea
22. General Powell's Roles and Missions Report
23. Salman Rushdie
24. Trade/GATT
25. Ukraine's Nuclear Stall

ACDA's Future

Q: Why is your Administration trying to kill the Arms Control and Disarmament Agency (ACDA)?

A: -- This Administration strongly endorses the role of the ACDA and is moving to name a director of the agency.

-- No decision has been made about eventual restructuring of the agency.

Bosnia - Convoys/Air Drops

Q: What are you doing about the convoys that are being prevented from making deliveries?

A: -- The blocking of aid to needy populations in the former Yugoslavia is an outrage. We call, once more, on all parties to the conflict to honor their solemn commitments, made during the London Conference, to cooperate fully with efforts to deliver humanitarian aid throughout the former Yugoslavia.

Q: The Washington Post this morning reports that the Clinton Administration is considering using aircraft to drop food supplies into regions of Bosnia cut off by Serb militias. Is this under consideration?

A: -- As Secretary Christopher announced last week, we are taking steps to reduce the suffering and bloodshed in Bosnia, including further actions to promote greater delivery of aid.

-- We are reviewing a range of options.

-- Until there is a decision, I am not going to comment.

Former Yugoslavia - Sanctions Enforcement

Q: What is being done to enforce the sanctions?

A: -- A special interagency task force has been established to enhance the implementation of sanctions measures imposed under UN Resolutions 713, 757 and 787.

-- As we have said in the past, we have established four goals: 1) tighter controls on transshipments and humanitarian exceptions; 2) more technical assistance for front-line states; 3) stricter financial sanctions; 4) prosecution of violators.

Former Yugoslavia: Six Point Plan

(BACKGROUND: Secretary of State Christopher announced that you have decided to take the following six steps with regard to the former Yugoslavia:

1. The United States will engage actively and directly in the Vance-Owen negotiations, bringing the weight of American diplomacy to bear. In order to ensure the most effective possible communication, President Clinton has named Ambassador Reginald Bartholomew, who currently serves as U.S. Ambassador to NATO, as our government's envoy to these talks.
2. The President is communicating to the Bosnians, Serbs, and Croats that the only way to end this conflict is through negotiation. While no settlement can be imposed on these parties, we believe each party must be prepared to accept a resolution that falls short of its goals.
3. The President will take actions to tighten the enforcement of economic sanctions, increase political pressure on Serbia, and deter Serbia from widening the war. We remain prepared to respond to conflicts caused in Kosovo by Serbian actions, and we will work to strengthen the international presence in Macedonia.
4. The President is taking steps to reduce the suffering and bloodshed as these negotiations proceed. He is calling on all parties to stop shelling and other violence; calling for enforcement of the no-fly zone over Bosnia; urging that humanitarian need be allowed to flow to those in need; and considering further actions to promote greater delivery of aid. The President is also seeking the creation of a war crimes tribunal at the United Nations.
5. The President has taken steps to make clear to all concerned that the United States is prepared to do its share to help implement and enforce an agreement that is acceptable to all parties. If there is a viable agreement containing enforcement provisions, the United States would be prepared to join with the U.N., NATO and others in implementing and enforcing it, including possible U.S. military participation.
6. The President has consulted widely with our friends and allies on these actions. In particular, the President spoke with President Yeltsin and is sending Ambassador Bartholomew to Moscow before he returns to New York for the negotiations. END
(BACKGROUND)

China: Release of Imprisoned Students

(BACKGROUND: Both Wang Dan (wahng dahn) and Guo Haifeng (gwo hi fehng) were arrested in 1989 for their participation in the pro-democracy movement associated with the Tiananmen Square protests. They would have completed their four-year sentences this summer.)

Q: Do you have any comment on the release of dissident students Wang Dan and Guo Haifeng?

A: -- We welcome these releases.

-- These cases, but especially Wang Dan, have figured prominently in our human rights dialogue with the Chinese.

-- We will continue to urge China to release all those detained solely for the peaceful expression of their political or religious views.

Christopher Trip

Q: Why are you sending Secretary of State Christopher to the Middle East?

- A: -- I am sending Secretary Christopher to the Middle East this week in accordance with my pledge to maintain continuity in the Arab-Israeli peace negotiations and to indicate the priority this Administration attaches to peacemaking in the Middle East.
- It also presents an opportunity for the parties to focus their energies on the formidable challenge of achieving peace in a strife-torn region.
- The United States, together with our Russian co-sponsor, played a critical role in launching direct negotiations. It is my intention to see that we continue that role.
- This is an historic moment. It can slip away all too easily. But if we seize the opportunity, we can begin now to construct a peaceful Middle East for future generations.

Cyprus

Q: What will you do about Clerides' postponement of the UN-sponsored peace talks?

A: -- I congratulated Mr. Clerides on his hard-fought victory. Let me express our deep admiration and respect for President Vassiliou for his efforts to help achieve a settlement to the Cyprus dispute and his work to maintain the good relations between our two countries.

-- We intend to consult closely with all of the parties to work for a negotiated solution to the Cyprus dispute.

Defense Conversion and St. Louis

Q: What is your position on defense conversion, and helping defense contractors such as McDonnell Douglas adjust without laying off thousands of people?

A: -- As I've said before, I believe that the people, communities and defense firms that helped win the Cold War must not be left out in the cold. A strong economy is the bedrock for a strong defense, and that is why implementing our economic plan is so important. In conjunction with this plan, a tremendous opportunity exists to redirect some of our defense resources, both human and physical, to fulfilling unmet domestic needs. As we downsize our defense infrastructure, we must do it smartly, to maintain superior, agile and ready military forces.

Q: What are your specific ideas on how to make this transition?

A: -- Our ideas for a more aggressive approach to defense conversion have included:

--- Reinvesting defense dollars into our civilian economy, in infrastructure, information and environmental areas.

--- Reusing surplus military facilities for economic development.

--- Assisting small business with grants and assistance through manufacturing technology extension centers.

--- Investing in more dual-use technologies.

--- Achieving greater integration of military and commercial production.

--- Creating a coherent national technology policy with appropriate joint ventures between industry and government.

Q: Are you aware of the efforts we now have underway in St. Louis to address defense cutbacks and to diversify into other areas?

A: -- I am aware of the efforts of the St. Louis County Economic Council to help coordinate local diversification efforts, such as business training and small business incubators. And I know that the Office of Economic Adjustment (DoD) and Economic Development Administration (Commerce) have provided matching funds for these efforts. I've also been told that the Council is pursuing additional federal grants to support local diversification projects. This type of fund matching and joint planning is a good approach to developing diversification strategies.

Q: Several local leaders testified before the Defense Conversion Commission when it came to St. Louis in August. What is the status of that effort?

A: -- The Defense Conversion Commission was chartered last year by the Department of Defense as requested by Congress and has recently issued its report. They had numerous recommendations about ongoing and proposed programs to help defense personnel, communities and

industry adjust to the drawdown. We will be considering their recommendations as we develop our approaches to defense transition.

Q: What is your plan to assist in the defense transition?

A: -- The long-term success of defense conversion is directly tied to economic growth, and the success of our economic plan. Working with the various Departments and agencies, we will also look at the entire range of assistance programs, ways to reuse surplus military bases for economic development, and new ways to focus our R&D investments.

Defense Cuts

Q: Is your FY 1994-1997 defense budget consistent with the position on military spending you took during the campaign?

A: -- Yes. My proposals for military spending envision defense program reductions from the revised \$1.12 trillion Bush/Cheney FY 94-97 baseline of \$60 billion - the same amount I pledged to trim during the campaign.

Q: Aren't there other reductions in your defense budget that take the total reduction to \$87 billion -- over 40% more than you suggested during the campaign?

A: -- In addition to the \$60 billion in program cuts, my military spending plan for FY 1994-1997 includes roughly \$17 billion in pay and benefit adjustments. I would emphasize, though, that military and DOD civilian workers are not having their pay cut, nor are they being singled out for special treatment. Rather, they will not be receiving the same level of pay increases as had been projected by the last administration. Moreover, the order to increase salaries at below-COLA rates is being levied government-wide as part of my austerity program.

-- There is also a \$10 billion debit in the spending plan which is associated with the underpricing of the Bush/Cheney defense plan. At the time I made my \$60 billion reduction pledge, I assumed that the Bush/Cheney defense spending plan for FY 1994-1997 would reflect honest budget assumptions. Serious

questions have since been raised as to whether the Bush/Cheney plan is significantly underfunded due to overestimation of potential management reform savings and underpricing of weapons acquisition programs.

- We do not know if the program is underfunded or, if so, the extent of the underfunding. Secretary Aspin has, however, established a special task force (the Odeen panel) to get to the bottom of this. We hope the Odeen panel will report that there is no shortfall. But as a prudent hedge against the possibility that there is a substantial shortfall, we have revised upward our estimate of the cost of the FY 94-97 Bush/Cheney baseline by \$10 billion and projected a possible requirement to offset this through additional reductions of the same amount.
- We have made no decisions how this \$10 billion reduction would be achieved if it turns out that a shortfall of this magnitude is confirmed by the Odeen panel. If we do have to identify another \$10 billion in reductions, we would consider many options, including finding additional efficiencies in defense overhead or operations or achieving greater savings through increased streamlining of Armed Forces roles and missions.

Haiti-HIV

(Background: This morning (Thursday), the Senate considered two amendments to the NIH authorization bill. A Kennedy amendment would have delayed for 90 days issuance of any new regulation removing HIV as a ground for medical exclusion from the U.S., and would have directed the Attorney General to study the exclusion issue and make recommendations for modifications to deal with public health costs of allowing in people with costly diseases. This was defeated by a vote of 56-42.

A Nichols Amendment, however, did pass. It would mandate that HIV remain on the list of medically excludable diseases. The vote in favor was 76-23. According to the Senate Cloakroom, this ban may be waived for visitors under certain circumstances. This amendment requires a study by HHS on the HIV-immigration issue, after which the Congress may remove it from the list.)

Q: Does your Administration support the Nichols amendment that maintains HIV on the list of medically excludable diseases?

A: -- This issue is currently under review.

-- (IF PRESSED): As the issue is under review, we are not in a position to oppose or support specific legislation on this issue at this time.

Q: Aren't you backing down on your campaign pledge to lift the ban on HIV for travel and immigration?

A: -- The issue is under review.

Sinking of Haitian Ferryboat

Q: Do you have any comment on the reports of up to 2,000 casualties from the sinking of a Haitian ferryboat this morning?

A: -- I am deeply saddened by the news of this tragedy.

-- It appears that the unseaworthy vessel was not fleeing Haiti, but rather was a commercial craft on a routine voyage.

Foreign Policy Involvement

Q: How do you respond to **The Los Angeles Times** article Tuesday suggesting you are not fully engaged in the foreign policy decision-making process?

A: -- I place a special emphasis on the economic and domestic issues that affect the every day lives of millions of Americans.

-- I remain fully engaged in the formulation and execution of foreign policy. If we don't pursue policies that seek to resolve old crises and anticipate new ones, crises will engulf us. So I am actively engaged.

TALKING POINTS ON YOUR FOREIGN POLICY ACTIVITIES

- Substantial continuity is in the national interest.
America's interests and the state of the world do not change on inauguration day. It's a sign of wisdom to build on existing policies that hold promise: e.g., Mideast peace process.
- Impulsive changes would be a sign of naivete. Past administrations have blundered by slighting promising efforts (Carter rejecting Vladivostok; Reagan not ratifying SALT II), or launching new initiatives that had not been well vetted (Bay of Pigs).
- Most attention has gone into inherited crises. This administration inherited more foreign crises than any other in recent history: Iraq, Bosnia, Somalia, Haiti, transition in the FSU, etc. We are not only managing all of these (e.g., establishing to Saddam Hussein that the new administration will not tolerate his provocations), but making progress (e.g., Haiti [UN/OAS observers]; new Bosnian policy; helping defuse deportee issue in Middle East to increase prospects for resumption of peace process, etc.).
- Process of making needed changes is underway, to reflect need for focus on long-term priorities in a changing world. The President vowed to make changes in many areas: force structure, environment, promoting democracy. To lay the ground, and to put our immediate and long-term actions in a strategic context, he has ordered reviews of strategy and options on over two dozen major areas of security policy. To reflect these priorities, the State Department, Office of the Secretary of Defense, and NSC staff are all being reorganized.
- Early actions bear imprint of Clinton campaign priorities:
 - oo Early meetings with NAFTA partners Pres. Salinas (pre-inauguration) and P.M. Mulroney show intent to use foreign policy to boost U.S. prosperity.
 - oo Sec. Aspin's efforts to reshape force structure show commitment to designing powerful military forces for the post-Cold War era.
 - oo Response on Bosnia, progress on Somalia, show commitment to preventative diplomacy and burden sharing.
 - oo Response on Haiti reflects pledge to foster democracy.
 - oo Handling of deportees issue, Christopher trip, reflect pledge to promote peace in Middle East.

[ONLY IF PRESSED]:

-- Measures of Administration attention to foreign policy.

- oo President worked closely with the Sec. of State to formulate response to Israeli deportee situation.
- oo Meets regularly with national security staff.
- oo President met with Principals to formulate response on the former Yugoslavia.
- oo Has phoned Heads of State often since taking office; during first 100 days, will likely meet at least 6 Heads of State. Has already met with two.
- oo National security team cooperating closely, including weekly Christopher-Aspin-Lake lunches and cooperation on personnel decisions at assistant secretary level.

Hamas

Q: What are we doing about Israeli allegations that the Palestinian group Hamas, a known terrorist organization, has drawn critical financial support and political and military guidance from agents in the United States?

A: -- This Administration is firmly committed to fighting terrorism. We will take all possible measures to stop any support which emanates from the United States.

-- The FBI is actively pursuing allegations that there are persons in the United States who are involved in activity which support terrorist acts by Hamas. We are working closely with the Israelis in this regard.

-- Since this is an active investigation, I cannot offer further comments.

Iraq

Q: Do you have any reaction to the New York Times article Tuesday that the UN is seeking to fly helicopter inspection flights in the Baghdad area?

A: -- We fully support the UN Special Commission's right to go anywhere, anytime to carry out its mission to eliminate Iraq's weapons of mass destruction arsenal. UNSCOM's mission and its authority to carry out that mission is clearly established in UN Security Council resolutions 687, 707 and 715. Iraq should fully comply with these resolutions.

Q: Do you have any reaction to Saddam's continued charm offensive and his remarks to Ramsey Clark?

A: -- Ramsey Clark was on a private visit.

-- We still do not have Iraq compliance with the UN resolutions. Full compliance with all UN resolutions is what we want.

Jerusalem

Q: What is your position on keeping a united Jerusalem as the capital of Israel?

A: -- I have expressed my view that Jerusalem is Israel's capital.

-- I have also said that we will take no actions to disrupt the negotiations.

-- Ultimately, it is up to the parties to negotiate this final status issue.

Kosovo: Rugova's Appeal

Q: What is your response to Kosovo leader Rugova's appeal for troops?

A: -- Dr. Rugova met with Assistant Secretary of State Niles yesterday and discussed the situation in Kosovo. Ambassador Niles underscored that we remain prepared to respond in the case of a conflict in Kosovo caused by Serbian action.

-- Dr. Rugova reported on human rights abuses by Serbian authorities. We deplore these actions on the part of the Government of Serbia as part of a system of repression against the ethnic Albanians of Kosovo. We again call on the Serbian government to restore Kosovo's autonomy, and to cease repression and the use of force.

-- On the matter of troop deployments to Kosovo, Assistant Secretary of State Niles noted Dr. Rugova's position in support of such a presence. However, he pointed out that in the absence of Serbian cooperation, which was very unlikely, the UN would not be able to deploy a force to Kosovo.

Q: Is Rugova meeting with the President or Vice President?

A: -- No. But he met with Mr. Niles and with my Deputy National Security Adviser.

Libya

Q: The Washington Times said on February 13 that your State Department sent a U.S. diplomatic note to the Libyan Government demanding that Libya hand over the two accused of the Pan Am 103 bombing. Can you confirm that?

A: -- I refer you to the State Department on the issue of any possible diplomatic communications.

-- However, our policy on Libya remains that Libya must comply fully with UN Security Council Resolutions 731 and 748, including handing over the accused to US or Scottish courts.

Libya CW Plant

Q: Do you have any comment on the report that Libya is building a second chemical weapons facility? Did the U.S. supply Germany with information on this facility which resulted in action against German firms?

A: -- We have seen reports that the German government has taken action against German firms involved in Libya's chemical weapons projects.

-- We have consistently maintained that Libya is continuing to develop chemical weapons, and is in fact constructing chemical weapons manufacturing and related facilities.

-- We have worked actively with allies to frustrate that effort, and we welcome the German action.

-- I would also note that any military cooperation with Libya is banned by UNSC resolution 748.

Demolition and Sealing of Palestinian Homes

Q: What is your reaction to the report that the Israelis have adopted a new technique of destroying Palestinian homes when searching for suspects before allowing an appeals process? [The Israeli Supreme Court ruled that sealing rooms in homes was permissible.]

A: -- We are deeply troubled by the recent increase in violence in the territories and by the Palestinian and Israeli casualties.

-- For some time, we have warned that extremists, like Hamas, would try to sabotage peace through violence and terrorism. We condemn their actions.

-- The United States understands the difficult security problems Israel faces with terrorist attacks and that the Government of Israel has a duty to protect its citizens.

-- At the same time, the longstanding position of the U.S. Government has been that certain Israeli practices, including demolition or sealing of houses as a form of collective punishment, contravene specific provisions of the Fourth Geneva Convention.

Mexican NAFTA Fund

Q: Rep. Gephardt has sent a letter to Mexican President Salinas protesting the Mexican government's participation in an investment fund [Amerimex Maquiladora Fund], which seeks to buy up American companies and move their manufacturing operations to Mexico to take advantage of lower labor costs. Do you intend to take action on this matter?

A: -- Ambassador Kantor had his first meeting with Mexican Secretary of Trade and Industrial Promotion Jaime Serra today. The meeting was positive and constructive.

-- During the course of the meeting, Ambassador Kantor informed Mr. Serra that he could not move forward on the supplemental agreement unless the Mexican government put an end to its interest in the fund.

-- Secretary Serra, who had been unaware of his government's involvement in the fund, agreed to look into the matter. Within hours, Mr. Serra informed Ambassador Kantor that the Mexican government was in the process of terminating its participation in the fund.

Q: Doesn't this episode demonstrate the difficulties and pitfalls of the NAFTA Agreement?

A: -- On the contrary, the swiftness of solving this issue is indicative of the spirit of cooperation and dedication to true free trade that will make NAFTA a success.

Nicaragua

Q: The New York Times ran a front page article Tuesday on the situation in Nicaragua and alleged delays in defining a policy on Nicaragua within your Administration. Can you comment?

A: -- This Administration's policy goals in Nicaragua are to help consolidate democracy and promote a return to a self-sustaining economic recovery.

-- In particular, we seek to promote human rights and the rule of law, civilian control over the military and police, an end to political violence, and a resolution of outstanding property claims. We are reviewing how best to achieve these goals.

-- We are also urging all sectors in Nicaragua to participate in a dialogue in pursuit of these objectives.

Q: What is the status of U.S. aid to Nicaragua?

A: -- \$50 million in U.S. assistance to Nicaragua authorized in previous fiscal years remains under review.

-- The Administration is consulting with Congress and other interested parties about future aid to Nicaragua.

Q: The article alleges that your Administration still lacks a chief policy maker for Latin America. Is this true? If so, when can we expect someone to be named?

A: -- I assume you are talking about the position of Assistant Secretary of State for Inter-American Affairs. Bernard Aronson continues to serve in this

capacity ably. He has indicated that he will not continue in that capacity, and we are selecting a successor. We are actively reviewing candidates for that position.

Nuclear Proliferation Situation in North Korea

Q: What is your view of the nuclear proliferation situation in North Korea?

A: -- North Korea should comply fully and promptly with its international obligations.

-- We fully support the International Atomic Energy Agency's efforts to implement nuclear safeguards in North Korea.

-- (IF ASKED about improved U.S. relations with North Korea): We can think about that further once North Korea complies with its international obligations.

General Powell's Roles and Missions Report

(BACKGROUND: General Powell briefed on Friday on the "Roles and Missions" of the military. The report, which was prompted by Senator Nunn, will be sent to Secretary Aspin and Congress. Aspin will assess the report and provide comments to the President.)

Q: What do you think of Chairman Powell's report on roles and missions? Doesn't it fall well short of what Senator Nunn called for last July?

A: -- I have asked Secretary Aspin to review the report carefully and provide me with a thorough assessment as soon as possible.

-- During the campaign, I strongly endorsed Senator Nunn's call for a thorough review of duplicative roles and missions among the four military Services.

-- As we consider reductions in military spending that reflect the end of the Cold War, it is even more essential that we eliminate unnecessary overlap and redundancy to the maximum degree consistent with U.S. national security interests.

-- We will have more to say about the issue after I have had the chance to discuss it fully with Secretary Aspin, Chairman Powell and other military leaders, Congress, and others.

Salman Rushdie

Q: Iranian officials marked the fourth anniversary of the "fatwa" against Salman Rushdie by reaffirming his death sentence. What is your position on the Iranian "fatwa" sentencing Salman Rushdie to death?

A: -- We condemn this sentence. It is one of the many examples of Iran's support for international terrorism. This Administration strongly opposes terrorism and strongly supports freedom of speech.

Q: Will this Administration meet with Rushdie?

A: -- We have no such request.

Trade/GATT

Q: Have you abandoned hopes for an early completion of GATT?

A: -- The U.S. wants to see the Uruguay Round of GATT negotiations come to a successful conclusion.

-- But to accomplish this, we will need to see further progress, including on the negotiations to improve market access for goods and services.

-- We have high expectations for solving these problems in the Uruguay Round.

Q: Will you ask Congress for an indefinite extension of your authority to negotiate new trade rules?

A: -- This Administration will be requesting an extension of fast-track trade authority from the Congress so that we can continue the GATT negotiations and seek to bring them to a successful conclusion.

-- The details of the extension request, including the length of time of the extension, is still under review.

Ukraine's Nuclear Stall

Q: Do you place an unrealistically low priority on the danger of loose nukes in Ukraine and elsewhere in the former Soviet Union?

A: -- We recognize the extreme seriousness of the nuclear proliferation problem posed by the breakup of the Soviet Union.

-- Among the first leaders I called was President Kravchuk of Ukraine. I emphasized to him the importance of ratifying START I and acceding to the Non-Proliferation Treaty, and pledged U.S. help in dismantling the weapons in Ukraine. The U.S. is engaged on a number of fronts to press the Ukrainians on rapid START ratification.

-- Last week I took great pleasure in congratulating the Belarusian head of state, Mr. Stanislav Shushkevich, on that country's vote to ratify START I and accede to the NPT. We are actively looking at ways to help Belarus rid itself of the nuclear weapons on its territory.

-- I have also conferred on the nuclear breakup problem with Russia's President Boris Yeltsin.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 17, 1993

ADDRESS BY THE PRESIDENT
TO THE JOINT SESSION OF CONGRESS

The Capitol

9:10 P.M. EST

THE PRESIDENT: Mr. President, Mr. Speaker, members of the House and the Senate, distinguished Americans here as visitors in this Chamber, as am I. It is nice to have a fresh excuse for giving a long speech. (Laughter.)

When Presidents speak to Congress and the nation from this podium, typically, they comment on the full range and challenges and opportunities that face the United States. But this is not an ordinary time, and for all the many tasks that require our attention, I believe tonight one calls on us to focus, to unite, and to act. And that is our economy. For more than anything else, our task tonight as Americans is to make our economy thrive again.

Let me begin by saying that it has been too long, at least three decades, since a President has come and challenged Americans to join him on a great national journey, not merely to consume the bounty of today, but to invest for a much greater one tomorrow. (Applause.)

Like individuals, nations must ultimately decide how they wish to conduct themselves, how they wish to be thought of by those with whom they live, and later, how they wish to be judged by history. Like every individual, man and woman, nations must decide whether they are prepared to rise to the occasions history presents them.

We have always been a people of youthful energy and daring spirit. And at this historic moment, as communism has fallen, as freedom is spreading around the world, as a global economy is

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taking shape before our eyes, Americans have called for change. And now it is up to those of us in this room to deliver for them.

Our nation needs a new direction. Tonight I present to you a comprehensive plan to set our nation on that new course. I believe we will find our new direction in the basic old values that brought us here over the last two centuries -- a commitment to opportunity, to individual responsibility, to community, to work, to family and to faith. We must now break the habits of both political parties and say there can be no more something for nothing and admit frankly that we are all in this together. (Applause.)

The conditions which brought us as a nation to this point are well-known: Two decades of low productivity, growth, and stagnant wages; persistent unemployment and underemployment; years of huge government deficits and declining investment in our future; exploding health care costs and lack of coverage for millions of Americans; legions of poor children; education and job training opportunities inadequate to the demands of this tough, global economy. For too long we have drifted without a strong sense of purpose or responsibility or community.

And our political system so often has seemed paralyzed by special interest groups, by partisan bickering and by the sheer complexity of our problems. I believe we can do better because we remain the greatest nation on Earth, the world's strongest economy, the world's only military superpower. If we have the vision, the will and the heart to make the changes we must, we can still enter the 21st century with possibilities our parents could not even have imagined, and enter it having secured the American Dream for ourselves and for future generations. (Applause.)

I well remember 12 years ago President Reagan stood at this very podium and told you and the American people that if our national debt were stacked in thousand-dollar bills the stack would reach 67 miles into space. Well, today that stack would reach 267 miles. I tell you this not to assign blame for this problem. There is plenty of blame to go around in both branches of the government and both parties. The time has come for the blame to end. (Applause.) I did not seek this office to place blame. I come here tonight to accept responsibility and I want you to accept responsibility with me. And if we do right by this country, I do not care who gets the credit for it. (Applause.)

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The plan I offer you has four fundamental components. First, it shifts our emphasis in public and private spending from consumption to investment -- initially by jump-starting the economy in the short-term, and investing in our people, their jobs, and their incomes over the long run. Second, it changes the rhetoric of the past into the actions of the present by honoring work and families in every part of our public decision-making. Third, it substantially reduces the federal deficit honestly and credibly by using in the beginning the most conservative estimates of government revenues, not, as the Executive Branch has done so often in the past, using the most optimistic ones. (Applause.)

And finally, it seeks to earn the trust of the American people by paying for these plans first with cuts in government waste and efficiency; second, with cuts, not gimmicks, in government spending; and by fairness for a change in the way additional burdens are borne. (Applause.)

Tonight I want to talk with you about what government can do because I believe government must do more. But let me say first that the real engine of economic growth in this country is the private sector. (Applause.) And second, that each of us must be an engine of growth and change. The truth is that as government creates more opportunity in this new and different time, we must also demand more responsibility in turn.

Our immediate priority must be to create jobs, create jobs now. Some people say, well, we're in a recovery and we don't have to do that. Well, we all hope we're in a recovery, but we're sure not creating new jobs. And there's no recovery worth its salt that doesn't put the American people back to work. (Applause.)

To create jobs and guarantee a strong recovery, I call on Congress to enact an immediate package of jobs investments of over \$30 billion to put people to work now, to create a half a million jobs. Jobs to rebuild our highways and airports, to renovate housing, to bring new life to rural communities and spread hope and opportunity among our nation's youth. Especially, I want to emphasize after the events of last year in Los Angeles and the countless stories of despair in our cities and in our poor rural communities, this proposal will create almost 700,000 new summer jobs for displaced, unemployed young people alone this summer. (Applause.)

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And tonight, I invite America's business leaders to join us in this effort so that together we can provide over one million summer jobs in cities and poor rural areas for our young people. (Applause.)

Second, our plan looks beyond today's business cycle because our aspirations extend into the next century. The heart of this plan deals with the long-term. It is an investment program designed to increase public and private investment in areas critical to our economic future. And it has a deficit reduction program that will increase the savings available for the private sector to invest, will lower interest rates, will decrease the percentage of the federal budget claimed by interest payments, and decrease the risk of financial market disruptions that could adversely affect our economy.

Over the long run, all this will bring us a higher rate of economic growth, improved productivity, more high-quality jobs, and an improved economic competitive position in the world. In order to accomplish both increased investment and deficit reduction, something no American government has ever been called upon to do at the same time before, spending must be cut and taxes must be raised.

The spending cuts I recommend were carefully thought through in a way to minimize any adverse economic impact, to capture the peace dividend for investment purposes, and to switch the balance in the budget from consumption to more investment. The tax increases and the spending cuts were both designed to assure that the cost of this historic program to face and deal with our problems will be borne by those who could readily afford it the most. Our plan is designed, furthermore, and perhaps in some ways most importantly, to improve the health of American business through lower interest rates, more incentives to invest, and better trained workers.

Because small business has created such a high percentage of all the new jobs in our nation over the last 10 or 15 years, our plan includes the boldest targeted incentives for small business in history. (Applause.) We propose a permanent investment tax credit for the smallest firms in this country, with revenues of under \$5 million. (Applause.) That's about 90 percent of the firms in America employing about 40 percent of the work force, but creating a big majority of the net new jobs for more than a decade.

And we propose new rewards for entrepreneurs who take new risks. We propose to give small business access to all the new technologies of our time. And we propose to attack this credit

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crunch which has denied small business the credit they need to flourish and prosper. (Applause.)

With a new network of community development banks and \$1 billion to make the dream of enterprise zones real, we propose to bring new hope and new jobs to storefronts and factories from South Boston to South Texas to South Central Los Angeles. (Applause.) This plan invests in our roads, our bridges, our transit systems, in high-speed railways and high-tech information systems. And it provides the most ambitious environmental cleanup in partnership with state and local government of our time, to put people to work and to preserve the environment for our future. (Applause.)

Standing as we are on the edge of a new century, we know that economic growth depends as never before on opening up new markets overseas and expanding the volume of world trade. And so, we will insist on fair trade rules in international markets as a part of a national economic strategy to expand trade, including the successful completion of the latest round of world trade talks and the successful completion of a North American Free Trade Agreement, with appropriate safeguards for our workers and for the environment. (Applause.)

At the same time -- and I say this to you in both parties and across America tonight, all the people who are listening -- it is not enough to pass a budget or even to have a trade agreement. The world is changing so fast that we must have aggressive, targeted attempts to create the high-wage jobs of the future. That's what all our competitors are doing. We must give special attention to those critical industries that are going to explode in the 21st century, but that are in trouble in America today like aerospace. (Applause.) We must provide special assistance to areas and to workers displaced by cuts in the defense budget and by other unavoidable economic dislocations. (Applause.)

And, again, I will say we must do this together. I pledge to you that I will do my best to see that business and labor and government work together for a change. (Applause.)

But all of our efforts to strengthen the economy will fail -- let me say this again; I feel so strongly about this -- all of our efforts to strengthen the economy will fail unless we also take this year -- not next year, not five years from now, but this year -- bold steps to reform our health care system. (Applause.)

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In 1992, we spent 14 percent of our income on health care, more than 30 percent more than any other country in the world; and yet we were the only advanced nation that did not provide a basic package of health care benefits to all of its citizens. Unless we change the present pattern, 50 percent of the growth in the deficit between now and the year 2000 will be in health care costs. By the year 2000 almost 20 percent of our income will be in health care. Our families will never be secure, our businesses will never be strong and our government will never again be fully solvent until we tackle the health care crisis. We must do it this year. (Applause.)

The combination of the rising cost of care and the lack of care and the fear of losing care are endangering the security and the very lives of millions of our people. And they are weakening our economy every day. Reducing health care costs can liberate literally hundreds of billions of dollars for new investment in growth and jobs. Bringing health costs in line with inflation would do more for the private sector in this country than any tax cut we could give and any spending program we could promote. Reforming health care over the long run is critically essential to reducing not only our deficit but to expanding investment in America. (Applause.)

Later this spring, after the First Lady and the many good people who are helping her all across the country complete their work, I will deliver to Congress a comprehensive plan for health care reform that finally will bring costs under control and provide security to all of our families, so that no one will be denied the coverage they need, but so that our economic future will not be compromised either. (Applause.) We'll have to root out fraud and overcharges, and make sure that paperwork no longer chokes your doctor. We'll have to maintain the highest American standards and the right to choose in a system that is the world's finest for all those who can access it. (Applause.)

But first we must make choices. We must choose to give the American people the quality they demand and deserve with a system that will not bankrupt the country or further drive more Americans into agony.

Let me further say that I want to work with all of you on this. I realize this is a complicated issue. But we must address it. And I believe if there is any chance that Republicans and Democrats who disagree on taxes and spending or anything else could agree on one thing, surely we can all look at these numbers and go home and tell our people the truth. We cannot continue these

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spending patterns in public or private dollars for health care for less and less and less every year. We can do better. And I -- (applause).

Perhaps the most fundamental change the new direction I propose offers is its focus on the future and its investment, which I seek in our children. Each day we delay really making a commitment to our children carries a dear cost. Half of the two-year-olds in this country today don't receive the immunizations they need against deadly diseases. Our plan will provide them for every eligible child. And we know now that we will save \$10 later for every \$1 we spend by eliminating preventable childhood diseases. That's a good investment no matter how you measure it. (Applause.)

I recommend that the Women, Infants and Children's nutrition program be expanded so that every expectant mother who needs the help gets it. (Applause.) We all know that Head Start, a program that prepares children for school is a success story. We all know that it saves money, but today it just reaches barely over one-third of all the eligible children. Under this plan, every eligible child will be able to get a head start. (Applause.)

This is not just the right thing to do, it is the smart thing to do. For every dollar we invest today we'll save \$3 tomorrow. We have to start thinking about tomorrow. I've heard that somewhere before. (Laughter.)

We have to ask more in our schools of our students, our teachers, our principals, our parents. Yes, we must give them the resources they need to meet high standards, but we must also use the authority and the influence and the funding of the education department to promote strategies that really work in learning. Money alone is not enough. We have to do what really works to increase learning in our schools. (Applause.)

We have to recognize that all of our high school graduates need some further education in order to be competitive in this global economy. So we have to establish a partnership between businesses and education and the government for apprenticeship programs in every state in this country to give our people the skills they need. (Applause.) Lifelong learning must benefit not just young high school graduates, but workers, too, throughout their career.

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The average 18-year-old today will change jobs seven times in a lifetime. We have done a lot in this country on worker training in the last few years, but the system is too fractured. We must develop a unified, simplified, sensible, streamlined worker training program so that workers receive the training they need regardless of why they lost their jobs or whether they simply need to learn something new to keep them. We have got to do better on this. (Applause.)

And, finally, I propose a program that got a great response from the American people all across this country last year: A program of national service to make college loans available to all Americans and to challenge them at the same time to give something back to their country as teachers or police officers or community service workers -- to give them the option to pay the loans back, but at tax time, so they can't beat the bill, but to encourage them instead to pay it back by making their country stronger and making their country better and giving us the benefit of their knowledge. (Applause.)

A generation ago when President Kennedy proposed and the United States Congress embraced the Peace Corps, it defined the character of a whole generation of American committed to serving people around the world. In this national service program, we will provide more than twice as many slots for people before they go to college to be in national service than ever served in the Peace Corps. This program could do for this generation of members of Congress what the Land Grant College Act did and what the GI Bill did for former congressmen. In the future, historians who got their education through the national service loan will look back on you and thank you for giving America a new lease on life if you meet this challenge. (Applause.)

If we believe in jobs and we believe in learning, we must believe in rewarding work. If we believe in restoring the values that make America special, we must believe that there is dignity in all work, and there must be dignity for all workers.

To those who care for our sick, who tend our children, who do our most difficult and tiring jobs, the new direction I propose will make this solemn, simple commitment: By expanding the refundable earned income tax credit, we will make history. We will reward the work of millions of working poor Americans by realizing the principle that if you work 40 hours a week and you've got a child in the house, you will no longer be in poverty. (Applause.)

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Later this year, we will offer a plan to end welfare as we know it. I have worked on this issue for the better part of a decade. And I know from personal conversations with many people that no one -- no one wants to change the welfare system as badly as those who are trapped in it. (Applause.)

I want to offer the people on welfare the education, the training, the child care, the health care they need to get back on their feet, but say, after two years, they must get back to work, too, in private business if possible, in public service if necessary. We have to end welfare as a way of life and make it a path to independence and dignity. (Applause.)

Our next great goal should be to strengthen our families. I compliment the Congress for passing the Family and Medical Leave Act as a good first step. (Applause.) But it is time to do more. This plan will give this country the toughest child support enforcement system it has ever had. It is time to demand that people take responsibility for the children they bring in this world. (Applause.)

And I ask you to help to protect our families against the violent crime which terrorizes our people and which tears our communities apart. We must pass a tough crime bill. (Applause.) I support not only the bill which didn't quite make it to the President's desk last year, but also an initiative to put 100,000 more police officers on the street -- (applause) -- to provide bootcamps for first-time nonviolent offenders for more space for the hardened criminals in jail -- (applause) -- and I support an initiative to do what we can to keep guns out of the hands of criminals. (Applause.)

Let me say this. I will make you this bargain: If you will pass the Brady bill, I'll sure sign it. (Applause.)

Let me say now, we should move to the harder parts. (Applause.)

I think it is clear to every American, including every member of Congress of both parties, that the confidence of the people who pay our bills in our institutions in Washington is not high. We must restore it. We must begin again to make government work for ordinary taxpayers, not simply for organized interest groups. And that beginning must start with real political reform. (Applause.)

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I am asking the United States Congress to pass a real campaign finance reform bill this year. (Applause.) I ask you to increase the participation of the American people by passing the motor voter bill promptly. (Applause.) I ask you to deal with the undue influence of special interest by passing a bill to end the tax deduction for lobbying and to act quickly to require all the people who lobby you to register as lobbyists by passing the lobbying registration bill. (Applause.)

Believe me, they were cheering that last section at home. I believe lobby reform and campaign finance reform are a sure path to increased popularity for Republicans and Democrats alike because it says to the voters back home, "This is your House. This is your Senate. We're your hired hands. And every penny we draw is your money." (Applause.)

Next, to revolutionize government we have to ensure that we live within our means, and that should start at the top and with the White House. In the last few days I have announced a cut in the White House staff of 25 percent, saving approximately \$10 million. I have ordered administrative cuts in budgets of agencies and departments. I have cut the federal bureaucracy -- or will over the next four years -- by approximately 100,000 positions, for a combined savings of \$9 billion. (Applause.) It is time for government to demonstrate in the condition we're in that we can be as frugal as any household in America.

And that's why I also want to congratulate the Congress. I notice the announcement of the leadership today that Congress is taking similar steps to cut its costs. I think that is important. I think it will send a very clear signal to the American people. (Applause.)

But if we really want to cut spending we're going to have to do more, and some of it will be difficult. Tonight I call for an across-the-board freeze in federal government salaries for one year. (Applause.) And thereafter, during this four-year period, I recommend that salaries rise at one point lower than the cost of living allowance normally involved in federal pay increases. (Applause.)

Next, I recommend that we make 150 specific budget cuts, as you know, and that all those who say we should cut more be as specific as I have been. (Applause.)

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Finally, let me say to my friends on both sides of the aisle, it is not enough simply to cut government, we have to rethink the whole way it works. When I became President I was amazed at just the way the White House worked in ways that added lots of money to what taxpayers had to pay -- outmoded ways that didn't take maximum advantage of technology and didn't do things that any business would have done years ago to save taxpayers' money.

So I want to bring a new spirit of innovation into every government department. I want to push education reform, as I said, not just to spend more money, but to really improve learning. Some things work and some things don't. We ought to be subsidizing the things that work and discouraging the things that don't. I'd like to use that superfund to clean up pollution for a change and not just pay lawyers. (Applause.)

In the aftermath of all the difficulties with the savings and loans, we must use federal bank regulators to protect the security and safety of our financial institutions, but they should not be used to continue the credit crunch and to stop people from making sensible loans. (Applause.)

I'd like for us to not only have welfare reform but to reexamine the whole focus of all of our programs that help people to shift them from entitlement programs to empowerment programs. In the end we want people not to need us anymore. I think that's important. (Applause.)

But in the end we have to get back to the deficit. For years there's been a lot of talk about it, but very few credible efforts to deal with it. And now I understand why, having dealt with the real numbers for four weeks. (Laughter.) But I believe this plan does -- it tackles the budget deficit seriously and over the long-term. It puts in place one of the biggest deficit reductions and one of the biggest changes in federal priorities from consumption to investment in the history of this country at the same time over the next four years.

Let me say to all the people watching us tonight, who will ask me these questions beginning tomorrow as I go around the country and who've asked it in the past, we're not cutting the deficit just because experts say it's the thing to do or because it has some intrinsic merit. We have to cut the deficit because the more we spend paying off the debt, the less tax dollars we have to

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invest in jobs and education and the future of this country. And the more money we take out of the pool of available savings, the harder it is for people in the private sector to borrow money at affordable interest rates for a college loan for their children, for a home mortgage, or to start a new business.

That's why we've got to reduce the debt -- because it is crowding out other activities that we ought to be engaged in and that the American people ought to be engaged in. (Applause.) We cut the deficit so that our children will be able to buy a home, so that our companies can invest in the future and in retraining their workers, so that our government can make the kinds of investments we need to be a stronger and smarter and safer nation.

If we don't act now, you and I might not even recognize this government 10 years from now. If we just stay with the same trends of the last four years, by the end of the decade the deficit will be \$635 billion a year, almost 80 percent of our gross domestic product. And paying interest on that debt will be the costliest government program of all. We'll still be the world's largest debtor. And when members of Congress come here, they'll be devoting over 20 cents on the dollar to interest payments, more than half of the budget to health care and to other entitlements. And you'll come here and deliberate and argue over six or seven cents on the dollar, no matter what America's problems are.

We will not be able to have the independence we need to chart the future that we must. And we'll be terribly dependent on foreign funds for a large portion of our investment.

This budget plan by contrast will, by 1997, cut \$140 billion in that year alone from the deficit. A real spending cut, a real revenue increase, a real deficit reduction, using the independent numbers of the Congressional Budget Office. (Laughter.) Well, you can laugh, my fellow Republicans, but I'll point out that the Congressional Budget Office was normally more conservative in what was going to happen and closer to right than previous Presidents have been. (Applause.)

I did this so that we could argue about priorities with the same set of numbers. I did this so that no one could say I was estimating my way out of this difficulty. I did this because if we can agree together on the most prudent revenues we're likely to get, if the recovery stays and we do right things economically, then it will turn out better for the American people than we say than the

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last 12 years. Because there were differences over the revenue estimates, you and I know that both parties were given greater elbow room for irresponsibility. This is tightening the rein on the Democrats as well as the Republicans. Let's at least argue about the same set of numbers so the American people will think we're keeping straight with them. (Applause.)

As I said earlier, my recommendation makes more than 150 difficult reductions to cut the federal spending by a total of \$246 billion. We are eliminating programs that are no longer needed, such as nuclear power research and development. (Applause.) We're slashing subsidies and canceling wasteful projects. But many of these programs were justified in their time, and a lot of them are difficult for me to recommend reductions in. Some really tough ones for me personally.

I recommend that we reduce interest subsidies to the Rural Electric Administration. That's a difficult thing for me to recommend. But I think that I cannot exempt the things that exist in my state, or in my experience, if I ask you to deal with things that are difficult for you to deal with. We're going to have to have no sacred cows except the fundamental abiding interest of the American people. (Applause.)

I have to say that we all know our government has been just great at building programs. The time has come to show the American people that we can limit them, too; that we can not only start things, that we can actually stop things. (Applause.)

About the defense budget, I raise a hope and a caution. As we restructure our military forces to meet the new threats of the post-Cold War world, it is true that we can responsibly reduce our defense budget. And we may all doubt what that range of reductions is. But let me say that as long as I am President, I will do everything I can to make sure that the men and women who serve under the American Flag, will remain the best-trained, the best-prepared, the best-equipped fighting force in the world. And every one of you should make that solemn pledge. We still have responsibilities around the world. We are the world's only superpower. This is still a dangerous and uncertain time. And we owe it to the people in uniform to make sure that we adequately provide for the national defense and for their interests and needs. (Applause.)

Backed by an effective national defense and a stronger economy, our nation will be prepared to lead a world challenged -- as

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it is everywhere -- by ethnic conflict, by the proliferation of weapons of mass destruction, by the global democratic revolution and by challenges to the health of our global environment.

I know this economic plan is ambitious, but I honestly believe it is necessary for the continued greatness of the United States. And I think it is paid for fairly, first by cutting government, then by asking the most of those who benefited the most in the past, and by asking more Americans to contribute today so that all of us can prosper tomorrow.

For the wealthiest -- those earning more than \$180,000 per year -- I ask you all who are listening tonight to support a raise in the top rate for federal income taxes from 31 to 36 percent. (Applause.) We recommend a 10 percent surtax on incomes over \$250,000 a year -- (applause) -- and we recommend closing some loopholes that let some people get away without paying any tax at all. (Applause.)

For businesses with taxable incomes in excess of \$10 million we recommend a raise in the corporate tax rate also to 36 percent, as well as a cut in the deduction for business entertainment expenses. (Applause.) Our plan seeks to attack tax subsidies that actually reward companies more for shutting their operations down here and moving them overseas than for staying here and reinvesting in America. (Applause.)

I say that as someone who believes that American companies should be free to invest around the world and, as a former governor who actively sought investment of foreign companies in my state, but the tax code should not express a preference to American companies for moving somewhere else. And it does in particular cases today. (Applause.)

We will seek to ensure that through effective tax enforcement foreign corporations who do make money in America simply pay the same taxes that American companies make on the same income. (Applause.)

To middle class Americans who have paid a great deal for the last 12 years and from whom I ask a contribution tonight, I will say again as I did on Monday night, you're not going alone anymore, you're certainly not going first and you're not going to pay more for less as you have too often in the past.

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I want to emphasize the facts about this plan: 98.8 percent of America's families will have no increase in their income tax rates -- (applause) -- only 1.2 percent at the top. Let me be clear: There will also be no new cuts in benefits for Medicare. (Applause.) As we move toward the fourth year, with the explosion in health care costs, as I said, projected to account for 50 percent of the growth of the deficit between now and the year 2000, there must be planned cuts in payments to providers -- to doctors, to hospitals, to labs -- as a way of controlling health care costs. But I see these only as a stop-gap until we can reform the entire health care system. If you'll help me do that, we can be fair to the providers and to the consumers of health care. (Applause.)

Let me repeat this, because I know it matters to a lot of you on both sides of the aisle. This plan does not make a recommendation for new cuts in Medicare benefits for any beneficiary. Secondly, the only change we are making in Social Security is one that has already been publicized. The plan does ask older Americans with higher incomes who do not rely solely on Social Security to get by to contribute more. This plan will not affect the 80 percent of Social Security recipients who do not pay taxes on Social Security now. Those who do not pay tax on Social Security now will not be affected by this plan.

Our plan does include a broad-based tax on energy. And I want to tell you why I selected this and why I think it's a good idea. I recommend that we adopt a BTU tax on the heat content of energy as the best way to provide us with revenue to lower the deficit because it also combats pollution, promotes energy efficiency, promotes the independence economically of this country, as well as helping to reduce the debt, and because it does not discriminate against any area -- unlike a carbon tax that's not too hard on the coal states; unlike a gas tax that's not too tough on people who drive a long way to work; unlike an ad valorem tax it doesn't increase just when the price of an energy source goes up. And it is environmentally responsible. It will help us in the future as well as in the present with the deficit. (Applause.)

Taken together these measures will cost an American family with an income of about \$40,000 a year less than \$17 a month. It will cost American families with incomes under \$30,000 nothing, because of other programs we propose -- principally those raising the earned income tax credit.

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Because of our publicly-stated determination to reduce the deficit, if we do these things, we will see the continuation of what's happened just since the election. Just since the election, since the Secretary of the Treasury, the Director of the Office of Management and Budget and others who have begun to speak out publicly in favor of a tough deficit reduction plan, interest rates have continued to fall long-term. That means that for the middle class, who will pay something more each month, if they had any credit needs or demands their increased energy costs will be more than offset by lower interest costs for mortgages, consumer loans, credit cards. This can be a wise investment for them and their country now. (Applause.)

I would also point out what the American people already know, and that is, because we're a big, vast country where we drive long distances, we have maintained far lower burdens on energy than any other advanced country. We will still have far lower burdens on energy than any other advanced country. And these will be spread fairly, with real attempts to make sure that no cost is imposed on families with incomes under \$30,000 and that the costs are very modest until you get into the higher income groups where the income taxes trigger in.

Now, I ask all of you to consider this: Whatever you think of the tax program, whatever you think of the spending cuts, consider the cost of not changing. Remember the numbers that you all know. If we just keep on doing what we're doing, by the end of the decade we'll have a \$650-billion-a-year deficit. If we just keep on doing what we're doing, by the end of the decade, 20 percent of our national income will go to health care every year -- twice as much as any other country on the face of the globe. If we just keep on doing what we're doing, over 20 cents on the dollar will have to go to service the debt.

Unless we have the courage now to start building our future and stop borrowing from it, we're condemning ourselves to years of stagnation interrupted by occasional recessions, to slow-growth in jobs, to no more growth in income, to more debt, to more disappointment. Worse less -- unless we change, unless we increase investment and reduce the debt, to raise productivity so that we can generate both jobs and incomes, we will be condemning our children and our children's children to a lesser life than we enjoyed.

Once Americans looked forward to doubling their living standards every 25 years. At present productivity rates, it will

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take 100 years to double living standards, until our grandchildren's grandchildren are born. I say that is too long to wait. (Applause.)

Tonight the American people know we have to change. But they're also likely to ask me tomorrow and all of you for the weeks and months ahead whether we have the fortitude to make the changes happen in the right way. They know that as soon as I leave this Chamber and you go home, various interest groups will be out in force lobbying against this or that piece of this plan. And that the forces of conventional wisdom will offer a thousand reasons why we well ought to do this but we just can't do it.

Our people will be watching and wondering, not to see whether you disagree with me on a particular issue, but just to see whether this is going to be business as usual or a real new day. Whether we're all going to conduct ourselves as if we know we're working for them. We must scale the walls of the people's skepticisms, not with our words but with our deeds. (Applause.)

After so many years of gridlock and indecision, after so many hopeful beginnings and so few promising results, the American people are going to be harsh in their judgments of all of us if we fail to seize this moment.

This economic plan can't please everybody. If the package is picked apart, there will be something that will anger each of us, won't please anybody. But if it is taken as a whole, it will help all of us.

So I ask you all to begin by resisting the temptation to focus only on a particular spending cut you don't like or some particular investment that wasn't made. And nobody likes the tax increases, but let's just face facts. For 20 years, through administrations of both parties, incomes have stalled and debt has exploded, and productivity has not grown as it should. We cannot deny the reality of our condition. We have got to play the hand we were dealt and play it as best we can. (Applause.)

My fellow Americans, the test of this plan cannot be what is in it for me, it has got to be what is in it for us. (Applause.)

If we work hard and if we work together, if we rededicate ourselves to creating jobs, to rewarding work, to strengthening our families, to reinventing our government, we can lift our countries fortunes again.

Tonight, I ask everyone in this Chamber and every American to look simply into your heart, to spark your own hopes, to fire your own imagination. There is so much good, so much possibility, so much excitement in this country now, that if we act boldly and honestly, as leaders should, our legacy will be one of prosperity and progress. This must be America's new direction. Let us summon the courage to seize it.

Thank you. God bless America. (Applause.)

END

10:10 P.M. EST

MONDAY, FEBRUARY 15, 1993

10:00 AM	Phone Call President Mitterrand of France	Distributed Separately
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11:00 AM	Congressional Meeting and Talking Points	TAB A
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1:30 PM	Congressional Meeting and Talking Points	TAB B
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3:00 PM	Meeting with Senator J. Bennett Johnston	TAB C
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	Points to be Made	TAB C-1
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3:30 PM	Meeting with Senator Bill Bradley	TAB D
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** ABC will be doing filming throughout the day in preparation
for their Kids Town Hall Meeting on Saturday, February 20.

	Further information on filming	TAB E
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**SCHEDULE OF THE PRESIDENT
FOR
MONDAY, FEBRUARY 15, 1993**

tba

JOG

8:45 am-
9:00 am

**CIA BRIEFING
OVAL OFFICE
AGJ, Mack McLarty, Tony Lake,
Sandy Berger, Leon Fuerth**

9:00 am-
9:15 am

**NATIONAL SECURITY BRIEFING
OVAL OFFICE
AGJ, Mack McLarty, Tony Lake,
Sandy Berger, Leon Fuerth**

9:15 am-
9:30 am

**MEETING
OVAL OFFICE
Mack McLarty, George Stephanopoulos,
Marcia Hale, Bruce Lindsey**

9:30 am-
9:45 am

**MEETING
OVAL OFFICE
Mack McLarty, Bob Rubin**

10:00 am

**PHONE CALL
PRESIDENT MITTERRAND OF FRANCE
Contact: Nancy Soderberg**

(Distributed
Separately)

10:15 am-
11:00 am

**PHONE AND OFFICE TIME
OVAL OFFICE**

11:00 am-
12:15 pm

**CONGRESSIONAL MEETING
ROOSEVELT ROOM
Contact: Howard Paster
POOL spray at beginning of meeting.**

(TAB A)

12:15 pm-
1:15 pm

**LUNCH, PHONE AND OFFICE TIME
OVAL OFFICE**

1:30 pm-
2:45 pm

**CONGRESSIONAL MEETING
ROOSEVELT ROOM
Contact: Howard Paster
POOL spray at beginning of meeting.**

(TAB B)

page 2

3:00 pm- 3:15 pm	MEETING OVAL OFFICE Senator J. Bennett Johnston Contact: Howard Paster CLOSED PRESS	(TAB C)
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3:15 pm- 3:30 pm	MEETING OVAL OFFICE Clay Constantino CLOSED PRESS
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3:30 pm- 3:45 pm	MEETING OVAL OFFICE Sen. Bill Bradley Contact: Howard Paster CLOSED PRESS	(TAB D)
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3:45 pm- 4:00 pm	MEETING OVAL OFFICE Mack McLarty, Carol Rasco
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4:00 pm	PHONE AND OFFICE TIME
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BC AND HRC RON	WHITE HOUSE
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THE WHITE HOUSE
WASHINGTON

February 13, 1993

MEETING WITH HOUSE DEMOCRATIC MEMBERS

DATE: February 15, 1993
LOCATION: Roosevelt Room
TIME: 11:00 a.m.
From: Barbara Chow via Howard Paster

I. PURPOSE

Ask for support on the economic program.

II. BACKGROUND

Over the next several days, prior to the February 17th address you will be meeting in small groups with all of the House Democrats. The participation in each meeting is designed to reflect regional and ethnic diversity as well as differing seniority levels.

III. PARTICIPANTS

Please see attached list of House Democratic Members attending.

The Vice President
Mack McLarty
George Stephanopoulos
Howard Paster
Susan Brophy
Lorraine Miller
Karen Hancox

IV. PRESS PLAN

Press pool to spray room at opening of meeting after which the meeting will be closed. Members of Congress to be made available to the press at the conclusion of the meeting.

V. SEQUENCE OF EVENTS

You will enter the room and greet Members of Congress. You will open the meeting with a few remarks, and then yield to the Vice President for remarks. The Vice President will open up the meeting for discussion. You and the Vice President will depart.

VI. REMARKS

See attached talking points.

HOUSE MEMBERS ATTENDING

Rep. Neil Abercrombie (HI)
Rep. Gary Andrews (NJ)
Rep. Cardiss Collins (MI)
Rep. John Dingell (MI)
Rep. Calvin Dooley (CA)
Rep. Anna Eshoo (CA)
Rep. Vic Fazio (CA)
Rep. Harold Ford (TN)
Rep. Martin Frost (TX)
Rep. Dan Hamburg (CA)
Rep. George Hochbrueckner (NY)
Rep. Earl Hutto (FL)
Rep. Paul Kanjorski (PA)
Rep. Gerald Kleczka (WI)
Rep. Michael Kopetski (OR)
Rep. Mike Kreidler (WA)
Rep. Paul McHale (PA)
Rep. Carolyn Maloney (NY)
Rep. Romano Mazzoli (KY)
Rep. David Minge (MI)
Rep. Nancy Pelosi (CA)
Rep. Glenn Poshard (IL)
Rep. Bobby Rush (IL)
Rep. Bart Stupak (MI)

**TALKING POINTS
FOR MEETING WITH CONGRESSIONAL DEMOCRATS**

o Thank you for attending this meeting. I am especially appreciative of your presence here today because I know that many of you have interrupted your work in your district to come back to Washington to attend this meeting.

o The reason I have called you here today is that I am asking for your support to help move our economic program through the Congress.

o There is no higher priority for my Administration and for our nation and our party's future than that of regaining our economic momentum.

While the economic signs are beginning to pick up, the jobs picture is not nearly as encouraging. To make sure our economy gets back on track and stays on track, we need an economic stimulus and investment package coupled with long-term deficit reduction.

o This will require sacrifice from all of us in particular programs that may be important to one or another of us. We must all remember, however, that the reason we are doing this is to strengthen our economy. When our unemployment rate is reduced and our economy is back on track the sacrifices we are making today will have been worthwhile.

o Our future and fortunes are linked. As Democrats, we can no longer blame a divided government for our failure to grapple with the critical policy issues facing the country. We are responsible. We must deliver. The American people are expecting no less from us.

o We cannot wait. Deficit reduction will not get easier. We must move forward with a bold and decisive economic program this year.

o I am asking for your support on the following:

**–Vote with me on the budget resolution, reconciliation and
appropriation bills.**

**–Help me move an economic stimulus package through the
Congress as quickly as possible.**

THE WHITE HOUSE
WASHINGTON

February 13, 1993

MEETING WITH HOUSE DEMOCRATIC MEMBERS

DATE: February 15, 1993
LOCATION: Roosevelt Room
TIME: 1:30 p.m.
From: Barbara Chow via Howard Paster

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VI. REMARKS

See attached talking points.

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Rep. Brown, Corrine (FL)
Rep. Brown, Sherrod (OH)
Rep. Clyburn, James (SC)
Rep. Flake, Floyd (NY)
Rep. Geren, Pete (TX)
Rep. Gordon, Bart (TN)
Rep. Inslee, Jay (WA)
Rep. Jefferson, William (LA)
Rep. Johnson, Eddie Bernice (TX)
Rep. Kaptur, Marcy (OH)
Rep. LaFalce, John (NY)
Rep. Laughlin, Greg (TX)
Rep. Lehman, Richard (CA)
Rep. Long, Jill (IN)
Rep. Martinez, Matthew (CA)
Rep. McNulty, Michael (NY)
Rep. Mineta, Norman (CA)
Rep. Moakley, Joe (MA)
Rep. Natcher, William (KY)
Rep. Neal, Richard (MA)
Rep. Payne, Lewis (VA)
Rep. Roemer, Tim (IN)
Rep. Rowland, Roy (GA)
Rep. Sangmeister, George (IL)
Rep. Strickland, Ted (OH)
Rep. Vento, Bruce (MN)

**TALKING POINTS
FOR MEETING WITH CONGRESSIONAL DEMOCRATS**

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