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BRIEFING BOOK
FOR JUNE 22, 1997
DENVER SUMMIT
PRESS CONFERENCE

June 20, 1997

STAFF

**Briefing Book for
June 22, 1997 Press Conference**

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Q&A on Tobacco Settlement
June 20, 1997

Q. Did the Administration help close the deal?

A. No. My staff monitored the talks closely so that we would be in a position to evaluate and respond to any possible settlement. We consistently told the parties that they would have to close an agreement on their own, and they were able to do so without any help from the Administration.

Q. How will you proceed?

A. I have asked my Domestic Policy Advisor, along with the Secretary of Health and Human Services, to undertake a thorough public health review of this agreement. They will consult with all interested agencies, members of Congress, and the public health community.

Q. How long will the review take?

A. The review will take as long as necessary to conduct a careful analysis, but we will seek to work promptly and expeditiously. We expect this to be a matter of weeks, not months.

Q. Dr. Kessler and Dr. Koop have asked in a letter to you that you give them 30 days to complete their own review before signing off on anything. Are you going to wait?

A. I intend to consider closely the views of the public health community, including Drs. Koop and Kessler, before rendering any judgment on the settlement. But it is premature to commit to any firm timetable for reaching my conclusion.

Q. What will you look at in evaluating this agreement?

A. We will evaluate whether this agreement protects the public health -- and particularly the health of our children. We will pay special attention to the part of the agreement dealing with FDA jurisdiction. The actions the FDA has taken under this Administration forced the industry to the bargaining table, and we will insist that the FDA has all necessary authority to regulate nicotine and tobacco products. We also will carefully review the financial terms of the settlement, including whether the money will go toward protecting the health of our children and the general public.

Q. The final deal limits punitive damages -- a key concession to the tobacco industry. Won't you oppose that given your previous opposition to caps on punitive awards?

A. The limitation on punitive damages for past misconduct is not a deal-breaker for us. We understand that the attorneys general extracted substantial concessions from the tobacco companies for this limitation, and we will evaluate whether the agreement as a whole advances the nation's public health interests.

Q. Are you taking a political risk in considering approval of this settlement?

- A. This isn't about politics; it's about protecting the public health. We didn't think about politics when we took on the tobacco companies last year with our announcement of the FDA rule. And we won't look to politics now in evaluating this agreement.

Budget and Tax Q & A
June 19, 1997

Q: What is your response to the Roth tax plan?

A: The Senate Republican plan, like the House Republican plan, does not meet the test of fairness. It provides too little tax relief to working families. Two-thirds of the both the House and Senate Republican proposals go to the top 20 percent of families, while less than 15 percent goes to the 60 percent of families in the middle and below.

- **It completely denies the child tax credit to 4 million working families. Under the Roth plan, the child tax credit is figured only after the earned income tax credit is taken against a family's tax bill. Unlike even the Republican 1995 budget, it is specifically designed in a way to deny the credit to 4 million families.**
- **The Roth plan fails to honor the budget agreement's \$35 billion commitment to higher education. As part of the budget agreement, the Republicans in Congress agreed to tax relief of roughly \$35 billion consistent with my HOPE scholarship tax credit and deduction for postsecondary tuition and fees. The Roth plan provides only \$20 billion for this critical purpose.**
- **The Roth plan does exclude some of the most egregious provisions that were in the House plan proposed by Chairman Archer:**
 - **Unlike the Archer plan, the Roth plan does not include indexing of capital gains, which would explode in cost down the road as the baby boom generation edges towards retirement. Additionally, it does not include a cut in the corporate alternative minimum tax.**

Q: Why are the Senate Democrats on the Finance Committee supporting the Roth plan and not sticking with you?

A: The Democrats on the Finance Committee are doing what they should be doing -- trying to improve the tax cut at every stage of the process. And they have had some positive impact:

- **The House plan penalized working families who pay for child care by reducing their child tax credit. That provision is not in the Roth plan and in response to our criticism Chairman Archer has scaled his penalty back, but has not eliminated it.**
- **Capital gains indexing is also not in the Roth plan.**

- The HOPE Scholarship is better than the House plan for students going to Community College. It's still not perfect, and I will keep working to make sure that our tax cuts help make the 13th and 14th year of college accessible to everyone.
- I expect that Democrats will do all they can to improve the tax bill at the next stage when the bills are debated on the floors of both Houses.
- We will do the same when the bills go to conference. We will continue to work to ensure that the final tax bill meets the tests I have set out:
 - (1) Must be faithful to the bipartisan agreement;
 - (2) Must help the economy grow;
 - (3) Must be fair to middle class families;
 - (4) Must target our top priority -- education; and
 - (5) Must not explode the deficit and make it more difficult to meet the fiscal challenges we face when the baby boom nears retirement.

Q: Republicans have said that granting the child tax credit to people who have no federal income liability -- because of the EITC -- amounts to welfare. Why should we give money to people who pay no federal taxes?

A: This is one of the most unfair provisions in the tax bills in both the House and in the Senate. Their child credit is designed to deny a tax cut to 4 million working families.

- **First of all, these families pay Federal taxes.** They pay payroll taxes, they pay excise taxes, such as gasoline taxes.
- **Second, even under the original Contract for America, these families would have received a tax cut. The child tax credit in the Contract for America was designed to offset payroll taxes.**
- **One reason the child tax credit appears to have been changed is to make room for other tax cuts, such as the cut in the corporate alternative minimum tax. Such a cut would move us back in the direction when large and profitable corporations paid no income taxes. This is ill advised. That money would be much better used to give these 4 million hard working families the tax cut they deserve.**

Q: Will you veto the tax bill?

A: It is premature to talk about a possible veto.

Q: What is the Administration's position on raising tobacco taxes to extend the child tax credit to EITC recipients?

A: We believe other revenues can easily be used to provide the child tax credit to all working families and we strongly prefer that such tobacco revenues be used outside of the budget agreement so that they can be targeted to address important children and health needs.

HEALTH CARE

BUDGET

Q: WHAT IS YOUR GENERAL RESPONSE TO THE SENATE FINANCE COMMITTEE MARK UP. WHAT ARE YOUR PRIMARY CONCERNS RELATIVE TO THE BUDGET AGREEMENT?

A: I applaud the Finance Committee Members for taking steps to push the balanced budget process forward. I am pleased that they are improving the way that the \$16 billion in children's health is invested to provide meaningful coverage for as many children as possible.

I also am also happy to see that they passed many of the structural reforms that I have long proposed in Medicare. As a result of these reforms, beneficiaries will have more choices, more preventive benefits, and the life of the trust fund will be extended for at least a decade.

Having said that, I am concerned that the Senate Finance Committee did not include any protections for low-income beneficiaries. We explicitly agreed on \$1.5 billion for these protections. I am also concerned that beneficiaries may be exposed to excessive cost-sharing which could impose undue burdens on our seniors.

CHILDREN'S HEALTH

Q: DO YOU BELIEVE THAT THE VOTE AGAINST THE CHAFEE-ROCKEFELLER CHILDREN'S AMENDMENT WAS A REJECTION OF THE YOUR HEALTH CARE PRIORITIES?

A: While we were disappointed that Chafee-Rockefeller amendment did not pass, the Senators made important improvements that responded to many of the concerns that I had raised about the Chairman's mark and the Commerce Committee bill.

Before the final compromise was reached, the original Finance legislation fell well short of assuring that the \$16 billion for children's health care was being effectively targeted to ensure that the greatest number of children would be given a meaningful benefits package.

The final recommendations that came out of the Senate Finance Committee, however, were much more consistent with our priorities. They include a much stronger benefits package, and they ensure that the new money for children's health will only cover new expansions for children's coverage.

I do, however, believe that we need to continue to work to ensure that the final bill includes provisions that guarantee that low-income children are not exposed to excessive cost sharing.

MEDICARE

Q: DO YOU SUPPORT THE INCOME-RELATED PREMIUM PROPOSAL THAT WAS IN THE SENATE FINANCE COMMITTEE MARK?

A: First, what passed the Senate Finance Committee was not an income-related premium but rather an income-related deductible that would allow high-income beneficiaries to pay deductibles beyond the current limit.

The proposal is also outside of what was decided in the Budget Agreement. We decided on what beneficiary savings were in the agreement and all assumed there would be no other beneficiary cost-sharing burdens.

We believe that it would be administratively complex and potentially unworkable in a practical context. Regardless, it needs much consideration before we could support it as an addition to the Medicare program.

For this reason, we do not support this proposal in the context of the budget negotiations. However, we would be happy to have discussions with Senator Kerrey and others about this provision in another context.

Q: THE HOUSE COMMERCE COMMITTEE, THE WAYS AND MEANS COMMITTEE AND THE SENATE FINANCE COMMITTEE ALL VOTED TO FORM A MEDICARE COMMISSION. DO YOU SUPPORT THIS AS WELL?

A: We are committed to setting up a bipartisan process to address the long-term needs of the Medicare program. However, our first goal is to pass the Medicare reforms in the Budget Agreement that will extend the life of the trust fund for at least a decade.

After that, however, we want to set up a bipartisan process to address the long-term financing concerns of the Medicare program.

Q: WHAT DO YOU THINK ABOUT THE MEDICARE DEMONSTRATION IN DENVER?

A: I am aware that it is currently in a court proceeding. As such, it is not appropriate for me to comment on the details of the demonstration at this time. However, I would like to say that I believe that it is important to inject market-oriented competition into the Medicare program to help it become a more fiscally prudent purchaser with regard to the way it purchases health care services and coverage.

AIDS

Q: IF WE ARE INVESTING MORE TO DEVELOP AN AIDS VACCINE AREN'T WE TAKING AWAY FROM INVESTMENTS ON TREATING PEOPLE WHO ALREADY SUFFER FROM THIS DISEASE?

A: Since I took office, I have made an extraordinary commitment to increasing our investments in AIDS. Funding for AIDS research, prevention and care increased by more than 50 percent in the first four years of the Clinton Administration. Funding for AIDS Drug Assistance Programs (ADAP), which help low-income people purchase needed therapies, has tripled, while funding for the Ryan White CARE Act in my budget has increased 168 percent over the FY 1993 budget. We need to continue to increase our investments in all of these areas, and my FY 1998 budget reflects that commitment, with additional investments in AIDS research, prevention and care.

Q: DOESN'T YOUR CHALLENGE RING HOLLOW SINCE YOU ARE NOT INVESTING ANY NEW RESOURCES DEVELOPING AN AIDS VACCINE?

A: I have committed additional resources to developing an AIDS vaccine. In the last two years, we increased funding for the AIDS vaccine by 33 percent and my FY 1998 budget increases spending for AIDS vaccine research by \$17 million.

Moreover, scientists have informed me that it is not only money that we need to meet the challenge of finding an AIDS vaccine, but that we also need to promote collaboration

between experts in this area. That is why I called for the new AIDS Vaccine Center at NIH that Dr. Varmus is announcing which will unite scientists in immunology, virology, and vaccinology to join in a highly collaborative effort to develop an AIDS vaccine.

That is also why I am calling on the leaders of the eight major industrialized nations meeting here in Denver to support a worldwide AIDS vaccine research initiative. These important initiatives are what scientists believe we need to do to fully commit ourselves to the goal of developing an AIDS vaccine.

Q: Do you believe local communities ought to be able to spend Federal money for needle exchange programs to help prevent spread of AIDS?

A: Under current law, the Administration cannot authorize the use of Federal funds for needle exchange programs unless there is conclusive evidence that these programs reduce the spread of AIDS and do not encourage drug use. Although there is strong evidence indicating that needle exchange programs help reduce the spread of AIDS, we have not concluded our review on whether these programs increase the use of drugs. However, local communities remain free to use non-Federal funds to support such programs if they choose to do so.

Campaign Finance Reform

Q: Isn't the decision by the Justice Department to seek a case to overturn *Buckley v. Valeo* grandstanding?

Answer: No. First, circumstances have dramatically changed in the 21 years since *Buckley* was decided and the *Buckley* Court could not have anticipated the corrosive effect that unlimited expenditures have had on federal elections.

Second, the *Buckley* Court also could have not anticipated the effect that striking down expenditure limitations would have in undermining the effectiveness of contribution limitations. While the *Buckley* Court held that contributions could be limited in order to prevent corruption or the appearance of corruption, the Court has not since that time had the opportunity to consider how the interrelationship between expenditures and contributions adversely affects these concerns.

Finally, there are a number of strong interests underlying limiting campaign expenditure limitations that were either not raised or fully considered in the *Buckley* litigation. These include minimizing the time that candidate's must devote to fundraising, and leveling the playing field so that voters can fairly be exposed to all the candidate's views.

Q: What makes you think the FEC has the authority to ban Soft Money?

Answer: In 1996, as you know, both parties raised unprecedented amounts of soft money funds from corporations, unions, and large individual contributions. I strongly support legislation that would prohibit both political parties from raising these funds. But we don't need to wait for legislation. The soft-money system is largely the product of FEC opinions and rules over the years. The FEC could act to prohibit nearly all uses of soft money under its existing statutory authority. They acted in good faith when they wrote these rules, and the parties lived under them. I believe that the changes in campaign financing have been so substantial – in terms of the amount of money spent, and what it is spent for – that the FEC should revisit its rules.

Q: Isn't this an empty gesture –the FEC is missing a member and is comprised of weak and partisan commissioners, many of whom voted for this system in the first place. When are you going to name new FEC appointments?

Answer: The FEC is fully capable of acting on this ruling with its current commissioners. As for new appointments, we are in the middle of the appointments process, and will be making any announcement when the time is right.

Q: Why not stop taking soft money?

Answer: As I have said before, both parties raise huge sums of money --the Republicans more than the Democrats. I will not ask the DNC to unilaterally disarm. The answer is for both parties to stop raising soft money --voluntarily, as the DNC has challenged, or by law (either through the FEC or preferably by legislation).

Q: Your July 4 deadline for passage of campaign finance reform legislation is fast approaching. What are you going to do to insure passage of a bill by then?

Answer: We are going to continue to push this issue on the Hill, as we have throughout the year, with the leadership of both parties. I am committed to passing real bipartisan legislation. But we are also going to take action when and where we can without Congress. The soft money petition is one example.

Welfare Reform and Congressional Action on the Bipartisan Budget Agreement

Question: Why do you oppose the Congressional efforts to restore benefits to legal immigrants?

Answer: Both the House and the Senate proposals alter the provisions in the bipartisan budget agreement. In general, the Congress restores permanent SSI and Medicaid benefits only to immigrants *already receiving* benefits prior to August 23, 1996; by contrast, the bipartisan budget agreement policy restores SSI and Medicaid benefits to *any* immigrant *in the country* as of that date who is or becomes disabled.

Limiting health and disability benefits to those already receiving them on August 22nd would protect 75,000 fewer immigrants than the budget agreement by the year 2002. And in leaving unprotected any person who becomes disabled after August 22, 1996, it fails to target assistance to the most vulnerable individuals.

Question: Is Congress following the budget agreement in its actions to implement legislation to date?

Answer: No. The Congressional proposals to restore disability and health benefits to legal immigrants are inconsistent with the budget agreement and treat disabled legal immigrants unfairly. In addition, the House has added language outside the scope of the agreement which would prevent working welfare recipients from getting a minimum wage.

On the other hand, I am very pleased that the Congressional committees are developing \$3 billion welfare-to-work proposals that meet many of my priorities. These include: targeting funds to areas and individuals with high needs, directing funds to cities and local governments, awarding some funds competitively, and allowing communities to create successful job placement and creation programs.

Question: Why do you oppose House action on paying the minimum wage to welfare recipients?

Answer: I strongly oppose the House provisions on the minimum wage, which undermine the fundamental goals of welfare reform. I believe that everyone who can work must work -- and that those who work should earn the minimum wage, whether they are coming off of welfare or not. The House proposal does not meet this test. It effectively creates a subminimum wage for welfare participants. And it weakens the welfare law's work requirements.

Welfare Privatization

Question: You recently denied Texas' request to privatize its welfare programs. Doesn't your decision contradict the welfare reform law which grants states the flexibility to run their own programs?

Answer: No. Based on the new welfare law, Texas already has the authority to proceed now with the welfare portion of their proposal. In addition, States already have tremendous flexibility to take advantage of private sector efficiencies in the Medicaid and Food Stamp programs. They can hire private firms to design and operate information systems, develop and recommend revised eligibility processes, and provide management training and assistance.

Question: Do you oppose Congressional efforts to change the law to allow privatization of Medicaid and Food Stamp operations?

Answer: We strongly oppose these proposals, believing that allowing states to privatize health and human services programs would not be in the best interests of program beneficiaries. While certain program functions, such as computer systems, can currently be contracted out to private entities, the certification of eligibility for benefits and related operations (such as obtaining and verifying information about income and other eligibility factors) should remain public functions.

Welfare Caseload

Question: Welfare caseloads have declined by 20 percent in the last four years. If the welfare rolls were declining before the new welfare law, why did you need to sign it?

Answer: The caseload reductions show why I signed the welfare law -- they're the best evidence that welfare reform works. As you know, this Administration granted welfare reform waivers to 43 states so they could impose tough work requirements and time limits and provide incentives that made work pay better than welfare. The 20 percent decline in welfare caseloads since January 1993 shows that these kinds of actions work. With the new law, governors can expand these welfare reform actions without having to petition Washington.

A recent study by my Council of Economic Advisors showed that, while 40% of the decline in the welfare caseload is due to the strong economy we have, about a third is due to the welfare waivers my Administration granted to 43 states prior to the signing of the welfare law.

POLITICAL AFFAIRS

Q: There seems to be a great deal of disunity among Republicans and Democrats right now. We hear that many Republican members are disgruntled and might try to replace Speaker Gingrich. In your own party, Democratic Majority Leader Dick Gephardt is strongly opposing you on the most important matters of the day -- trade and the budget. What are your comments on these dynamics.

A: I would point to the unified Democratic effort to pass a disaster relief bill last week as a good example of how the Democratic Party comes together to help people in need. So many families' lives were devastated by those floods. They didn't need political games. They needed help. And I'm proud of the job the Democrats did to make sure they got the help they needed.

Q: Should we expect to see your friend, Roy Romer, Governor of Colorado and chairman of the Democratic National Committee, running for the U.S. Senate next year? Have you spoken with him about it -- encouraged him to run?

A: Governor Romer and I have discussed it. He is a great governor for the people of this state and he would be an excellent United States Senator. The decision is his, and I will support whatever decision he makes.

Q: How is your relationship with Senator Lott? Have you spoken to him since he called you a "spoiled brat" on TV last weekend?

A: (Yes or No). I didn't take the comment personally. We have had a very good, constructive relationship and I expect that to continue. He represents his caucus well. He fights very hard for their point of view --in private and in public. And, he's always been very straight with me. We have been able to work together to get some important things done to help improve the lives of our citizens. That is what they elected us to do. I feel good about the progress we are making, and I expect to see more.

Denver Summit of the Eight Climate Change Q's & A's

Did you discuss climate change?

Yes. We agreed that climate change is an extremely serious issue and that we must work together to address it. I urged the leaders to support realistic, achievable, and binding emissions targets, flexibility in meeting those targets, and the participation of all nations. Climate change is a global problem that requires global solutions.

I noticed that, this week, more than 2400 scientists signed a letter warning of "ecological, economic and social disruptions" from climate change. They warn of sea level rise, more severe droughts and floods and the spread of infectious disease. We must take on this issue, using all our creativity and commitment.

Why won't the United States agree to the EU proposal for 15% cuts in emissions by 2010?

I'm proud of U.S. leadership in the climate change negotiations. Just one year ago, the U.S. shaped the international negotiations with a call for binding emissions targets. We are working to build a system that will work -- now and for decades to come.

With respect to specific emissions targets, we are in the process of developing our position. I am not aware of any nation that is performing a more thorough analysis of the complex issues involved than the United States. When the time is right, we will provide specifics. But let no one doubt our resolve: the United States intends to meet the challenge of climate change.

CLEAN AIR STANDARDS

Q: What is the status of this rulemaking? What about the court ordered deadline of July 19?

A: We fully expect to comply with the court's July 19 deadline. The draft rule has not yet formally come to the White House for review. However, White House policy offices and other agencies have been working informally with EPA since the proposed rule was published. We began this informal process in light of the tight time deadline imposed by the court, recognizing that OMB would probably not be able to take the full 90 days set out in our Executive Order for interagency review of the draft rule. Our process has allowed all White House policy offices and other agencies to have a high level of understanding of the issues presented and the comments received. For that reason, we expect White House review to go very quickly once the rule is received from EPA.

Q: What can you tell us about the substantive decision? Will EPA's proposal be finalized as written?

As with any rulemaking, the formal rulemaking process must be followed and I do not discuss issues related to substance of the rule until a final decision has been made.

Q: We understand there's a lot of controversy within the Administration over this rule, and that many agencies and policy offices have expressed disagreement with EPA's proposal. Is that what's holding it up?

A: This is a significant, complex and highly technical issue. It's fair to say that the full range of expertise within the Administration has been brought to bear on this, and that there has been a rigorous and thorough examination of the issues. Because of the nature of the issue, other agencies and policy offices have spent more time and effort learning about, and participating in the discussion of issues with EPA than happens on rules of lesser significance. I see that as a major strength, not a weakness of our decision process. It ensures that when a decision is made it is a well-educated one based on a full understanding of the matter.

Q: There has been criticism in the press, particularly of the Vice President, for an apparent lack of involvement so far. Why isn't he more engaged on an issue of such importance?

A: It's important to remember that this is an agency rulemaking, and as such is subject to certain statutory and other process requirements including this Administration's Executive Order 12866 on regulatory review. That EO sets out the process that we're following now, and dictates the Vice President's role.

The clearance process starts with a full discussion of the issue among the agencies and White House policy offices prior to the involvement of the Vice President and President. If the various agencies or advisors ultimately were to disagree with EPA on the proper outcome, the EO provides that the issue would then be formally forwarded to the Vice President who would review the various positions and make a recommendation to the President. Because of this formal role, the Vice President typically does not get involved at this stage of the rulemaking.

Discussion among the agencies and advisors is continuing, and there has been no referral to the Vice President. The President is, of course, the final decision maker.

- Q: Understanding that the Clean Air Act requires that this decision be made based on the health consequences without consideration of cost, how do you respond to the hordes of local officials and large and small businesses that are terrified at the prospect of these new rules, and claim that they will have a devastating effect on the economy and on jobs?**
- A:** The Clean Air Act provides that rules are to be issued to protect the public health without regard to cost, and that is how this decision will be made. However, that does not mean that the issues raised by mayors, state officials, and businesses are irrelevant or are ignored. EPA has been working on an implementation package that will apply to any new standards and will provide for common sense means of reaching the clean air requirements that are necessary to protect the public health. I would ask state and local officials and industry to join with us to find the best, least cost methods of providing clean air to our citizens. [Note: Fred Hansen, Deputy EPA Administrator, will be at the Conference of Mayors' meeting on Saturday to discuss the details of EPA's work on implementation plans, and mayors can be referred to that discussion].

Slavery Apology

- * You are embarking on a serious and wide-ranging racial initiative designed to provide concrete actions on race relations.
- * I believe this is an interesting issue for our national discussion and I look forward to hearing the views of Americans over the next year, but I am not convinced at this time that a formal apology would be a constructive first step for this initiative. I will ask my advisory board to examine this issue further.
- * Further, I believe this racial initiative should begin by focusing on substantive issues that will affect the descendants of slaves today.

Q&A

Q: So you will not support the Hall resolution?

A: The Hall resolution is a congressional matter. I am not convinced this would be a productive step at this point.

SAME SEX-MARRIAGE

Q. On June 5, 1997 Governor Romer, your hand-picked DNC Chair, vetoed a bill outlawing same-sex marriage in Colorado. Are you concerned that the leader of your party has taken a position inconsistent with your own, given that you signed federal legislation against same-sex marriage just last year?

A. If you look at the Governor's veto message you will see that our positions are consistent.

First, Governor Romer made clear that marriage in Colorado is already defined in law as between a man and a woman. That is consistent with my view.

Second, Governor Romer stated that he believed that the issue was raised in a fundamentally negative and divisive way, and that is also consistent with what I said last year.

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Paula Jones

Q: Mr. President, will you permit Mr. Bennett to go into the sexual history of Paula Jones or are you going to settle this case?

A: My attorney is handling questions about this case.

Q: Why did Mr. Bennett seem to reverse himself about using Ms. Jones' history and do you still have confidence in his ability to handle this case for you?

A: As I said, I'm not going to comment about the case, but I will say I have every confidence in Bob to handle this case effectively.

Court Decisions

Q: Mr. President, do you think the Supreme Court is going to grant review of the Eighth Circuit's decision regarding the White House Counsel's office's notes of interviews with the First Lady?

A: I am not going to speculate about the Supreme Court's decision-making. I certainly hope that they take the opportunity, however, to give guidance to all of us as to how we ensure the ability of government employees to receive candid advice from government attorneys.

Q: Mr. President, do you have any comment on the recent D.C. Circuit decision in the Espy investigation regarding Presidential privileges?

A: I understand that the Court reaffirmed important principles regarding Presidential communications; most particularly, that confidentiality is important to ensure that a President's advisors can give candid and even blunt opinions in considering available options before choosing a course of action. The preservation of these privileges, at least under certain circumstances, is important to ensure the integrity and quality of advice given to the President or his staff.

Nolanda Hill Allegations

Q: Mr. President, in a recent interview, Nolanda Hill asserted that the First Lady may have been directly involved in John Huang's hiring at the Department of Commerce and that the White House pressured Ron Brown to promote a Lippo Group deal in China. Are either of these allegations true?

A: No. First, the First Lady was not involved in Mr. Huang's appointment to the Department of Commerce. Second, Secretary Brown's trip to China in 1995 was a trade mission he pursued with pride to bring economic opportunities to U.S. businesses. I don't think Ron needed the White House to tell him how to be effective at his job.

Kenneth Starr

Q: Mr. President, your attorney, David Kendall, strongly criticized Kenneth Starr for comments he and his staff made concerning his investigations in a recent *New York Times Magazine* article. Did you agree with this criticism made by your attorney? What do you think of Mr. Starr?

A: I have nothing to add to what my Counsel has already stated regarding that article or Mr. Starr's inquiry.

Q: Did you read the letter ahead of time and approve it?

The First Lady and I were fully aware of the contents of the letter.

Congressional Inquiries

Q: Mr. President, the investigations into campaign finance in both the House and the Senate are apparently desolving into partisan bickering. Do you think either committees investigations will be useful?

A: My hope is that both the Senate's and the House's inquiries proceed in a bi-partisan manner that focuses on the problems on of campaign finance in both parties and that these inquiries will serve as a foundation for reaching meaningful and comprehensive campaign finance reform legislation.

Q: Mr. President, both Senator Thompson and Representative Burton have accused the White House of stonewalling . Are you cooperating with the investigations?

A: The Counsel's Office is cooperating fully with both inquiries. The Counsel's Office has given the Committee over 55,000 pages of documents -- just about every document the Committees have asked for that the Office has collected. We have also cooperated with providing dozens of witnesses for interviews and depositions.

Q: Mr. President, you said that you were not going to claim Executive Privilege over any documents, but yet the Counsel's Office is withholding about 70 or 80 documents on the basis of privilege. Are you going to continue to withhold those documents?

A: As I have previously explained, I instructed White House Counsel Ruff that he should not assert *Executive* privilege over any documents that relate to *campaign fund-raising*. Mr. Ruff has advised me that the documents consist of attorney client work product or communications or that go to the core of a President's ability to receive confidential advice from his staff. I know that Mr. Ruff is working to reach an accommodation with the Committees to ensure their access to information they need to conduct their inquiries.

Whitewater

Q: Mr. President, Susan McDougal remains in jail for contempt for refusing to answer questions about you and the First Lady. Why haven't you said publicly that you want her to answer the Independent Counsel's questions?

A: Ms. McDougal's legal decisions are for her and her lawyers to decide. It would be inappropriate for me to offer her any advice.

Q: What do you think about Independent Counsel Kenneth Starr's announcement today that he is re-hiring John Bates and three senior career criminal prosecutors into the Washington Office?

A: As you know, I don't comment on Mr. Starr's activities.

Q: Are you concerned about what these hirings might mean for indictments out of the Washington Office?

A: No, I am not concerned.

NORTHERN IRELAND

Q: What is your reaction to the IRA's shooting of two policemen? Is the peace process dead?

Outraged by the callous murder of two policemen.

Extend deepest sympathy to the families.

The IRA has claimed responsibility for this brutal act of terrorism. There can be no reason, no excuse, no apology for these heinous crimes.

The vast majority of the people of Ireland, North and South, have repudiated violence and murder. They know a just and lasting peace can only come about through painstaking dialogue and negotiation.

We will continue to do all we can to support their efforts and the efforts of the political leaders participating in the Belfast peace talks.

The British Government has taken strong steps to make clear its desire for an inclusive talks process leading to lasting settlement of the conflicts. We fully support the position the British and Irish governments have taken that Sinn Fein cannot participate in the talks until the IRA declares and implements an unequivocal ceasefire.

Belfast peace talks chaired by Senator Mitchell, which reconvened June 3, offer only way to achieve just and lasting settlement to conflict. Change can only come through dialogue and negotiation, not violence.

MIDDLE EAST

Q: Why does Jordan need more aid?

King Hussein's leadership has been a very important force for peace and reconciliation in the Middle East, especially over the past difficult year.

The King has also taken tough steps on the economy, cutting subsidies, reducing tariffs, and reducing the budget deficit.

Jordan's economy, however, remains vulnerable to external shocks; its debt burden remains heavy, and its people have not experienced the material benefits of peace.

We, and Jordan's partners in the region, have a strategic interest in seeing Jordan's model of peace and economic reform succeed.

Q: Will Israel be compensated for giving up part of its economic support funding?

Our joint programs and assistance devoted to Israel reach far beyond U.S. provision of Economic Support Funds.

Had discussions with Israeli Government on easing burden on its budget. We have also agreed recently on very substantial enhancements of our joint defense R&D. Obviously this initiative serves Israel's strategic interest in having Jordan as a stable, prosperous neighbor in the region.

Q: Will the Palestinians get any of this new fund?

The fund, in its first years, will be aimed at addressing Jordan's needs. Over time, the fund could be used to meet other needs. We would consult closely with the Congress as we proceed.

Q: Crown Prince Hassan says the new aid equals the amount Congress wants to spend on moving the U.S. Embassy to Jerusalem. What is your view of the House resolution?

Our views on this issue are of course very well known. We have made it clear on numerous occasions that we are simply not going to be drawn into a public discussion of this sensitive issue, an issue which the parties themselves have agreed to deal with in their permanent status negotiations.

Q: Have you decided to step back from active engagement in the peace process?

The United States has fundamental interest in pursuing just, lasting and comprehensive peace. Consistent objective over many years. Significant progress has been made.

Framework for that success has been credible, direct negotiating process between the parties. That is lacking now, and what we are working to restore.

Need 100% effort to discourage and prevent terrorism. Essential that Palestinian Authority leave no doubt it is committed to fighting terror, neither encourages nor tolerates it.

Q: Is the U.S. role is marginal at this time? When will you become more active?

We're staying in close touch with Egyptians, Israelis and Palestinians. Support Egyptian efforts. Parties themselves need to restore confidence and trust necessary to move process forward.

Q: Any reaction to the Netanyahu plan on dividing up the West Bank? Do you view this as a serious proposal?

Not going to comment on particular ideas or proposals. Key is for the parties to get back to a credible negotiating process.

GULF WAR ILLNESS

Q: What is your reaction to the recent GAO report criticizing the government's Gulf War illnesses-related research efforts and specifically suggesting that health problems experienced by Gulf War veterans may have been caused by exposure to chemical or biological weapons?

First, my commitment to Gulf War veterans is clear. If evaluation of the GAO report indicates that a shift in emphasis and/or additional research are needed, these decisions will be taken.

The GAO report you refer to is a draft, not yet released, that has been circulated for interagency comment.

- GAO raises important, substantive issues many of which have already been reviewed by the Departments of Defense, HHS, and VA, as well as the Presidential Advisory Committee.
- Once the report is finalized and released, the Departments will be in a position to comment more specifically on its conclusions -- all of which will in any case be carefully factored in to the ongoing research and medical care programs.

CHINA-IRAN MISSILE SALES

Q: Any reaction to the non-binding Senate resolution urging sanctions against China for selling missiles to Iran? Why hasn't the administration imposed sanctions against China under the Iran-Iraq Arms Nonproliferation Act of 1992 (aka the Gore-McCain Act)?

We take these arms transfers very seriously because they pose a direct threat to our interests and allies in the region. We have raised our concerns with China on numerous occasions.

The law requires economic sanctions against countries that provide "destabilizing numbers and types of advanced conventional weapons" to Iran. At this point, we have not concluded that the C-802 missiles provided to Iran from China meet the standard of "destablizing." We will continue to review the situation to determine whether the requirements of the law have been met.

NATO ENLARGEMENT

Q: Why the big push for NATO enlargement if the citizens of the potential new members are ambivalent, as the Washington Post reported?

In Poland, by far the largest country in the region, 90 percent support NATO membership. Polish support has remained consistently high for years and has tended to grow as knowledge of NATO increases.

- In Hungary, the latest (Gallup) poll shows that 61 percent support NATO membership. We don't know why the Post didn't note this latest, significant information. Support in Hungary is growing as awareness of NATO's implications deepens.
- In the Czech Republic, a clear plurality supports NATO membership, though support there is less than in the other two countries. We believe, as do Czech leaders, that support for NATO will grow as the debate progresses.

Q: Some Allies have reacted very negatively to your decision on NATO enlargement. Do you think you will have trouble convincing them of your decision and reaching consensus?

NATO is a consensus organization. Initial differences of perspective are natural and we will develop a strong NATO position in the days and weeks ahead. I am sure that by the time of Madrid we will have a consensus on 3.

Q: How do you answer critics who say Romania and Slovenia should be included too?

We have said all along that we would judge aspiring members by their ability to add strength to the alliance and their readiness to shoulder the obligations of NATO membership.

Poland, Hungary and the Czech Republic most clearly meet those criteria -- and have currently made the greatest strides in military capacity and political and economic reform.

As I have repeatedly emphasized, the first new members should not and will not be the last. We will continue to work with other interested nations, such as Slovenia and Romania, to help them prepare for membership. Impressed with the efforts of Slovenia and Romania, want to keep the process going so that they too will be in a position to join. Other nations are making good progress -- and none will be excluded from consideration.

We look forward to working with our NATO allies to reach agreement on this important issue.. Will seek to work through some differences (e.g., French support for Romania) before Madrid. Final NATO decision will reflect consensus of all 16 NATO members.

Q: But why not Slovenia/Romania?

They have made good progress, and we look to them to consolidate these gains.

U.N. ARREARS

Q: What is your reaction to Senate passage of the Foreign Affairs Reform and Restructuring Act?

- There is much in the bill that the Administration supports. The agreement to pay more than \$800 million in U.S. arrears to the UN is a major step forward. The administration appreciates the good faith efforts that Chairman Helms, Senator Biden, and others have made to work with us on this issue.
- That said, the bill contains provisions that cause us concern. As the legislative process moves ahead we will work with Congress on them.

Q: What is your response to Secretary General Annan who said Tuesday that the Senate bill is a dangerous precedent, unwise, and a tough sell to the rest of the international community?

- Like the Secretary General, we have concerns with some specific provisions of the bill as it now stands. But we believe that overall the bill is an important step in the right direction.
- We know that persuading other UN member states to embrace these reforms will be a challenge for U.S. diplomacy. But we are confident that once the UN member states look at all the details of the final plan that will emerge from Congress, once they see that a reformed UN will be stronger, more effective, and more relevant, they will support this initiative.

Q: Can the Administration deliver the reforms the deal calls for?

- The bill contains some very tough reform conditions. We are concerned with some of the provisions and are continuing to discuss them with the Congress. Like Congress, however, we believe that the United Nations needs to embrace extensive reforms if it is to remain relevant in meeting the challenges of the next century.

CHINA/HONG KONG

Q: Are you concerned about plans for big protests in Hong Kong on the eve of the handover? What are prospects for continued democracy there?

- It matters to us that the people of Hong Kong retain their civil liberties and open economy -- because we hold these principles in common with them. China has made important commitments to maintain Hong Kong's freedom and autonomy. Our nation has a strong interest in seeing those commitments kept.
- The United States is doing its part to keep faith with the people of Hong Kong. We have negotiated agreements that will safeguard our presence and continue our cooperation. We will work with the new Hong Kong government to maintain a productive relationship that takes into account both its changed relationship with China and its promised autonomy. We will closely monitor the transition process and the preservation of freedoms that the people of Hong Kong have relied on to build a prosperous, dynamic nation.
- The transition process did not begin and will not end on July 1. But as it unfolds, one thing we must not do is take any measures that would *weaken* Hong Kong just when it most needs to be strong. And no step would more clearly harm Hong Kong than reversing the course we have followed for years by denying normal trading status to China.
- Many do expect demonstrations and protests to take place at the time of the transition ceremonies. We and others in the international community have expressed our hope these demonstrations will be peaceful and that the Hong Kong police will exercise restraint in monitoring the demonstrations.
- The view of many in Hong Kong is that the likelihood of violent demonstrations is low and that the intent of the demonstrators is to signal to all that Hong Kong people will stand up to preserve their political and civil liberties. We share these concerns, and strongly believe that the people of Hong Kong should be permitted to express their views freely.

Q: Do you agree with the Republican push for non-trade sanctions on China? Is this a good way to push China on human rights? If so, why haven't you proposed something along these lines?

- Our position on renewal of normal trading status for China is clear: We favor a clean, straight renewal of MFN status. MFN is not a referendum on China policies; other tools are available to us to address concerns such as human rights and support for democracy.
- We, in fact, have taken several steps to encourage China to improve its human rights practices. For example, we instituted the 'best business practices' award to encourage American firms to support human rights improvements in China; we worked with Congress to establish Radio Free Asia, which is now broadcasting to all of China objective programs on world events; and we have imposed sanctions when needed (intellectual property rights, seizures of guns, rifles).
- Of course, beyond the MFN debate, we always are ready to work with Congress to craft a consensus on our China policy objectives. For example, and as we have indicated, we are prepared to work with Congress on expansion of international broadcasting to China and on development of programs to promote the rule of law and civil society.

China-Supercomputers

Q: What has the Administration determined about the reported shipments of 46 “supercomputers” to China?

- We require companies to keep specific records of all high performance computer shipments. Our analysis of such exports to China that have occurred since January 1996 has thus far revealed no diversions to end-users of concern, although we are still reviewing the material we’ve received. We will continue to review the issue.
- My decision to streamline export licensing requirements for high performance computers was based on interagency-agreed recommendations from the Departments of Defense and Commerce, State, Energy and the Arms Control and Disarmament Agency.
- Their recommendations were based on an extensive consideration of our national security requirements and the rate of advancements in high performance computer technology.

RUSSIA AND DENVER SUMMIT

- **Summit of Eight is milestone in Russia's development as international partner committed to democracy and competitive international markets. Pleased Yeltsin joined from beginning.**
- **Denver first time Russia in Summit discussions on economic issues such as economic consequences of aging populations, role of small and medium enterprises in job growth.**
- **Expect trend of Russia's increased cooperation with Eight will continue. British have indicated they plan to use Denver model next year at Birmingham.**

(If raised -- G-7 met separately?)

- **G-7 held one meeting on financial, economic matters such as international monetary policy.**

NATO-Russia

- **Paris NATO-Russia Summit signed Founding Act. Truly historic agreement -- lays basis for robust and growing partnership between NATO and Russia.**
- **Plans for NATO enlargement proceeding on schedule -- July Madrid summit on track; will issue first invitations to prospective new members.**
- **Enlargement and NATO-Russia both aimed at building more stable and undivided Europe.**

Russia-Iran Arms Sales

- **Have Russian assurances that Russia will halt arms transfers and not transfer missiles or other sensitive technology to Iran.**
- **Value assurances, but remain concerned about Iran's efforts to obtain weapons of mass destruction, other high technology weapons; potential threat to regional security if acquired.**

Nagorno-Karabakh Declaration

- **Declaration issued with Yeltsin and Chirac underscores our interest in facilitating durable settlement to Nagorno-Karabakh conflict. We have given the parties our ideas on a way forward -- now up to them to build on those ideas and make progress toward settlement.**

BOSNIA

Q: Is the Summit of the Eight announcing any new initiatives on Bosnia?

- We had an excellent discussion Friday night on Bosnia as reflected in the statement we released signaling a re-energized commitment to implementation of the Dayton accords.
- This re-focused effort should result in greater resources and greater cooperation from the international community in helping implement Dayton. We have taken some great strides in implementation since Dayton was signed, but many key challenges remain.
- We also sent a strong unified message from the Eight to the parties underscoring that only those who support Dayton will get our support. It is the parties themselves who are ultimately responsible for implementation of the peace agreement.

Q: When are you going to do something about War Criminals in Bosnia?

- We continue to remain deeply concerned with the Parties' slow progress on war crimes front in Bosnia. In recent months, we've taken the first steps toward justice in Bosnia with convictions of Bosnian war criminals in both Germany and The Hague and delivery of another to the International Criminal Tribunal with the cooperation of Croatia. We will not be satisfied, however, until all indicted war criminals stand trial at the Hague.
- We continue to press the parties to fulfill their obligations to turn over indicted war criminals. We are also examining a variety of ways we can help the Tribunal to bring indicted war criminals to justice. We have made no decisions on how to assist the Tribunal. We are reviewing many different options.

If asked whether we can withdraw in mid-98 without apprehending war criminals

- We are working to reinvigorate implementation of Dayton across the board so that conditions for self-sustaining peace can be established before end of SFOR's mission.
- Bringing indicted war criminals to justice is one of our chief priorities among the many challenges we face. We are increasing pressure on the parties to comply with their obligation under Dayton to cooperate with the Tribunal.

JAPAN TRADE

Q: Will you raise the trade surplus issue with Hashimoto at the Denver Summit?

- We remain concerned that Japan's current fiscal plans will contribute to a continuing rise in Japan's current account surplus and may lead to an increase in U.S.-Japan trade tensions.
- I discussed this with Prime Minister Hashimoto last month. Recent numbers are troubling. If Japan's surplus continues to increase significantly, the problem will likely strain relations.
- We share with Japan the common objectives of promoting strong, domestic demand led growth and avoiding a significant increase in the current account surplus.