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Daily Press Guidance

Friday
June 6, 1997

(For internal use only.)

Press Guidance
Friday, June 6, 1997

updated on
6. drive
7/9/97

Schedule

1. Week Ahead

Domestic

1. Budget - Budget
Capital Gains/CBO
Democratic Tax Alternative
Raines Letter
2. Disaster Assistance - FEMA
3. Air Standards - Environment
4. Piscataway case - Affirmative Action
5. Senate Finance Committee Hearings - Campaign Finance
6. IRS Management - IRS
7. Soft money - corporation - Campaign Finance
8. SBA bookkeeping - SBA
9. Comp-time - Comp Time
10. Tobacco - Tobacco
12. Legal Immigrants - Immigration

Economic

1. Employment numbers -- POTUS statement - Economy

Foreign

1. DROC (Ex-Zaire)
2. Republic of the Congo (Brazzaville)
3. Sierra Leone
4. Canada
5. Ralston
6. Cyprus
7. Kazakstan/Iran
6. France
7. India
8. Turkey
9. NATO Enlargement
10. Russia/ABM Treaty
10. Russia/NIS
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12. Korea
13. Indonesia
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17. Algeria
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19. Saudi Arabia
20. Fast Track - Foreign
21. Trips and Visitors
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26. Denver Summit

THE WHITE HOUSE

Office of the Press Secretary

FOR PLANNING PURPOSES ONLY

June 6, 1997

**Week Ahead Schedule of the President
June 7-14, 1997**

Saturday, June 7

10:06 am **THE PRESIDENT'S** Weekly Radio Address is broadcast
The Oval Office, the White House
Audio Available on the PA and Mults of the White House Briefing Room

Sunday, June 8

No Public Events
Washington, D.C.

Monday, June 9

11:30 am Event tbd

Tuesday, June 10

No public events

Wednesday, June 11

9:45 am **THE PRESIDENT** meets with the Emir of Qatar
The Oval Office, the White House
WHITE HOUSE PHOTO ONLY

12:00 Noon **THE PRESIDENT** addresses the Juvenile Justice Conference
Site TBA,
OPEN PRESS

-more-

Week Ahead Schedule of the President

June 7-14, 1997

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Thursday, June 12

4:00 pm **THE PRESIDENT** addresses the Business Round Table
The J.W. Marriott Hotel, Washington, D.C.
OPEN PRESS

Friday, June 13

6:30 pm **THE PRESIDENT** departs the White House via Marine One en route Andrews
AFB, Maryland
The South Lawn, the White House
OPEN PRESS

7:00 pm **THE PRESIDENT** departs Andrews AFB, Maryland via Air Force One en route
San Diego, California
The Operations Ramp, Andrews AFB
OPEN PRESS

8:55 pm P **THE PRESIDENT** arrives San Diego, California

RON San Diego, California

Saturday, June 14

10:06 am E **THE PRESIDENT'S** Weekly Radio Address is broadcast
The Oval Office, the White House
Audio available on the PA & Mults of the White House Briefing Room

10:00 am P **THE PRESIDENT** addresses commencement exercises at the University of
California at San Diego
The Rimak Field, the University of California at San Diego
OPEN PRESS

-more-

Week Ahead Schedule of the President

June 7-14, 1997

Page 3

3:40 pm P **THE PRESIDENT** departs San Diego, California via Air Force One en route
approx Andrews AFB, Maryland
 North Island Naval Air Station, San Diego, California
 OPEN PRESS

11:30 pm **THE PRESIDENT** arrives the White House via Marine One
approx The South Lawn, the White House
 OPEN PRESS

-30-30-30-

GUIDANCE ON BUDGET

(See other guidance repeated from yesterday on a number of issues.)

Possibility of Democratic Tax Alternative

- * I think the President would welcome a Democratic tax proposal that is consistent with the budget agreement. (If asked, he could very well support one.) (You don't want to deny that we're working on one with them.)

CBO/Capital Gains

(Washington Times reports that Cong. Republicans will push CBO to use "dynamic scoring" to make it appear that Cap Gains produces increased revenues in the long run instead of costing money.)

- * We don't always agree with the Congressional Budget Office, but it has had a pretty solid reputation in the budget community for taking a non-partisan approach to budget issues.
- * CBO's position on this issue has been clear for many years. If it were suddenly to turn around at the behest of the Republican leadership, I think there would be a lot of questions among those who care deeply about honest scorekeeping about the reliability and non-partisanship of the CBO.
- * Besides, if you start talking about dynamic scoring for capital gains, you're going to have a host of ideas for dynamic scoring for investments on the spending side. For example, education investments, nutrition programs for kids, transportation investments, all of these have a beneficial impact on the economy, but we don't add that positive impact to revenues to reduce the impact of that spending on the deficit.
- * If you score capital gains that way, despite the view of many economists that there is little or no positive economic impact from capital gains reductions, you are certainly going to have calls for dynamic scoring of those kinds of investments as well. It's hard to believe that CBO would want to travel down that road, unless of course, it was under unbearable pressure from the Republican leadership.

General

Q: Is the honeymoon over?

A: No, obviously there will be ups and downs on the road as we make our way towards a final balanced budget bill. We're not always going to agree. We certainly won't agree when there are specific diversions from the budget agreement. But the President is confident that we are going to be able to work through these differences and achieve the balanced budget that the American people deserve.

TOIV
Siewert

LEGAL IMMIGRANTS

The Ways and Means Subcommittee's proposed amendments to the welfare law violate in two ways the negotiated, bipartisan budget agreement policy to restore a minimal safety net for disabled *legal* immigrants.

The Ways and Means Subcommittee proposal fails to restore benefits for SSI beneficiaries currently on the rolls whose sponsors have income over 150% of the poverty level.

- **THE WAYS AND MEANS SUBCOMMITTEE PROPOSAL WAS NOT PART OF THE BIPARTISAN BUDGET AGREEMENT.** This proposal to severely limit the restoration of benefits to legal immigrants was not contemplated by the bipartisan budget agreement.
- **THE WAYS AND MEANS SUBCOMMITTEE PROPOSAL WOULD CUT OFF 100,000 SEVERELY DISABLED LEGAL IMMIGRANTS WHO WOULD RECEIVE BENEFITS UNDER THE BIPARTISAN BUDGET AGREEMENT.** This is one-third of the individuals whose benefits we agreed to restore in the budget agreement.
- **THE WAYS AND MEANS SUBCOMMITTEE PROPOSAL IS UNFAIR TO FAMILIES OF LIMITED MEANS.** Under this proposal, a family of four with an income as low as \$24,000 would be called upon to fully support a person with a severe disability.
- **DISABLED LEGAL IMMIGRANTS MAY NOT BE ABLE TO CALL ON THEIR SPONSORS FOR HELP.** More than half of disabled legal immigrants currently receiving benefits have been in the U.S. for over 15 years, and so they may find it difficult even to locate their sponsors. Since sponsorship agreements were not legally binding in the past, a disabled legal immigrant whose sponsor refuses to provide support would have no legal recourse and no source of income.

The Ways and Means Subcommittee's proposal would restore SSI and Medicaid benefits only to immigrants (both the disabled and non-disabled elderly) *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. This policy targets assistance to the most vulnerable individuals.

- **THE WAYS AND MEANS SUBCOMMITTEE PROPOSAL IGNORES VULNERABLE IMMIGRANTS WHO BECOME DISABLED AFTER AUGUST 22, 1996:** This proposal abandons many legal immigrants who were in the U.S. when the welfare law was signed but become severely disabled after that date. In contrast, the bipartisan budget agreement protects these immigrants.

Example: A legal immigrant family entered the country 3 years ago. Both the father and mother have worked full-time since then, and have an annual income of about \$25,000, but neither job provides health insurance for themselves or the family. Their 5 year-old son becomes severely disabled in a car accident next year. Under the budget agreement, he would be eligible for SSI and Medicaid; under the Ways and Means Subcommittee's proposal he would be denied SSI -- and potentially denied Medicaid. *(This example assumes the parents would rapidly "spend-down" due to hospital bills and become income-eligible for SSI and Medicaid.)*

Question: Doesn't the Ways and Means Subcommittee proposal treat the elderly better than the Administration's proposal, while the Administration's policy favors the disabled? Isn't this really a wash?

Answer: The parties to the budget agreement already made the decision about where limited resources should be targeted. The agreement explicitly states the policy of restoring SSI and Medicaid eligibility to immigrants who are or become disabled and who are in the U.S. as of August 22, 1996. This is one of the specific policies agreed to between the President and the Congressional leadership.

The Administration believes that the budget agreement appropriately targets the most vulnerable individuals. It provides for all immigrants in the country when the welfare law was signed who have suffered -- or may suffer in the future -- a disabling accident or illness. At the same time, the agreement will result in restoring benefits to a full 80% of the caseload as of August 22, 1996 -- including all of the disabled as well as the two-thirds of the elderly caseload who would meet the disability eligibility requirements needed to retain coverage.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

June 5, 1997

The Honorable Sander Levin
Ranking Member
Subcommittee on Human Resources
Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

Dear Representative Levin:

As you know, the Administration and the bipartisan congressional leadership recently reached agreement on a historic plan to balance the budget by 2002 while investing in the future. The plan is good for America, its people, and its future, and we are committed to working with Congress to see it enacted.

With regard to welfare, the budget agreement called for restoring Supplemental Security Income (SSI) and Medicaid benefits for immigrants who are disabled or become disabled and who entered the country before August 23, 1996; extending from five to seven years the exemption in last year's welfare law for refugees and asylees for the purposes of SSI and Medicaid; and making other important changes.

We have reviewed the Subcommittee's draft markup document, however, and we have found a number of provisions that are inconsistent with the budget agreement in these and other areas. Consequently, if the Subcommittee were to proceed with its legislation in this form, we would be compelled to invoke the provisions of the agreement that call on the Administration and the bipartisan leadership to undertake remedial efforts to ensure that reconciliation legislation is consistent with the agreement.

We appreciate the fact that the Subcommittee has a mark that includes several provisions that the Administration supports, such as in the areas of welfare to work and State SSI administrative fees.

Welfare to Work – We are pleased the budget agreement includes the President's \$3 billion welfare-to-work proposal and that the Subcommittee included provisions that meet many of the Administration's priorities. Specifically, we are pleased that the mark provides funds for jobs where they are needed most to help long-term recipients in high unemployment-high-poverty areas; directs funds to local communities with large numbers of poor people; awards some funds on a competitive basis, assuring the best use for scarce resources; and gives

communities appropriate flexibility to use the funds to create successful job placement and job creation programs.

Though your mark does not address a performance fund, we appreciate your willingness to consider a mechanism to provide needed incentives and rewards for placing the hardest-to-serve in lasting, unsubsidized jobs that promote self-sufficiency. In addition, we stand ready to continue to provide assistance in refining targeting factors.

State SSI Administrative Fees – The Administration is pleased that the Subcommittee has included a provision, consistent with the budget agreement, to increase the administrative fees that the Federal Government charges States for administering their State supplemental SSI payments and to make the increase available, subject to appropriations, for Social Security Administration (SSA) administrative expenses.

In a number of areas, however, we have serious concerns with provisions that do not reflect the budget agreement. The Administration has separately transmitted draft legislation that reflects the budget agreement's provisions on benefits to immigrants.

Continued SSI and Medicaid Benefits for Legal Immigrants – The Administration strongly opposes the provision that denies coverage to many legal immigrants who were in the United States when the welfare law was signed but who become severely disabled after that date. The budget agreement explicitly states, "Restore SSI and Medicaid eligibility for all disabled legal immigrants who are or become disabled and who enter the U.S. prior to August 23, 1996." The mark fails to reflect that agreement by only "grandfathering" those now receiving SSI, therefore dropping those who would become disabled in the future and would be eligible for benefits under the agreement. Instead of enacting the budget agreement, the Subcommittee would grandfather immigrants who were on the SSI rolls on August 22, 1996, thus protecting 75,000 fewer immigrants than the budget agreement by the year 2002. By contrast, the agreement targets the most vulnerable individuals by providing a safety net for all immigrants in the country when the welfare law was signed who have suffered – or may suffer in the future – a disabling accident or illness.

In contrast with the budget agreement, which was designed to restore benefits, the markup document would provide SSI and Medicaid benefits to immigrants now on the rolls only if the immigrant has no sponsor, the sponsor has died, or the sponsor has income under 150 percent of the poverty level. The Administration strongly opposes this provision, which would cut off about 100,000 severely disabled legal immigrants who would receive benefits under the budget agreement. We understand that the Subcommittee may drop this provision, and we hope that is true.

As noted above, the agreement provided for both SSI and Medicaid eligibility for disabled legal immigrants. The mark, however, also fails to guarantee Medicaid coverage for all disabled legal immigrants who continue to receive SSI. For States in which SSI eligibility does

not guarantee Medicaid coverage and for States that choose not to provide Medicaid coverage to legal immigrants who were in the U.S. prior to August 23, 1996, legal immigrants who receive SSI would not be guaranteed to continue receiving Medicaid. To conform to the policy in the budget agreement, the Subcommittee should include a provision in its bill to explicitly guarantee Medicaid coverage to disabled legal immigrants who continue to receive SSI.

Refugee and Asylee Eligibility -- The budget agreement would extend the exemption period from five to seven years for refugees, asylees, and those who are not deported because they would likely face persecution back home. However, the Subcommittee's proposal would provide that extension for refugees and not for asylees and others. Such asylees and others should receive the additional two years to naturalize.

In addition to the provisions in the Subcommittee markup related to immigration, the Administration has the following concerns:

Unemployment Insurance Integrity -- The Subcommittee draft does not include the provision of the budget agreement that achieves \$763 million in mandatory savings over five years through an increase in discretionary spending of \$89 million in 1998 and \$467 million over five years. These savings are a key component of the budget agreement. The discretionary spending that the agreement assumes, and which would be subject to appropriation, would support the necessary additional eligibility reviews, tax audits, and other integrity activities that, the evidence demonstrates, will yield the savings. We urge the Subcommittee to adopt this provision to achieve the specified savings.

The Federal Unemployment Account -- The Administration supports the proposed increase in the Federal Unemployment Account ceiling, which reflects the budget agreement. The mark, however, does not accomplish another aspect of the agreement, because it only "authorizes" \$100 million to the States in 2000-2002 for Unemployment Insurance administrative funding, rather than making the payments mandatory as the agreement provides. We look forward to working with the Subcommittee to address this issue.

The Subcommittee mark also includes a number of provisions that were not specifically addressed in the budget agreement, and about which the Administration has serious concerns. They include the following:

Minimum Wage and Workfare -- The Administration strongly opposes the Subcommittee's proposal on the minimum wage and welfare work requirements.

First, the proposal goes beyond the scope of the budget agreement and, thus, should not be included in the reconciliation bill.

Second, the proposal would undermine the fundamental goals of welfare reform. The Administration believes strongly that everyone who can work must work, and those who work

should earn the minimum wage -- whether they are coming off of welfare or not. The proposal does not meet this test.

Worker Protections in Welfare to Work -- We are deeply disappointed in the Subcommittee draft's lack of adequate worker protection and non-displacement provisions. We strongly urge the Subcommittee to adopt, at a minimum, the provisions included in H.R. 1385, the House-passed job training reform bill.

Repeal of Maintenance of Effort Requirements on State Supplementation of SSI Benefits -- Historically, the Administration has strongly opposed the repeal of maintenance-of-effort requirement because it would let States significantly cut, or even eliminate, benefits to nearly 2.4 million poor elderly, disabled, and blind persons. Congress instituted the maintenance-of-effort requirement in the early 1970s to prevent States from transferring Federal benefit increases from SSI recipients to State treasuries. The proposal also could cause some low-income elderly and disabled individuals to lose SSI entirely and to lose Medicaid coverage as well. The Administration opposed this proposal in last year's welfare reform debate.

Other TANF Provisions -- The Administration is concerned with several provisions in the mark that were not in the budget agreement. For example, the agreement did not address making changes in the TANF work requirements regarding vocational education and educational services for teen parents. The Administration opposes the provision allowing States to divert TANF funds away from welfare-to-work efforts to other social service activities.

The budget agreement reflects compromise on many important and controversial issues, and challenges the leaders on both sides of the aisle to achieve consensus under difficult circumstances. We must do so on a bipartisan basis.

I look forward to working with you to implement the historic budget agreement.

Sincerely,

A handwritten signature in black ink, appearing to read 'F. D. Raines', with a stylized flourish at the end.

Franklin D. Raines
Director

Identical letter to the Honorable E. Clay Shaw, Jr.

June 5, 1997 - Budget Q &A

Q: WHAT IS YOUR RESPONSE THE REPUBLICAN ATTEMPTS TO DEVIATE FROM THE OUTLINE OF THE BUDGET AGREEMENT?

A: We expect the Republicans in Congress to honor the agreement we reached just last month.

- **They should keep their word just as the President has honored his word — even when it has been difficult. The Kennedy-Hatch proposal is a perfect example. The President is very sympathetic to what that proposal. Nontetheless, the President recognized that it was outside the agreement and honored his word. Now, Republicans in the House are explicitly violating provisions in the actual text of the agreement.**
- **To the extent Republicans put forth provisions that betray the agreement, we will call them on it and expect them to move quickly to correct these deviations. From the start, there have been good faith efforts on both sides. The President and the congressional leadership entered into an honorable agreement that was passed with strong bipartisan majorities in both Houses. We and the American people fully expect that they will honor that agreement.**

FOLLOW-UP

Q: WILL THE PRESIDENT VETO THE RECONCILIATION IF, FOR EXAMPLE, THE IMMIGRANT PROVISIONS ARE NOT CHANGED?

A: It is premature to throw the word “veto” around. We are at the early stage of the reconciliation process.

- **We expect that the Republicans in Congress to honor the agreement. That is fairly straight forward.**

Q: IT IS BECOMING CLEARER EVERY DAY THAT THERE IS NO SUPPORT IN EITHER PARTY FOR THE PRESIDENT'S EDUCATION TAX CUT PROPOSALS. WILL THE ADMINISTRATION ACCEPT ALTERNATIVE EDUCATION PROPOSALS?

A: I do not think that's right. First of all, and most importantly, there is strong support for the President's education tax cuts among parents and students. We also have support in Congress, and most importantly, the agreement we reached specifically sets aside \$35 billion for the President's education tax cuts.

It is hardly surprising that members of Congress will focus on pushing this or that pet project, but the agreement calls for the President's education tax proposals, not theirs.

- **It is instructive to go back and read what is part of the agreement, what the Speaker and Senate Majority Leader put in writing to the President: *"it was agreed that the package must include tax relief of roughly \$35 billion over five years for post-secondary education, including a deduction and a tax credit. We believe this package should be consistent with the objectives put forward in the HOPE scholarship and tuition tax proposals contained in the Administration's FY 1998 budget to assist middle class parents?"***
- **We have responded to constructive criticisms of our proposals. We have adjusted the scholarship to ensure that more lower income students will benefit from it. And we have dropped the B average requirement. These changes have improved the proposals in the eyes of many and enhanced the support of these important tax cuts that make it easier for parents to send their kids to college.**

Q: WHAT IS YOUR RESPONSE TO THE ATTEMPT BY THE HOUSE REPUBLICANS TO CHANGE THE IMMIGRANT PROVISIONS?

- A: The provisions on affecting immigrants being advanced by Republicans on the House Ways and Means Committee, as the Vice President said, "violate the terms of the balanced budget agreement."**
- **These provisions were negotiated in painstaking detail and were put in writing. In black and white, the agreement on Page 22 clearly states, "Restore SSI and Medicaid for all disabled legal immigrants who are or become disabled." It's right there, "are or become." The House leadership might want to show this agreement to some of their chairmen.**
 - **We expect the Republicans in Congress to honor the agreement. We expect them to fix these provisions.**

GUIDANCE ON DISASTER ASSISTANCE

- * Maintain veto threat on both C.R. provision and Census provision

Census

- * First of all this is clearly a political action that has no place on this legislation. This is an issue that can and should be addressed without holding disaster victims hostage until we work out our differences.
- * This is a matter of accuracy and cost. The Census Bureau is doing the smartest thing it can to improve the accuracy of the census, and not bust the budget. But if Republicans disagree with these goals, let's debate this without forcing families and communities in the Dakotas to wait for us to reach a resolution.

Parks/Roads

- * This is not a provision that belongs on a disaster assistance bill. Frankly, it's irresponsible to put something that deals with an issue this important on this legislation.
- * Since it's changed considerably from what was originally being proposed, our staff is still looking it over, so I don't have anything else to add for you at this time.

TOIV

Glauthier/OMB

Talking Points

Ozone and Particulate Matter Air Standards

June 3, 1997

- EPA's final ozone and particulate matter (PM) air standards have not yet arrived at OMB.
 - EPA intends to keep the two standards tied together as part of one package that will be submitted to OMB for final review.
- There is a July 19 court-ordered deadline for the final rule on the PM standards.
 - Given that deadline, OMB will have less than the 90 days it is allowed to take to review regulations under President Clinton's Executive Order 12866, which sets the guidelines for the regulatory review process.
- When the final standards arrive at OMB, they will be treated in the same manner as all other items under regulatory review.
 - We will confirm: (1) the date upon which the standards arrived at OMB, and (2) the date upon which OMB completed its review.

Gathering Input From Agencies

- When the proposed standards were at OMB in November 1996, OMB had only 22 days in which to complete its review (due to an earlier court-ordered deadline for the proposed PM standards).
- As a result, some agencies complained they had little background on the standards and did not have enough time to provide input.
- To ensure that all interested agencies had the opportunity to comment on the proposed standards, in late February/early March OMB started an extensive interagency process for gathering agency views.
 - OMB specifically sought the assistance of CEQ (as coordinator of environmental agencies) and NEC (as coordinator of economic agencies) to help ensure that all interested agencies have an opportunity to provide input on the standards.
 - There have been numerous meetings at the technical, policy and senior policy levels.

— We will not discuss who has been involved in these meetings and we will not discuss the content of these meetings.

Gathering Input From the Public

- Normally, the Administration doesn't meet with the public until after OMB has received a final rule.
- But, in December, Chief of Staff Leon Panetta asked Sally Katzen to ensure that the Administration makes a concerted effort to reach out to all appropriate parties.
 - Over the past several months, Sally has solicited people to come talk to OMB about the proposed standards.
 - She has met with representatives from State and local government, industry (e.g., mobile sources, petroleum, high-tech), public health and environmental organizations.
 - EPA and all of the other agencies are invited to send representatives to these meetings.
 - Lists of attendees are placed in the public dockets at both OMB and EPA.

Piscataway/Affirmative Action

Press Guidance

June 6, 1997

- * The Justice Department filed a brief yesterday advocating the Supreme Court not hear the Piscataway affirmative action case.
- * The brief made clear that the Administration continues to believe in the merit of case specifically that Title VII permits non-remedial affirmative action in the educational setting.
- * However, the unique facts in the case (teachers were hired on the same day and had similar evaluation reports and this is a case involving layoffs of teachers) made this an inappropriate vehicle for the Supreme Court to decide such an important case.
- * The Administration is not backing down or softening its position on the important policy matter. As the brief states, it's the unique facts of the case which make it inappropriate for the Supreme Court.
- * We don't anticipate any problems with this brief coming so soon before the announcement of the President's racial initiative. Our view is there is widespread agreement among the civil rights community that this is not the appropriate case to take to the Supreme Court.

BACKGROUND:

- In January, the Supreme Court asked for our views in the Piscataway case. Today, we informed the court of our views and said it should not take the case.
- The Bush Administration sued the Piscataway School Board in 1992, alleging that the Board violated Title VII [which prohibits discrimination in the workplace] by laying off Sharon Taxman, a white teacher, in order to retain an equally qualified black teacher. The district court ruled in favor of the white teacher (and the Bush Administration).
- When the Board appealed from the district court's decision, the U.S. (at this point the Clinton Administration) informed the U.S. Court of Appeals for the Third Circuit that it could no longer support the district court's decision. So we moved to file an amicus brief arguing that the Board's action did not violate Title VII.
- The Court of Appeals denied the Justice Department motion to file an amicus brief, treated the U.S. position as a motion to withdraw as a party, and granted that motion. The U.S. therefore no longer was a party in the case.

- After the U.S. withdrew, the U.S. Court of Appeals affirmed the district court's decision. By an 8-4 vote, it said the Piscataway Board of Education violated Title VII when it considered, as one of many factors, the race of one of two equally qualified teachers (one black and one white) in making a layoff decision.
- At the time, we simply told the media, "We filed a brief. The court rejected our brief. We're no longer in the case."
- Since that time, the School Board filed cert. with the Supreme Court to hear the case.

Background on the Third Circuit's Decision

- The Court of Appeals held that the Board's use of race failed to meet the standards set out in the Supreme Court's decision in United Steelworkers v. Weber (1979). It said the Board's goal of promoting racial diversity in the high school's faculty was insufficient, because only affirmative action plans with a strictly remedial purpose are allowed. [In short, like the 5th Circuit decision in Hopwood, the Third Circuit Piscataway ruling holds that diversity can never be a permissible predicate for affirmative action.]
- The majority also held that the Board's action unnecessarily trammelled the white teacher's interests, as it resulted in the loss of a job of a tenured non-minority employee.
- The dissenting judges said that faculty diversity is a permissible purpose to support the Board's race-conscious decision, and that the Board's action did not unnecessarily trammel the white teacher's interests.

Senate Campaign Finance Hearings

Press Guidance

June 6, 1997

- * Senate Democrats, led by Senator Glenn are considering boycotting the Senate hearings on campaign financing because of Republican stonewalling and the growing partisan nature of the investigation. In a press conference yesterday, Senator Glenn said the Republicans are engaged in a conspiracy and a big sham especially on the issue of supeonas. Glenn cited 142 out of 143 GOP issued supeonas have been issued while Senate Democrats have only had 18 out of 43 approved.
- * Our hope has always been that Senator Thompson and the committee would conduct a serious, fair and a bi-partisan investigation that leads to equally serious and comprehensive campaign finance reform.
- * Reports of stonewalling Democrats and an increasing partisan edge to the Thompson committee are troublesome particularly comments coming from Senator Glenn. As you all know, Senator Glenn has an excellent reputation and is unanimously viewed as one of the least partisan members of the United State Senate. We hope that Senator Thompson will heed the warnings of Senator Glenn and not turn these hearings into a partisan political exercise.

Lockhart per Rahm

Press Guidance
June 6, 1997

IRS

Yesterday, the IRS (Congressional) Commission on Restructuring released its recommendations. The report advocates removing the IRS from the Treasury Department and putting it under the supervision of an independent commission. The commission would include among others -- the Secretary of the Treasury, business executives, and public interest representatives.

Points:

As we have said in the past, it is important that the governance of the IRS remain within the government.

This is a very risky plan.

Separating the IRS from direct executive control would undermine accountability and tax policy effectiveness.

Practical difficulties and conflict of interest issues would make such an arrangement difficult.

Such a board would present grave law enforcement issues that could lead to constitutional challenges.

These proposals pose an unacceptable risk to our revenue stream. Ninety-five percent of revenue comes from taxes.

Would the President veto a bill that reflects the Commissions recommendation?

We believe that as the Congress begins to look at this more closely, the problems with it will be evident. It is our hope that this will be worked out in the legislative process.

Isn't it an embarrassment to the Administration that you lost the vote particularly when your own union representative voted against you?

No. The Commission and the Administration agree on the need for change at the IRS. The Administration has set forth a strong plan to bring about this change.

Mellody per Michelle Smith, Treasury

Campaign Finance/Corporations and Soft Money

Press Guidance

June 6, 1997

- * Several corporations, GM, Monsanto and Allied Signal have announced they will no longer make soft money contributions.
- * We believe this is a positive development and hope the rest of the corporate community will take the lead of these three companies. The President's has spoken quite clearly with his petition to the FEC that soft money should be banned.
- * As the President has also said, banning soft money is no substitute for comprehensive and bipartisan campaign finance reform. We hope companies like GM and Monsanto and the entire corporate community will join us in our effort to pass campaign finance reform.

Lockhart per Rahm

Press Guidance
June 6, 1997

SBA

The Small Business Administration admitted yesterday that there was a large error in there funding calculations and that they now have an additional \$2.5 billion for loans. The error was identified by the GAO. The unanticipated funds allow the SBA to lift a previously imposed loan cap.

- Administrator Alvarez expressed appreciation to the GAO for identifying this technical error.
- The correction will allow the SBA to make credit available to small business borrowers.
- The SBA has taken steps to ensure that this does not occur again in the future.
- The SBA will testify before the committee next week and will respond to any concerns the Congress has at that time.

Does this incident cause the Administration to rethink its claim of executive privilege on SBA correspondence?

The documents are subject to executive privilege. We are working with the Senate on this. In fact, the Counsel's office has been trading phone calls with the Senate staff on this issue. **The documents are in no way related to this matter.**

Mellody per Jeanne Sadler, SBA; Larry Haas, OMB; and Cheryl Mills, Counsel

Comp Time Guidance

June 6, 1997

[Note: Gene Sperling, Senators Baucus, Landrieu, and Kennedy held a press conference today highlighting our commitment to getting a comp time bill passed. Now that the Republican leadership has lost two cloture votes -- in which three Republicans joined the Democrats to defeat cloture -- , it is time to sit down and work out a compromise. But we cannot start from the Ashcroft bill if it still contains provisions undermining the 40-hour work week.]

- ***The administration's proposal preserves the 40 hour work week; the Ashcroft bill undermines it.***
Under the administration's comp time plan, employees who work overtime get compensated at a rate of time and a half -- which they can take in money or in time off. Under the Ashcroft bill an employer can choose to offer *flexible credit hours* or *biweekly work schedules* which compensate some hours worked over 40 at straight time, not time and a half. Compared with the administration's plan, current law and the House- passed comp time bill, the employee loses money.
- ***The administration's proposal protects employees against discrimination.*** Under the Republican bills, an employer can discriminate by offering overtime work only to those employees who choose time off instead of pay (or vice versa). The administration's proposal prohibits this.
- ***The administration's proposal give employees genuine choice about when they use their comp time. The Republican bills give the employer too much control.*** The administration's proposal creates a three tiered standard to balance employees' desire to use comp time with business' need for staff: (1) employees who give 15 days notice can use their comp time unless it causes substantial and grievous injury to the business; (2) employees who give less than 15 days notice may use their comp time unless it unduly disrupts the business; (3) regardless of the amount of notice, employees have a right to use their time off for purposes covered under the Family and Medical Leave Act. The Republican proposals allow an employer to deny an employee's request to use comp time if it unduly disrupts the firm -- regardless of the amount of notice given and regardless of the urgency of the employee's need for time off -- e.g. death in the family.

The administration's proposal also prohibits employers from unilaterally cashing out an employee's earned comp time. The Republican proposals do not.

- ***The administration's proposal exempts the most vulnerable workers from comp time and protects all workers against employer abuse. The Republican proposals are inadequate in these dimensions.*** The administration's proposal creates stronger remedies against the full range of abuses and specifically exempts those workers most vulnerable to abuse -- part-time, temporary and seasonal workers, as well as those in the garment and

construction industries. Their proposal sets at 1250 hour/one year tenure threshold which will exempt some, but not all vulnerable workers.

- *The administration's plan included an expansion of the Family & Medical Leave Act to allow workers to take up 24 hours of unpaid job-protected time off for a child's school activities, routine family medical purposes and older relatives' health needs. The Republican proposals do not expand FLMA.*

Background on New Developments:

We have reached a tentative agreement with Republicans on language about the treatment of comp time in bankruptcy proceedings.

FMLA expansion, a presidential priority, was not included in the Democratic Senate amendment.

Specter is floating language that he says would be a compromise on non-discrimination. *We should refrain from commenting on it because we do not want to negotiate around the 80 hour bi-week and the flexible credit hours. Those provisions have to go before we can really talk.*

2. SENATE PROCESS

- *The Senate has defeated two cloture votes and the Ashcroft proposal clearly is not viable. Ashcroft says he wants compromise, but is unwilling to drop his most extreme provisions.*

3. KEY THEMES

- *A year ago this month the President first announced his comp time plan – its time to deliver genuine flexibility for America's working families.*
- *Let's get a bipartisan solution.*

Tobacco Settlement Talks

- o The Administration is closely monitoring the settlement talks among the tobacco industry, state attorneys general, public health groups, and private lawyers. Any agreement would have to be passed by the Congress and signed by the President.
- o We will carefully review any settlement that emerges from the discussions, and we will seek the advice of the public health community. As the President has said, in reviewing any settlement proposal, our focus will stay squarely on protecting kids and the public health.

Q: Would you support a settlement that caps punitive damages? That seems to be the key stumbling block.

A: I'm not going to speculate on any particular aspects of a potential settlement. The Administration proposed the toughest measures ever to protect children from tobacco, and we are fighting in the courts to see that those restrictions take effect. Our focus in reviewing any settlement will stay on protecting kids and the public health. The President has made it clear he is not going to agree to anything with respect to tobacco that jeopardizes the public health.

Q: Senator Lott and others are urging quick closure to the talks. They say that the window of opportunity is closing. Is the Administration trying to help close the deal?

A: No. Because any settlement will have a profound and lasting impact on the public health, the Administration will have to consider a settlement in a careful and thorough manner. There will be no rush to judgment and no precipitous action. We are not going to take a position on a proposal until the Administration and the public health community have fully reviewed it.

Per Elizabeth Drye, DPC
approved Kagan (and awaiting Lindsey approval)

Talking Points on Tobacco Settlement Talks

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LEGAL IMMIGRANTS

The Ways and Means Subcommittee's proposed amendments to the welfare law violate in two ways the negotiated, bipartisan budget agreement policy to restore a minimal safety net for disabled *legal* immigrants.

The Ways and Means Subcommittee proposal fails to restore benefits for SSI beneficiaries currently on the rolls whose sponsors have income over 150% of the poverty level.

- **THE WAYS AND MEANS SUBCOMMITTEE PROPOSAL WAS NOT PART OF THE BIPARTISAN BUDGET AGREEMENT.** This proposal to severely limit the restoration of benefits to legal immigrants was not contemplated by the bipartisan budget agreement.
- **THE WAYS AND MEANS SUBCOMMITTEE PROPOSAL WOULD CUT OFF 100,000 SEVERELY DISABLED LEGAL IMMIGRANTS WHO WOULD RECEIVE BENEFITS UNDER THE BIPARTISAN BUDGET AGREEMENT.** This is one-third of the individuals whose benefits we agreed to restore in the budget agreement.
- **THE WAYS AND MEANS SUBCOMMITTEE PROPOSAL IS UNFAIR TO FAMILIES OF LIMITED MEANS.** Under this proposal, a family of four with an income as low as \$24,000 would be called upon to fully support a person with a severe disability.
- **DISABLED LEGAL IMMIGRANTS MAY NOT BE ABLE TO CALL ON THEIR SPONSORS FOR HELP.** More than half of disabled legal immigrants currently receiving benefits have been in the U.S. for over 15 years, and so they may find it difficult even to locate their sponsors. Since sponsorship agreements were not legally binding in the past, a disabled legal immigrant whose sponsor refuses to provide support would have no legal recourse and no source of income.

The Ways and Means Subcommittee's proposal would restore SSI and Medicaid benefits only to immigrants (both the disabled and non-disabled elderly) *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. This policy targets assistance to the most vulnerable individuals.

- **THE WAYS AND MEANS SUBCOMMITTEE PROPOSAL IGNORES VULNERABLE IMMIGRANTS WHO BECOME DISABLED AFTER AUGUST 22, 1996:** This proposal abandons many legal immigrants who were in the U.S. when the welfare law was signed but become severely disabled after that date. In contrast, the bipartisan budget agreement protects these immigrants.

Example: A legal immigrant family entered the country 3 years ago. Both the father and mother have worked full-time since then, and have an annual income of about \$25,000, but neither job provides health insurance for themselves or the family. Their 5 year-old son becomes severely disabled in a car accident next year. Under the budget agreement, he would be eligible for SSI and Medicaid; under the Ways and Means Subcommittee's proposal he would be denied SSI -- and potentially denied Medicaid. *(This example assumes the parents would rapidly "spend-down" due to hospital bills and become income-eligible for SSI and Medicaid.)*

Question: Doesn't the Ways and Means Subcommittee proposal treat the elderly better than the Administration's proposal, while the Administration's policy favors the disabled? Isn't this really a wash?

Answer: The parties to the budget agreement already made the decision about where limited resources should be targeted. The agreement explicitly states the policy of restoring SSI and Medicaid eligibility to immigrants who are or become disabled and who are in the U.S. as of August 22, 1996. This is one of the specific policies agreed to between the President and the Congressional leadership.

The Administration believes that the budget agreement appropriately targets the most vulnerable individuals. It provides for all immigrants in the country when the welfare law was signed who have suffered -- or may suffer in the future -- a disabling accident or illness. At the same time, the agreement will result in restoring benefits to a full 80% of the caseload as of August 22, 1996 -- including all of the disabled as well as the two-thirds of the elderly caseload who would meet the disability eligibility requirements needed to retain coverage.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June 6, 1997

Statement by the President on the Economy

Four years ago, we put in place an economic strategy that has helped give America the strongest economy in the world. That strategy had three critical components: cutting the budget deficit, making smart investments in education, the environment, and our children, and opening new markets through tough trade agreements.

Today, we received one more piece of solid evidence that this invest-and-grow strategy is working. We learned that our economy added 138,000 new jobs, and that unemployment dropped to 4.8 percent, the lowest in 24 years. The American economy has now added 12.3 million new jobs since I took office, and unemployment has now been below 6 percent for almost three years. America's economy is the strongest it has been in a generation.

Now we must press forward with the economic strategy that we adopted in 1993 and that has helped create the conditions for sustained growth. The balanced budget agreement I reached with leaders of Congress embodies our strategy. It is a balanced budget that is in balance with our values, and yesterday's strong endorsement of it by the House and Senate ratifies that economic strategy. This bipartisan action is a hopeful sign that both parties can work together to keep our economy growing. I look forward to working with leaders of both parties to write our balanced budget plan into law.

The progress of the balanced budget shows what America can accomplish when we reach across party lines and work together. Unfortunately, the Republican leaders of Congress have chosen the path of partisanship and confrontation in their actions on the disaster relief bill. Because Congressional leaders chose to attach unacceptable political items to vital disaster relief legislation, I have no choice but to veto that measure. Once again, I call on the Congress to honor the sacrifice, and aid the recovery, of the families in the Dakotas, Minnesota, and across the country by passing straightforward disaster relief legislation and sending it to my desk.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

June 6, 1997

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: JEFFREY A. FRANKEL



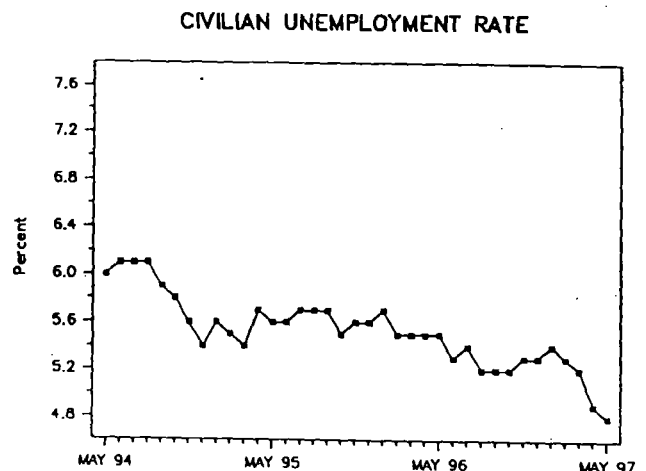
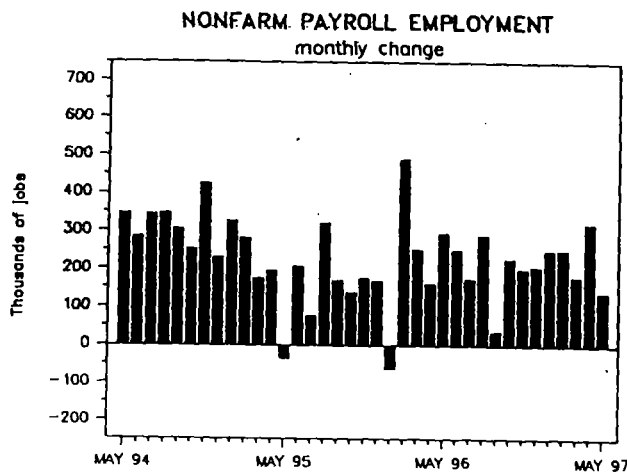
SUBJECT: Employment and Unemployment in May, Labor
Department Release, Friday, 8:30 a.m.

The unemployment rate fell 0.1 percentage point in May to 4.8 percent--lower than market expectations. This is the lowest unemployment rate since 1973.

Nonfarm payroll employment rose 138,000 in May--weaker than market expectations. Since January 1993, payroll employment has increased 12.3 million.

- Private employment rose 166,000--below the 236,000 per month pace during the first 4 months of the year. May employment growth was strong in services (up 125,000) and construction (up 23,000), but down slightly (5,000) in manufacturing.
- Average hourly earnings rose 0.3 percent in May--about in line with market expectations. Earnings have increased 3.8 percent over the past 12 months--up from a 3.3 percent increase during the year-earlier period.
- Aggregate production-worker hours rose 0.3 percent. With 2 out of 3 months of the quarter known, it appears that hours in the second quarter will be up at about a 1½ percent annual rate. We expect these hours to support GDP growth at about a 2½ to 3 percent annual rate.

Once per year, the BLS aligns its sample with the better measure of employment reported from the unemployment insurance system--and updates its seasonal factors. A year ago, this process led to a huge upward revision. This year, in contrast, the revisions were generally small--but some month-to-month changes were affected.



The Economy Remains On The Right Track: Low Unemployment and Strong Job Growth

June 6, 1997

TODAY'S DATA SHOWS THAT THE UNEMPLOYMENT RATE HAS FALLEN TO ITS LOWEST LEVEL IN 24 YEARS. AND THE ECONOMY HAS CREATED 12.3 MILLION JOBS SINCE JANUARY 1993. THE ECONOMY CONTINUES TO EXPERIENCE STRONG GROWTH WITH LOW INFLATION.

- **Unemployment -- At 4.8% -- Is the Lowest Since 1973.**
 - The April unemployment rate reached 4.8% -- its 33rd consecutive month below 6% and the lowest monthly rate since October 1973. In 1992, the unemployment rate was 7.5%. [Source: BLS.]
 - The combined rate of unemployment and inflation has been lower under President Clinton than any other Administration since Lyndon Johnson was President. [Source: Based on data from BLS.]
- **12.3 Million New Jobs.**
 - During the Clinton Administration, the economy has added 12.3 million new jobs -- a faster annual rate of job growth (2.5 percent per year) than *any* Republican Administration since the Roaring 1920s. [Source: Based on data from the Bureau of Labor Statistics, Current Employment Statistics survey.]
 - The economy has added 2.5 million jobs over the past year.
- **Strong Private-Sector Job Growth.**
 - Over the past year, the private sector has added 2.4 million jobs -- almost twice the private-sector jobs than during the entire four-year period before President Clinton took office. [Source: Based on data from BLS.]
 - 93 percent of the 12.3 million new jobs under President Clinton have been in the private sector. [Source: Based on data from BLS.]
- **Turning The Corner In Basic American Industries.**
 - After losing 667,000 jobs in construction during the previous four years, 1.1 million new construction jobs have been added since January 1993 -- that's a faster annual rate than any other Administration since Harry S Truman was President.
 - After losing 35,000 jobs in the auto industry during the Bush years, we have 100,000 new auto jobs since President Clinton took office. [Source: Bureau of Labor Statistics, Current Employment Statistics survey.]

LAST WEEK, WE LEARNED THAT THE ECONOMY GREW BY 5.8 PERCENT AT AN ANNUAL RATE IN THE FIRST QUARTER -- THE FASTEST IN A DECADE -- WHILE INFLATIONARY PRESSURES REMAIN LOW.

EXPERTS AGREE THAT THE AMERICAN ECONOMY IS STRONG:

- ***Fortune*, 6/9/97:** “Business is booming, inflation is falling, jobs are plentiful, and American industry is way out in front. The U.S. economy is stronger than it's ever been before.”
- **Allen Sinai, one of America's top economic forecasters, 4/30/97:** “Job growth is good. Real income is rising. Sentiment is high. Unemployment is the lowest in years. Times are good for American consumers.”
- **Mickey Levy, chief economist, NationsBank, 2/1/97:** “It’s really the best of all worlds. Growth at a healthy pace, but with the economy not overheating and continued very favorable news on inflation.”

DEMOCRATIC REPUBLIC OF THE CONGO (EX-ZAIRE)

Q: Is anyone from the Department's Human Rights Bureau traveling with Ambassador Richardson? Do you have a list of the delegation traveling with Ambassador Richardson?

A: John Shattuck, Assistant Secretary for Democracy, Labor and Human Rights, is traveling with Ambassador Richardson.

The delegation includes representatives from State, AID, NSC, DOD, JCS, Treasury and Commerce as well as Congresswoman Cynthia McKinney.

Q: Will Ambassador Richardson personally try to gain access to areas closed by DROC forces? Will he make other stops?

A: His mission will be to engage the new government of the Democratic Republic of the Congo on a range of issues, including unrestricted access to humanitarian agencies in eastern Congo.

Apart from stops in Kinshasa and Lubumbashi, we do not know yet if he will be making any other stops. It will depend on what can be arranged.

REPUBLIC OF THE CONGO (BRAZZAVILLE)

Q: What is the situation in Brazzaville?

A: Brazzaville experienced sporadic to heavy gunfire throughout June 5 and June 6 as clashes continue between Congolese military forces and paramilitary forces loyal to former President Denis Sassou Nguesso.

Fighting continues in parts of the city, a 7 p.m. to 6 a.m. curfew has been imposed, and offices and businesses have been ordered closed.

Q: What is the status and number of Americans in Congo-Brazzaville?

A: There are 151 Americans in Brazzaville and 284 total in Congo. Our warden network has been activated, and all American citizens have been advised to remain at home. There have been no reported incidents involving American citizens.

SIERRA LEONE: UPDATE

Q: What is the status of peace talks and fighting?

A: We understand Sierra Leone's neighbors in the Economic Community of West African States (ECOWAS) have sent delegations to Freetown to negotiate with the rebels for a peaceful resolution to the crisis and restoration of the democratically-elected government. The United States supports those efforts and is also using all diplomatic channels to urge the rebels to end hostilities and return authority to the civilian leaders.

Q: What did the OAU summit say about the situation in Sierra Leone?

A: We do not have the full text of the OAU resolution issued in Harare, but understand that the Council of Ministers: (1) strongly condemned the May 25 coup d'etat in Sierra Leone and called for the immediate restoration of constitutional rule; 2) urged African countries and the international community not to recognize or support the new regime; and 3) underscored the need to implement the Abidjan peace agreement between the Kabbah government and the Revolutionary United Front (RUF) rebels.

Q: Does any nation other than Nigeria have troops in Sierra Leone?

A: We believe Ghana and Guinea may have deployed some troops to Sierra Leone to bolster Nigerian forces and help restore order.

Q: Which nations are conducting evacuation? Have any additional Americans been evacuated?

A: Two French frigates evacuated over 700 people from Sierra Leone to Conakry, Guinea yesterday. We are not aware of any other governments evacuating people.

Q: Have any additional Americans been evacuated?

A: French officials reported that there were a small number of Americans evacuated on the French ships yesterday.

Q: Where is the USS Kearsarge? When will it depart the region?

A: The Kearsarge is off the coast of Guinea. It will remain in the area until all evacuees have disembarked and then a final determination will be made about its destination.

Background: Every summer since 1994 we have had dispute with Canada over how to implement provisions of the Pacific Salmon Treaty of 1985. This year for the first time the stakeholders (fishing interests) on both sides have gotten together for talks; they made some progress but have not reached agreement. Canada walked out of government-to-government negotiations several weeks ago (during the Canadian election campaign) and Canada began enforcing regulations on U.S. fishing vessels-- four were pulled into port but all four have now been released. In a related move, British Columbia Premier Clark has said he is going to cancel the lease for our submarine testing facility at Nanoose Bay

- U.S. postponed talks set to resume May 30 because of Canadian seizures of U.S. fishing boats; created wrong climate for productive talks.
- Need to tone down rhetoric and reestablish talks in atmosphere of good faith.
- Working with our stakeholders so we can move forward when appropriate; no date set yet for resumption of talks.
- If asked: Clark's actions on Nanoose Bay are actually an issue between B.C. and Canadian government. Have received no official notice of termination of lease. No further comment.

RALSTON

- Secretary Cohen briefed the President Wednesday on the Ralston issue.
- He made no formal recommendation on a successor to Gen. Shalikashvili. No decision has been made by the President..
- The President has very high regard for Ralston. He has been an exemplary vice chairman and an exemplary soldier.

HOLBROOKE: FULL TIME?

Q: Will Ambassador Holbrooke work on Cyprus full time?

A: Ambassador Holbrooke will be actively engaged on Cyprus and will keep fully informed of all developments. He will not, however, serve in his new position to the exclusion of his other commitments.

HOLBROOKE: REJECTED JOB

Q: Didn't Holbrooke turn down the Cyprus job before? Why did he change his mind?

A: There has been repeated speculation about the composition of our Cyprus team for some time. What is important here is that with Ambassador Holbrooke's appointment, we are underscoring the commitment of the Administration to pursue a settlement to this historic conflict.

HOLBROOKE AND THE UN

Q: Does Holbrooke's appointment mean the U.S. will pursue its own initiative on Cyprus? Or will Holbrooke back what the UN is doing? If so, will he participate in the upcoming UN talks this July?

A: Ambassador Holbrooke's appointment reflects the priority which this Administration accords the Cyprus issue.

As our announcement noted, we fully back UN-sponsored mediation. The UN Secretary-General enjoys the UN Security Council's mandate on the facilitation of Cyprus negotiations. Ambassador Holbrooke will support the Secretary General's efforts to reconcile the two Cypriot communities.

We understand the UN is still undertaking preparations for the face-to-face talks currently expected to start in July. How the U.S. will interface with these talks cannot be said before final UN arrangements.

HOLBROOKE TRAVEL

Q: Do you have any idea when Holbrooke will travel to the region?

A: I have nothing further on that beyond what is in our announcement.

HOLBROOKE AND DAYTON

Q: Will Holbrooke impose a Dayton-style settlement on Cyprus? Will Cyprus be a "Dayton-II?"

A: All conflicts are unique. The Dayton process was designed specifically for Bosnia.

Cyprus has a very different history, set of issues and players. For any mediation to be successful, these peculiarities must be taken into account. The UN and the U.S. fully appreciate this fact.

Furthermore, we do not believe a solution should be "imposed" on Cyprus. The U.S. seeks a durable political settlement that is acceptable to all parties.

KAZAKSTAN MISSILE SALES TO IRAN

- We do not comment on alleged intelligence information or reports.
- We remain concerned about Iranian efforts to acquire advanced weapons systems and technology; we will continue to work with other countries to prevent destabilizing arms transfers to pariah states.

NATO

Q: Do you expect any changes in French policy toward NATO as a result of the recent parliamentary elections?

A: We believe it would be premature to speculate on any policy changes.

We continue to welcome active French participation in NATO and would warmly welcome a French decision to join the NATO integrated military structure.

The U.S. strongly supports increased European responsibility within NATO including ongoing NATO efforts to develop a distinct European defense and security identity (ESDI) within the Alliance.

We foresee agreement on key elements of ESDI as one of the major accomplishments of the upcoming NATO summit in Madrid.

Q: What about the AFSOUTH command issue?

A: While we support increased European responsibility within NATO, we continue to believe that command of NATO's southern region (AFSOUTH) should remain in U.S. hands due to the strategic importance of the region, the current potential for instability there and the preponderance of U.S. forces in the region, including the 6th Fleet.

We are continuing discussions on these issues with the French and other NATO allies.

French Elections

Q: Any comment on Socialist victory? Possibility of communists in government?

A: Congratulate Socialist leader Jospin. France is key ally and partner for U.S. Prepared to work with his government, as we are with all French governments.

Wide range of issues on which we work with France including foreign policy issues like Bosnia, Middle East, Africa, NATO, global issues like combatting narcotics, crime, terrorism, protection of environment and global economic issues. Expect this cooperation with continue with both President Chirac and new government.

If asked about possibility of Communists in government. dependence of Socialists on Communists for parliamentary majority: Expect to work well with new government, based on common interests and values with France. Participation of Communists would not change this.

INDIA: PRITHVI MISSILES

Q: Has India moved Prithvi missiles to the Pakistan border area?

A: We do not comment on alleged intelligence reports.

Q: If so, what effect will this have on Indo-Pakistani peace talks?

A: Senior leaders of India and Pakistan are engaged in a series of meetings aimed at reducing tensions and have declared their intentions to continue a dialogue to resolve their differences.

An open discussion of both countries' security concerns is of particular importance to a successful dialogue, and we hope this will be one of the central issues for their ongoing discussions.

Q: Has Pakistan deployed Chinese M-11 missiles?

A: We take very seriously reports that Pakistan has received M-11 ballistic missiles from China and are following the situation carefully.

Q: Why haven't we applied sanctions?

A: There has been no determination that a transfer of complete missiles or the missile production technology that would trigger category 1 sanctions under the U.S. missile sanctions law has taken place.

Q: Will the U.S. work to defuse this situation?

A: The United States has long held the view that the deployment or acquisition of ballistic missiles by India or Pakistan would be destabilizing and undermine the security of both countries.

We continue to encourage both governments not to deploy ballistic missiles.

Q: Has the U.S. approached India?

A: We have been in frequent contact with the Indian and Pakistani governments on nonproliferation. Both are fully aware of our position.

TURKEY -- NEW ELECTIONS CALLED

Q: What is your reaction to the announcement in Ankara that new elections will be held, and that Prime Ministership will be handed over?

A: We have seen a variety of reports that new elections may be held and that there might be a change of prime ministers.

As you know, there has recently been a good deal of political debate in Turkey. The call for elections appears to be another step in Turkey's process of resolving internal political issues.

It is an internal political matter for the Turks to decide, and it would be inappropriate for me to comment any further.

Our views have not changed. We support democracy and secular principles and we expect to work harmoniously with whatever government Turkey's democratic system produces.

MADRID SUMMIT/NATO ENLARGEMENT

Q: Can you comment on press reports from the Sintra NATO Foreign Ministers meeting that the U.S. believes that only 3 aspiring members -- Poland, the Czech Republic, and Hungary -- should be invited to join the Alliance at the Madrid Summit?

A: At Sintra, NATO foreign ministers held a preliminary exchange of views on the considerations that should guide the Alliance toward its decision at Madrid on whom to invite to begin accession talks.

No decision has been made on the number of new entrants we would support, but most important is that all new members be able to assume the full responsibilities of membership.

We will be reviewing the matter and consulting closely with our NATO allies.

(If pressed: This was the first NATO discussion of the issue of "who." Allies expressed a range of preliminary views, as is normal and healthy. The Alliance will develop a consensus before Madrid.

Why NATO Enlargement is in America's National Interest

At its Madrid Summit on July 8-9, NATO will invite additional states to join the North Atlantic Alliance. Here are reasons why NATO enlargement serves America's national security interests:

- 1. Enlargement will make NATO stronger and better able to address Europe's security challenges.**
- Europe remains a vital American interest. Europe's fate and America's future are joined. We fought two world wars and the Cold War in part to protect the security of Europe and the transatlantic area. Taking wise steps now will strengthen our common security, enhance NATO's ability to address Europe's future security challenges and reduce the possibility of another conflict.
- Stronger collective defense. NATO's core mission remains the collective defense of NATO territory. A NATO that embraces Europe's new democracies -- with capable militaries and a commitment to improve them -- will be better able to fulfill its basic mission.
- Greater ability to address new security challenges. NATO also is addressing Europe's new security threats, from weapons proliferation to ethnic conflict to terrorism. Enlargement increases the number of states willing to share these responsibilities. Central European countries that want to join NATO have already contributed troops and bases to NATO's efforts in Bosnia and have stated their intention to do their part in NATO's security mission in the future. Combined with the Partnership for Peace and NATO's new constructive

partnership with Russia, a larger Alliance will be better able to address the new security challenges of the 21st century.

- Past enlargements made NATO stronger. NATO has enlarged three times before -- adding Greece and Turkey in 1952, West Germany in 1955 and Spain in 1982. Each time, the Alliance benefited from the addition of states committed to the security of the transatlantic area and prepared to contribute to it. Current efforts to enlarge the Alliance will have the same result.

2. Enlargement will help secure the historic gains of democracy in Europe.

- Part of a broader effort to build a new Europe. As President Clinton has stated since 1994, we have an opportunity, for the first time in history, to build an undivided, democratic and secure Europe. NATO can now do for Europe's east what it did for Europe's west -- provide a secure climate where freedom, democracy and prosperity can grow. Such a Europe would be a stronger and better partner in trade, investment, diplomacy and other aspects of security. While other institutions play a role -- including the European Union, OSCE, and others -- NATO remains the keystone of America's involvement in transatlantic security.
- Bolsters progress toward strong democracies and free markets. Joining NATO helped Italy, Germany and Spain reintegrate into the democratic community. Now, the very prospect of NATO membership has encouraged Central European states to continue and deepen their democratic and market reforms. Already, states in the region have strengthened civilian control of their militaries, improved relations with ethnic and religious minorities and accelerated economic privatization -- in part to improve their prospects for membership in and cooperation with NATO.
- Improves and protects the business climate for American firms and workers. Our economic ties with Europe are among the most significant in the world and Europe's fastest-growing economies are now in Central Europe. Growing European markets will yield benefits for American exporters and export-industry workers. The stabilizing effect of NATO enlargement and its encouragement of free market reforms will help create a better long-term environment for trade, investment and economic growth in Central Europe. The resulting prosperity will benefit the United States, as did Western Europe's American-assisted recovery after WWII.

3. Enlarging NATO will encourage prospective members to resolve their differences peacefully.

- NATO enlargement is helping to resolve potentially dangerous conflicts. When he signed the NATO Treaty in 1949, President Truman said that if NATO had existed in 1914 or 1939, it would have prevented the hostilities that tore the world apart. NATO has helped reconcile former adversaries like France and Germany and helped moderate tensions between Greece and Turkey. Today, the prospect of NATO's enlargement has made Europe safer by encouraging the new democracies to improve their ties. Many countries have already reached agreements on border and ethnic issues that otherwise might have become sources of tension

(Hungary-Romania, Poland-Lithuania, Poland-Ukraine, Slovenia-Italy, the Czech Republic-Germany).

4. Enlarging NATO will erase the artificial line in Europe that Stalin drew, bringing Europe together in security.

- Eliminates gray zone of insecurity. NATO enlargement will help prevent emergence of a gray zone of insecurity in a region where past insecurity has helped generate the century's worst conflicts. While not all interested European states will be invited at Madrid to join the Alliance, NATO will keep the door open for future members; the first to join shall not be the last. Enlargement, combined with other arrangements like the Partnership for Peace and NATO's new relationship with Russia and Ukraine will yield security benefits beyond NATO's own borders. By contrast, a decision *not* to enlarge NATO would suggest a permanent acceptance of the Cold War dividing line.
- An enlarging NATO is forging a more constructive relationship with Russia. During the Cold War, NATO and Russia were nuclear adversaries. A new NATO, as it prepares to add new members, has also laid the foundation for constructive partnership with a new, democratizing Russia. An important part of that new relationship is the NATO-Russia Founding Act. That document creates a new Joint Council for NATO-Russia consultations, coordination and, when possible, joint action.
- Insecurity is more expensive. NATO membership involves solemn security commitments and financial obligations; like all the other elements of American security, it is not cost- or risk-free. But history shows that the cost of inaction is much higher. The Pentagon estimates that NATO enlargement will cost the U.S. \$150-200 million per year over the next decade. But when the U.S. failed to address Europe's security challenges after World War I, we paid a terrible price in blood and treasure.
- American leadership. NATO enlargement constitutes a tangible expression of America's commitment to remain engaged in Europe and to exert our leadership in efforts to build a safer and more prosperous transatlantic area for the 21st century. This is part of a larger strategy that we must pursue to put behind us the darkest moments of the 20th century and fulfill the possibilities of the 21st.

RUSSIA: ABM TREATY

Q: Has Russia added new elements to the ABM Agreement reached in Helsinki? If so, what are they? What is the U.S. reaction?

A: These ongoing negotiations are confidential. It would be inappropriate for me to comment at this time, either on their substance or on the characterizations in the article.

In their Helsinki Summit Joint Statement concerning the ABM Treaty, Presidents Clinton and Yeltsin agreed on the basis for an agreement on ABM/TMD Demarcation.

In the Standing Consultative Commission, in Geneva, we are working with Russia, Ukraine, Belarus, and Kazakstan to complete that demarcation agreement.

The Russians are not trying to introduce elements that were not in the Helsinki Joint Statement on ABM or that were previously rejected by us.

Current

Shevardnadze Visit

- President has invited Shevardnadze in August. Specific date to be determined.

General

Russia-Ukraine

- Welcome Friendship, Cooperation and Partnership Treaty signed by Presidents Yeltsin and Kuchma as well as separate agreement on basing of Black Sea Fleet.
- Yeltsin's constructive visit to Kiev, agreements signed, underscore commitment of Russia and Ukraine to strong, positive relations; contribute to stability in Europe.

NATO-Ukraine Charter

- On May 29 in Sintra NATO and Ukraine initialed text of charter on NATO-Ukraine relationship to reflect Ukraine's unique contributions to European security.
- Yet another important step toward building stable, undivided Europe, showing successful efforts by parties since Kuchma's May 16 Washington meeting with President.

(If asked how this document differs from NATO-Russia Founding Act)

- Similar in many respects -- Charter also represents political commitment between NATO and Ukraine to consult and cooperate on security issues in Europe; neither is legally binding nor gives parties veto power over each other's decisions, actions.

NATO-Russia Founding Act

- Summit of NATO heads of state and government and Russian President Yeltsin held May 27 in Paris to sign Founding Act. Milestone agreement -- lays basis for robust and growing partnership between NATO and Russia.

(see also NATO-Russia and NATO-Russia Founding Act Fact Sheet)

NATO-Russia

- Plans for NATO enlargement proceeding on schedule -- Madrid summit on track; will issue first invitations to prospective new members at July 8-9 meeting.

- Enlargement part of broader effort to build comprehensive European security system, which includes strong NATO-Russia relationship. Going forward in way that does not threaten any nation's security, enhances stability in Europe.
- See Russia as partner of NATO in shaping more secure, stable and undivided Europe. That is good for United States, Russia and Europe.

Suspension of Harvard Contracts

- AID suspended certain Harvard Institution for International Development contracts in Russia until further notice. Preliminary AID Inspector General investigation indicates two HIID employees potentially involved in serious conflicts of interest. Refer to AID for details.

Prospects for START II Ratification by Russian Duma

- At Helsinki summit, Yeltsin made clear his commitment to press Duma to ratify START II -- without conditions. In May 27 bilateral in Paris, Yeltsin assured President of commitment to START II, indicated he would press Duma to ratify Treaty.
- In May 20 meeting with Duma leaders on NATO-Russia Founding Act, Yeltsin made pitch for START II ratification.
- START II ratification in both U.S. and Russia's best interests -- provides for stabilizing reductions in strategic forces, reduced costs, and opens the door to negotiations on further reductions in "START III," as agreed in Helsinki.
- Ratification of START II by Russia remains an essential prerequisite to begin START III negotiations toward further reductions in nuclear forces.

Denver Summit of the Eight

- Denver meeting will be Denver Summit of Eight; will build on increased Russian involvement; Yeltsin to arrive and depart with others; will be one press conference by leaders of the Eight.
- Seven will still discuss economic, financial matters; expect this to be small part of agenda.

IRAN-FRANCE: TOTAL DEAL

Q: What is your reaction to reports of a signed deal between Total and the Iranians to develop Iranian offshore oil?

A: As you know, we oppose significant investment in Iran's energy sector.

We have made clear our opposition to the proposed TOTAL deal to the French government. We remain engaged with Paris on this subject.

FYI--despite press reports, we can not confirm TOTAL has signed a deal)

REACTION TO IRANIAN STATEMENTS

Q: What is your reaction to new and apparently accommodating statements by Iranian President Khatami?

A: We look for indications that Iran is moving toward a more responsible approach to the region and the world community.

As we have often said, we have no animosity toward the Iranian people or an Islamic government per se.

Our concern is about the actual policies and practices of the Iranian regime.

The core of those concerns, as you know, are Iran's support for terrorism, Iran's pursuit of weapons of mass destruction, Iran's efforts to destabilize neighbors, and Iran's abuse of human rights.

We will judge Iran by its actions.

ELECTIONS

Q: Any further reaction to the Iranian election?

A: I think the President summed up our views in London.

Iran did have an interesting and hopeful election.

Nonetheless, we have very real concerns about aspects of GOI's behavior, including support for terrorism, attempts to undermine the Peace Process and efforts to acquire weapons of mass destruction and their means of delivery.

Our differences are not with the people of Iran. As the President indicated we favor an end to the estrangement between the people of the United States and the people of Iran and contact between them.

U.S./ROK/DPRK Talks

Q: Can you provide a readout of the U.S./ROK/DPRK meetings in New York June 4 and 5?

A: Working-level meetings between the U.S., ROK, and DPRK took place June 4 and 5 in New York..

The lead participants were working-level officials from the South Korean Embassy in Washington (Counselor Soo Kyuck Lee), the Deputy Permanent Representative to North Korea's UN Mission (Ambassador Li Gun), and the Department's Office of Korean Affairs (Director Mark Minton) and the NSC (Asia Director Jack Pritchard).

We believe these meetings were useful and expect to continue such discussions. But I have nothing more regarding scheduling of any further meetings at this time.

As in the past, we do not wish to get into the details of our diplomatic discussions.

Q: Can you provide some more general background about these working-level trilateral talks?

A: The U.S., ROK, and DPRK agreed in April to continue working-level discussions aimed at realizing the U.S.-ROK proposal for four party peace talks.

The purpose of these meetings is to continue discussions at the working level to realize four party talks. The North Koreans are interested and willing to discuss it, but we have not yet reached an agreement to actually enter these talks. We will work patiently to realize this goal, through working meetings and other contacts. These diplomatic contacts are moving in the right direction, but we do not expect to have something new to report after each meeting.

[NOTE TO BRIEFER: The previous working-level meeting was May 30 in New York. That was the first such meeting involving the U.S. and North and South Korea since the April talks, though the three sides had remained in communication.]

Shooting Incident

- We understand there was an encounter between South Korean military ships and a North Korean patrol boat in ROK territorial waters off the coast of South Korea.
- Reports indicate that there was no loss of life or serious injury.
- We are consulting with the South Koreans through our embassy in Seoul.

- We hope this incident will not adversely affect the ongoing working-level discussions in New York.

Ramos Horta and White House Meeting

[Note to briefer: Ramos Horta or his supporters requested meetings with the President and the Vice President last year, and both meeting requests were turned down (or not acted upon). However, we are not aware that any other WH meetings were requested. Had they been, NSC staff would likely have met with Horta.]

Q: Any comment on the WP story regarding a decision not to see Nobel laureate Jose Ramos-Horta at the White House?

A: No such decision of this kind has been made.

Q: Would the President agree to see Ramos Horta in the future?

A: I can't speculate on what the President's schedule will or will not permit.

Q: What about other officials in the White House meeting with Ramos Horta?

A: A number of NSC officials have interests and responsibilities relating to Indonesia, including East Timor.

Should they receive requests for a meeting, I expect that they would have an interest in seeing Mr. Ramos Horta, and that a meeting of some kind would be arranged.

Q: Didn't the White House turn down a request for a Ramos-Horta meeting with the President?

A: While the President's schedule did not permit a meeting with Ramos Horta on his last visit, other senior Administration officials, including Undersecretary of State Tim Wirth and Assistant Secretary of State John Shattuck, met with Mr. Ramos-Horta.

We share Mr. Ramos-Horta's concerns about human rights in East Timor, as well as the need for reconciliation, and we recognize his tireless efforts to bring the plight of the people of the territory to the attention of the international community.

As Mr. Ramos-Horta himself has said, and I quote, "President Clinton is knowledgeable and sensitive about East Timor."

In March, we once again cosponsored a resolution at the UN Human Rights Commission on the situation in East Timor, and the President has raised this issue in meetings with Indonesian President Soeharto.

We have also strongly supported the efforts of the UN Secretary General to encourage dialogue among the Indonesians, the Portuguese and the people of the territory.

Election Process

Q: What is the Administration's view of the violence associated with the election process in Indonesia?

A: We deplore efforts to suppress the peaceful expression of political views or attempts to influence the election process. We encourage all elements of the Indonesia political spectrum to exercise restraint and work to ensure the late May elections are free and fair.

UN ARREARS

- The Administration has proposed a package of reforms concentrating on three broad areas: budget, personnel and oversight. We would not begin to pay our arrears until after the UN demonstrated that it had adopted these reforms. In only two years, the Administration's reforms would reduce the costs to the U.S. taxpayer of American membership in the UN system by nearly 10%.
- We have a window of opportunity in 1997 to achieve our reform objectives but it will soon close. The appointment of a new reform-minded UN Secretary General has increased the momentum for UN reform. In addition, this is the year that the UN's assessment rates and two-year budget will be set.
- The NYT story characterized our negotiations with the hill as "stalled". That is not the case. Much progress has been made, though perhaps not as fast as we would prefer and significant issues still remain. The administration supports the concept of benchmarks; the negotiations are over specifically which benchmarks should be enacted into US law.
- The President is asking the Congress to pay the arrears over two years to give our negotiators the diplomatic leverage they need to secure these reforms. Many nations do not believe American promises to pay our arrears -- they've heard it all before. Five years is therefore too long and will not be credible. If we can demonstrate to other member states that the United States will pay off its debts in a credible amount of time, then we have a good chance of succeeding. But if we cannot, then our chances are practically nil.

ANNIVERSARY OF TIANANMEN TRAGEDY

Q: Do you have any comment on the anniversary of the June 1989 Tiananmen tragedy?

A: This week marks a tragic anniversary for the Chinese people. In the Spring of 1989, Chinese students, workers and others began a series of peaceful demonstrations in Beijing that spread throughout the country. During the next several weeks, the world's attention was focused on Beijing's Tiananmen Square, which was filled with tens of thousands of Chinese citizens. On June 3-4, 1989, the world watched as the Chinese Government crushed the pro-democracy demonstrations.

We have urged the Chinese Government on many occasions to make a full accounting of those who disappeared in the Tiananmen tragedy of June 1989, and to release all political and religious prisoners. On this tragic anniversary, we once again urge China to take these steps.

The Chinese Constitution and the Universal Declaration of Human Rights guarantee freedom of speech and petition, and we call on the Chinese Government to allow its citizens to exercise these rights freely.

CHINESE EXECUTION/ARBITRARY POLICE POWER

Q: Do you have any comment on the summary execution in Xinjiang of eight Muslims, charged with bombing buses there?

A: We are aware of reports of growing problems with terrorist incidents in Western China, but have little reliable information on the situation. While our abhorrence for terrorist acts is well-known, we also have significant concerns about the absence of due process in China's criminal justice system.

Q: Is China a police state, as the New York Times article implies?

A: Certainly the level of police presence in many areas of China is intrusive, and its intolerance for political dissent constitutes one of the principal disagreements the United States has with China. We also note the article points out the rapid process of change that has taken place in China over the last 2-3 decades. We believe the direction of change has been toward a broadening of some democratic rights in China, and we hope that trend will continue.

GEPHARDT OPPOSITION TO MFN

Q: Minority Leader Gephardt has come out in opposition to MFN renewal for China. Is this a blow to the Administration's renewal efforts?

A: Mr. Gephardt opposed MFN last year. We disagree with him, but respect his decision to do so again this year. However, this does not in any way change the President's view that extending normal trade status to China is the best way to integrate China further into the family of nations, and to secure our interests and ideals. Every President who has confronted the issue has supported MFN for China.

If we were to revoke normal trade status we would isolate ourselves cut off our contact with the Chinese people and undermine our influence with the Chinese government. Revocation would undermine America's security, non-proliferation, and economic interests, Engagement is the best way to advance the rule of law or respect for human rights in China. If we are to help shape China's direction, we must actively engage China on all fronts, using the appropriate tools at our disposal, not the blunt instrument of MFN revocation.

MFN

WHY CONTINUATION OF NORMAL TRADE STATUS IS IN THE NATIONAL INTEREST OF THE UNITED STATES:

- **ENGAGEMENT:** President Clinton's strategy is clear: US interests are best served by a secure, stable, open and prosperous China. The manner in which we engage China will help determine whether it becomes integrated into international norms and institutions or whether it becomes more isolated and unpredictable. This vote must be about how best to promote U.S. interests--not an endorsement of China's policies. Extending to China the same normal trade treatment we give to virtually every nation on earth will help further integrate China--and promote the interests of the American people.
- **INTERNATIONAL COOPERATION:** China's adherence to international norms is fundamental to advancing the interests of the American people. On nonproliferation, China has joined us in the NPT, CTBT, and CWC regimes. China is a constructive contributor to maintaining stability on the Korean peninsula and bringing North Korea into peace talks. We have a strong bilateral program to combat alien smuggling, narcotics trafficking and terrorism. Negotiations on China's adherence to WTO norms and standards are moving forward, building on past trade successes such as last year's intellectual property accord. MFN extension supports our efforts to subject China to the same international discipline as other major powers and builds on cooperation in important areas.
- **HONG KONG:** Hong Kong is the gateway of trade between the US and China. Revocation of MFN would seriously weaken the people of Hong Kong just when they need to assert their strength and autonomy. The Hong Kong Government estimates that revocation would: slash trade by \$20-\$30 billion, eliminate 60,000-85,000 jobs, cut economic growth by well over 50% and reduce income by \$4 billion. That's why Hong Kong leaders across the political

spectrum, including Hong Kong Democratic Party leader Martin Lee and Governor Patten favor renewal of MFN.

- **JOBS:** Today an estimated 170,000 U.S. jobs depend on exports to China. U.S. exports to China have more than tripled over the past decade and China is now our fifth largest trading partner, accounting for \$12 billion of U.S. exports. Revocation would derail the talks on China's entry into the World Trade Organization, under which China would reduce its trade barriers substantially, creating new export opportunities for U.S. companies and workers. Revocation would invite retaliation against U.S. exporters and investors. Revocation would also hurt U.S. consumers, who could pay upwards of half a billion dollars more in a single year because of higher tariffs on such products as shoes and clothing.
- **HUMAN RIGHTS:** Engagement does not mean endorsement. The Administration has consistently pressed its human rights concerns with China, including most recently in Geneva at the UN Human Rights Committee. Over time normal trade and continued economic engagement opens up Chinese society. Every year, thousands of Chinese employees of U.S. companies visit this country, gaining exposure to our politics, economy and personal freedoms. Revoking normal trade status will diminish these growing ties and play into the hands of those in China who want less openness.
- **RELIGIOUS FREEDOM:** Revocation would also set back the cause of winning religious freedom in China. This is the view of the China Service Coordinating Office, an organization serving more than one hundred Christian organizations in China. They fear the following effects: doors will be closed for service through educational, cultural and other exchanges; revocation would undermine Hong Kong and Taiwan, hurting their Christian outreach to the mainland
- **TAIWAN:** Revocation would damage Taiwan's economy, with \$20-30 billion invested in the mainland. Taiwan's economic viability is in the interest of the American people.

Iran Files

Q: What do you think about CIA destroying its records on the 1953 coup?

A: The destruction of the CIA records on its 1953 operations in Iran leaves us with an incomplete understanding of those significant events. It is important now that CIA try to piece together the record of its activities in Iran during that period from the memories of those involved. We understand CIA will undertake such a project.

If asked:

Q: How about two DCI's telling the American people that CIA would release these records when they had actually been destroyed thirty years ago?

A: Obviously DCI Gates and DCI Woolsey had no reason to believe that the documents were not still intact.

If pressed:

Q: How about that CIA not letting the DCI know that they had destroyed documents?

A: I would refer you to the Agency for the details on when the documents were destroyed and when this information came to light.

Openness/Guatemala Issue

- We would note that CIA has taken extraordinary steps toward openness over the past five years.
- The Agency, for the first time, is about to release to the public volumes of documents relating to a covert action, the 1954 coup in Guatemala.
- We are confident that CIA will continue to release documents of historical interest, consistent with the protection of sources and methods, but understand that such a process necessarily takes time.

Budget/Suit

- The President has previously endorsed the public disclosure of the aggregate appropriation for intelligence and intelligence-related activities of the United States at the time the appropriations are passed by Congress.
- Former DCI Deutch, in testimony to the Congress, agreed. The administration would support such a provision in the intelligence authorization act.

Q: What is your reaction to the Algerian election results?

A: As we noted before the election, this is an important opportunity for Algerians to express their views.

We are waiting for reports from the international observers and our own Embassy on the election before we comment on the results and the fairness of the voting.

(FYI--there are some 100+ UN approved observers in Algiers, including some US NGOs, who have yet to state their judgment on fairness, etc. we should wait for them to speak before going beyond above)

Bus Bombing in Algiers

Q: What is your reaction to yesterday's bus bombings in Algiers, which appear to be linked to the upcoming elections?

A: We condemn these brutal acts of terrorism in the strongest terms. We deplore the loss of life and the injuries to innocent civilians. The U.S. offers its condolences to the families of the victims, and calls for an end to the violence that has plagued Algeria for so many years.

Q: Will such attacks have an impact on the June 5 elections?

A: The legislative elections will be an important crossroads in Algerian political development. Peaceful, honest elections could help Algeria emerge from the violence that followed the cancellation of elections in 1992. Terrorism and violence have no role in such processes.

MIDDLE EAST PEACE PROCESS

BERGER MEETINGS ON JUNE 4

Q: What can you tell us about Berger's meetings with General Shahak and Osama El-Baz?

A: The meetings were intended to give us an opportunity to review the current situation in the Middle East and efforts to revive the peace process.

General Amnon Shahak is the Chief of Staff of the Israeli Defense Force. Mr. Berger underscored the President's unshakable commitment to Israel's security as well as to the preservation of Israel's qualitative edge.

With Osama El-Baz, Political Advisor to Egyptian President Mubarak, Mr. Berger had an opportunity to express the President's strong support for Egypt's efforts to revive the Middle East Peace Process.

BERGER CALL WITH PM NETANYAHU

Q: What can you tell us about Mr. Berger's phone conversation with PM Netanyahu?

A: The conversation focused on efforts to revive the peace process. The PM and Mr. Berger exchanged assessments and agreed to keep working to get the process back on track.

NETANYAHU "PEACE PLAN"

Q: What is your reaction to the peace plan PM Netanyahu laid out in Jerusalem this week?

A: We are aware that PM Netanyahu and other Israeli officials have recently made some statements on Jerusalem and other issues of concern to the Palestinians, but we know of no new Israeli peace plan.

Q: What about his recent statements on Jerusalem, for example? What is your view on them?

A: Our views on Jerusalem are well known. It is a subject to be addressed in permanent-status negotiations between the Israelis and the Palestinians.

UN SANCTIONS

Q: What is your reaction to reports that support for UN sanctions on Iraq is eroding?

A: We are determined to see the sanctions regime remain until Iraq complies fully with all the UN Security Council resolutions.

The Security Council has met 37 times since 1991 to review the sanctions and each time has unanimously decided to keep them in place. We will continue to work with our coalition partners to keep sanctions in place and we are confident we will be successful.

The US Navy and our coalition partners continue to effectively enforce sanctions compliance in the Persian Gulf.

Q: What is your view of oil companies signing new agreements with Iraq to exploit its oil?

A: We oppose such deals as a violation of the sanctions. We have made clear to appropriate governments our opposition to such arrangements. We believe there is a good chance that a future government in Iraq after Saddam will not live up to any deal made by Saddam.

RENEWAL OF UNSCR 986 PROGRAM

Q: Any thoughts on the renewal of UNSCR 986?

A: We hope that this decision will help ease the suffering of the people of Iraq. Our disagreements are not with the people of Iraq, but with their leaders.

Renewing 986 is important for meeting the urgent needs of the Iraqi people. As Ambassador Richardson said yesterday, we still have some reservations about the implementation of the resolution. We want the Iraqis and the Secretariat to provide more timely and accurate information. Addressing these concerns will be important for future decisions on 986.

If asked:

Q: Has the U.S. held up contracts under 986 and has this delayed the provision of humanitarian commodities to Iraq?

A: Our goal in this process has always been to ensure that the urgent humanitarian needs of the Iraqi people be met.

The contract approval process exists for one reason: to make sure that the money from the oil sales is used properly and that the food and medicine get to those who need it most.

This system would not have been necessary were it not for the Iraqi regime's long, well-documented record of evading its UN obligations and disregarding the needs of its own people.

I refer you to the UN Secretary General's report on the first six months of the program, which cites some examples of Iraq's attempt to evade proper monitoring of 986. There are others, but the point is the record of Iraq's intention to evade sanctions rather than the details of particular evasions.

Khobar Bombing

Q: What about the Sayegh story?

A: This is an ongoing investigation.

I am not going to comment on this issue.

- Committed to getting fast track through the Congress.
- Will continue to work with Congress to pass fast track authority.
- High level Administration officials have been meeting with key members on both sides of the aisle to push this legislation forward.
- Hopeful that we will succeed.

Q: It has been reported that the President is planning to delay his request for fast track authority to accommodate the budget process. Is that true? Does this signal Administration retreat on fast track? Has Gephardt scared the President off?

A: Not at all. The President is still firmly committed to seeking fast track authority to open foreign markets. It is critical if we want to continue creating good jobs for American workers.

Every President since Ford has had fast track authority for key periods, and the reasons for it now are more compelling than ever. Over 11 million U.S. jobs now depend on exports, and these jobs pay 13-16 percent more than the average U.S. job. Today, 95 percent of the world's consumers live outside the U.S., and the vast majority of those consumers live in the emerging and fastest growing markets of Latin America and Asia. We simply must continue to open these markets for U.S. exports if we are to succeed in the global economy.

We cannot afford inaction. If we are not seizing opportunities to break down trade barriers and open foreign markets, we can be sure other countries will act -- to the benefit of their companies and their workers.

The United States has nothing to fear. We are the most competitive large economy in the world as judged by independent experts. But our ability to define the nature of our trade relationships will in significant measure determine our leadership role in the next century. Fast track authority is the most important factor determining these relationships.

As you know, we have been consulting with Congress to develop bipartisan support for this legislation. We think that is the best way to build a strong foundation for this effort. We will continue to consult with Congress as to the substance, tactics and timing of the fast track initiative.

Q: It has been reported that the Administration is weighing the dropping of labor and environmental goals from fast track trade authority legislation, a move certain to infuriate labor unions. Is this true?

A: As we have stated before, our goal is to build the broadest possible support for the fast track legislation. To that end, Ambassador Barshefsky and others have been consulting actively with members of Congress representing all points of view on this subject, and with all interested parties, including organized labor. We will continue to do so with the goal of enacting legislation that receives broad support.

TRIPS AND VISITORS

- President Kiro Gligorov of the Former Yugoslav Republic of Macedonia in Washington June 17 for working visit with the President.
- Denver Summit of the Eight June 20-22.
- Australian Prime Minister John Howard to meet with President Clinton at the White House on June 27.
- POTUS will travel to Denmark in July in conjunction with the July 8-9 NATO Summit in Madrid.
- President's visits to Brazil, Argentina and Venezuela rescheduled to October 12-17.
- APEC Summit in Vancouver November 24-25.

Visit of President Aliyev of Azerbaijan

Background: The President wrote Aliyev May 10, inviting him to visit Washington, "perhaps in late July or August." Amb Kauzlarich delivered the letter to Aliyev on Saturday, who promptly had the part regarding the invitation read to the Azeri press.

- POTUS has invited Aliyev to visit Washington; date TBD, possibly in the late summer.

Visit of President Shevardnadze

Background: VOA informs us that the Georgian state news agency is reporting that Shevy is coming here in August to see Clinton.

- The President wrote to Shevardnadze on May 31 (letter presented on June 2 by Amb. to Shevy) inviting him to DC for a meeting sometime in August (date to be tied down in near future). Shevy accepted the invitation on the spot.

Q: What is the USG's reaction to the ASEAN foreign ministers' decision to admit Burma, Laos, and Cambodia into ASEAN during that organization's July 25-26 ministerial meeting in Kuala Lumpur, Malaysia?

A: Our concerns about the SLORC's (State Law and Order Council) policies are well known. It has violated the rights of its own citizens and taken actions that undermine stability in the region by producing refugee flows and allowing Burma to remain a major source of narcotics.

ASEAN shares these concerns and, like the U.S., wants to see them addressed.

We have acknowledged that decisions about ASEAN's membership are for ASEAN member nations to make.

We nonetheless regret that ASEAN appears to have invited Burma to join its organization at this time.

We will look to ASEAN to urge the SLORC to seriously address our mutual concerns by entering into a productive dialogue with democratic forces in Burma and by ceasing its actions that damage stability in the region.

Q: Doesn't this decision constitute a rejection of U.S. and Western pressure to keep Burma out of ASEAN?

A: The U.S. relationship with ASEAN spans a range of important political, security, and economic issues of joint concern.

We look forward to continuing to work with this key group of nations to further our mutual interests in stability and economic growth in Southeast Asia.

At the same time, we now look to ASEAN to persuade the SLORC to enter into a productive dialogue with democratic forces in Burma and to cease its actions that have undermined stability in the region.

Bosnia Implementation Plan/European Trips

- The President engaged our European Allies on the way ahead on Bosnia in his meetings in Europe last week. At the President's direction, we have recently conducted an extensive policy review and developed a Bosnia implementation plan aimed at reinvigorating U.S. and international efforts to bring self-sustaining peace to Bosnia. A key conclusion of our review is that Dayton remains the only viable framework for long-term peace.
- Secretary Albright briefed our re-energized approach to our Contact Group partners and the parties at the Peace Implementation Council Steering Board Ministerial on May 30. She followed up on her travel to the region over the weekend by further pressing the parties hard on their obligations.
- Both Allies and the parties welcomed our renewed efforts to ensure timely, concrete progress on implementation. Secretary Albright was particularly firm and specific in her meetings with the parties on the need for improved performance in areas such as war crimes, public security, refugee returns and joint institutions.
- Dayton's continuing success is evident in the substantial progress we have made since we began the implementation effort: stopping the fighting, separating the warring factions, holding successful national elections, creating joint institutions, making great strides in economic reconstruction, and gradual momentum on freedom of movement and return of refugees and displaced persons.
- The implementation plan is a detailed step-by-step road map aimed at creating a self-sustaining peace beyond June 1998, establishing courses of action and benchmarks in all priority implementation areas.
- Priority areas are:
 - bringing war criminals to justice;
 - improving indigenous public security capabilities to maintain law and order;
 - preventing a resumption of fighting after SFOR departs by promoting military balance through completion of train and equip program and arms reductions;
 - advancing development of democratic, self-sustaining joint institutions and promoting the rule of law;
 - securing consistent progress on the return of refugees and displaced persons and the ability of all Bosnians to move freely throughout the country; and
 - enhancing economic reconstruction, inter-entity commerce and accelerated distribution of economic assistance to all areas of Bosnia;
- The plan calls for a strategy to develop and apply greater incentives and other forms of leverage to give the parties a stake in implementing Dayton and to overcome their differing visions of Bosnia's future. **We will link cooperation with Dayton with all aspects of our implementation effort using economic, political and every other form of leverage we have available.**

- We will also be launching an intensive campaign to reinvigorate the international effort. The goal is to re-focus implementation efforts and rally the international community on areas where we expect greater support, such as international police.
- We are introducing new programs to effectively and quickly target economic assistance to "Open Cities" that accept return of refugees and displaced persons from other ethnic groups.
- Implementation of Dayton and bringing long term peace and reconciliation to Bosnia remains a long term process and much work remains to be done. Nevertheless, we should take heart in all that we have accomplished and re-focus our efforts in order to finish the job.

Train and Equip Program

- The international Train and Equip program is successfully helping to establish a stable military balance in Bosnia, which is one of the keys to establishing a lasting peace in the region. The recently announced delivery order of 116 refurbished howitzers and 21 heavy equipment transporters from U.S. Army excess stocks to Bosnia is part of the ongoing program to meet the defense requirements of the Federation, as identified shortly after Dayton, and within the parameters of the Bosnia arms control agreements.
- The T&E program continues to facilitate concrete progress in the formation of joint Federation defense structures that will be critical to strengthening the Bosniak-Croat Federation. The latest step forward in this regard, announced in Sarajevo last week, are the agreements between Presidents Izetbegovic and Zubak on a joint Federation Military Strategy and on key commands.

War Criminals

- We continue to remain deeply concerned with the slow progress on war crimes front in Bosnia. Recent convictions in a German Court and by the International Criminal Tribunal are important steps toward justice in Bosnia, a key ingredient to long-term peace.
- With these convictions and the recent delivery of indicted war criminal Zlatko Aleksovski to the Hague, it is clear we are making slow progress on war crimes. 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 pressed about sending teams of special police or commandos to arrest war criminals:

- We have been examining several options to assist and enhance the ability of the Tribunal to bring indicted war criminals into custody. One option may be to establish some sort of capability to execute the court's arrest warrants. We are studying the feasibility of these options but have made no decisions yet.

Radovan Karadzic

- Karadzic was removed from office and remains banned from any public or political role as agreed by Republika Srpska. We continue to monitor the situation and will insist that Republika Srpska live up to their agreement. We remain concerned about his potential influence and will not be satisfied until he is brought to justice in the Hague.

Supplemental Amendment for Date Certain Withdrawal from Bosnia (passed by Senate)

- We strongly urge that this legislation not be further pursued. President's senior advisors would recommend a veto to the bill if an amendment is adopted that would mandate a date certain for withdrawal of U.S. forces from Bosnia — even a date of June 1998, when SFOR's mission is scheduled to end.
- An amendment requiring a withdrawal by a date certain — with no regard for the situation on the ground or prospects for self-sustaining peace — would seriously restrict the flexibility of our military commanders in completing their mission and jeopardize the secure environment needed for civilian implementation.
- We continue to believe SFOR's mission (18 months) should provide sufficient time to establish the conditions to maintain security and stability without an outside military presence. We have no desire or plan to extend the mission beyond mid-1998.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June 3, 1997

STATEMENT BY THE PRESIDENT

Resumption of Belfast Talks

Today in Belfast, Senator George Mitchell reconvened the talks on the future of Northern Ireland that began almost a year ago. I call on the political leaders to seize this precious opportunity and begin the hard but worthwhile work of negotiating a just and lasting settlement. To engage in serious negotiations, to be willing to make principled compromises, requires courage and creativity. Now is the time for the representatives of the people to show the good sense and good will that I saw in such abundance when I visited Northern Ireland. The United States will continue to stand with them as they take on, with the two governments, the demanding task of shaping a peaceful and prosperous future in which all the people of Northern Ireland will have an equal stake.

As I have said so many times, ideally all the elected parties should be at the table when the decisions that shape the future are made. If the IRA declares and implements an unequivocal cease-fire, I am confident that Sinn Fein will be invited to add its voice to the other parties' at the table as they forge a new future for themselves and their children.

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High-Level Talks with Sinn Fein

- The United Kingdom has taken strong steps in pursuit of a cease-fire in Northern Ireland that would lead to inclusive peace talks.
- We have been urging the IRA to declare an unequivocal cease-fire as a precondition for Sinn Fein's participation in such talks.
- Those discussions have been ongoing since the previous cease-fire was broken.
- The U.S. has had contacts at high levels with all of the parties to reinforce this message. Some of these contacts have been well-publicized, such as last week's meeting between British Northern Ireland Secretary Mowlam and National Security Advisor Berger.
- We have not, however, chosen to publicize all of our contacts.

PEARSON DEPORTATION

Background: DOJ has decided to appeal the lower court's ruling that Brian Pearson is eligible to stay in the U.S. Pearson served time for an IRA bombing (of a military/ policy barracks--no one injured) before coming to the U.S.

- This decision was made by the Department of Justice on legal grounds. Questions concerning the case should be referred to DOJ.
- If asked: This is a deportation case; our policy toward Northern Ireland was not at issue. That policy is clear --we strongly condemn IRA terrorism and will continue to support efforts to achieve a just and lasting peace in Northern Ireland.

MITCHELL RESIGNATION AS SAPASS FOR ECONOMIC INITIATIVES IN IRELAND

[Background: It has not been made public yet but Senator Mitchell has submitted a letter to POTUS resigning his position as Special Advisor to the President and Secretary of State for Economic Initiatives in Ireland -- a position he has held since late 1994. Ideally, we would prefer to announce it at same time his successor is named, which will take a few weeks.]

- Yes, Senator Mitchell has decided to give up position as Special Advisor to President and Secretary of State for Economic Initiatives in Northern Ireland. Will of course continue as chair of Belfast peace talks; in fact, understand his decision to resign the economic job based on need to devote his time to the talks.
- We are moving to select a successor to Senator Mitchell to oversee Administration support for economic initiatives. Creating jobs through investment and trade is key to underpinning Northern Ireland peace process over long term.

CONTINUED IRA VIOLENCE

- Strongly condemn continued IRA violence in Northern Ireland and in Britain, urge immediate, unequivocal cease-fire.
- Belfast peace talks (now in recess until June) have best chance of long-term success if they are inclusive (that is, if Sinn Fein participates) but that can only happen after IRA cease-fire.

ON WHETHER IRA NEEDS TO DISARM BEFORE JOINING TALKS

- U.S., like British and Irish governments, have accepted the report issued last year by Senator Mitchell and his colleagues, which suggested decommissioning of arms in parallel with talks.

What is your reaction to the study published today in the New England Journal of Medicine showing no evidence that Persian Gulf veterans face increased risk of having children with birth defects?

- We welcome publication of this first-rate study addressing an important concern of the men and women who served our nation in the Persian Gulf.
- The study compared the birth records of children born at military hospitals to virtually all active duty military members who served in the Persian Gulf (a total of nearly 580,000 men and women) with those of a parallel group of 700,000 service members who were not deployed to the Persian Gulf. The results should reassure all Persian Gulf veterans, whether or not they personally have experienced possible Gulf War-related illnesses, that their family planning can proceed without worry about second-generation health problems related to Persian Gulf service.
- We also note that this study is just one element in a large and comprehensive research program being conducted by many researchers in coordination with DOD, HHS, and VA. Additional research designed to address other important Persian Gulf-related health concerns in as thorough and credible a manner remains in progress, and we look forward to communicating future results to Persian Gulf veterans and others as soon as they become available.

How do you respond to criticism that because the study omitted some populations, it may have overlooked evidence of increased risk of birth defects?

- My understanding is that the New England Journal of Medicine is a well-respected publication with high standards for the quality of the research published.
- Beyond that, I would have to refer you to the study authors and their peers in the scientific community who are qualified to discuss the details and evaluate the merits of this study.

What is your reaction to the findings in the Presidential Advisory Committee (PAC) supplemental letter report that (1) there was information even prior to the Gulf War raising cause for concern about chemical weapons storage at Khamisiyah; and (2) that there was "substantial mismanagement and lack of communication" between the military and intelligence community on this information?

- Important here at the outset to note that we are where we are today -- with all of the recent and continuing document releases -- because of the President's direction to get out all of the facts, and DOD and CIA's commitment to carry out that direction...
- DOD and CIA have already stated for the record that their handling of Khamisiyah-related information should have been better, and they are both committed to capturing the appropriate "lessons learned"...
- Moreover, both agencies currently have their IG staffs investigating the related issues, and their reports are expected this summer...

Why was there, in the PAC's words, "no serious [executive branch] effort to examine the possibility of chemical warfare agent exposure of U.S. troops at Khamisiyah until late 1995" when there were documents available raising this concern by December 1991?

- No question that the recently-released documents should have been identified and released much earlier; this figured prominently in the President's decision in JAN 97 to extend the PAC he established in MAY 95 in order to provide independent oversight of the ongoing process...
- These documents are being identified and released now in response to the President's direction to get out all of the facts...
- As to why these documents did not come to light earlier, the various ongoing IG and other investigations at DOD and CIA should help us to understand what happened...

The PAC found that there is no single entity integrating the data for a comprehensive assessment of the government-wide response to Khamisiyah; the PAC also questioned how individual accountability will be addressed. What is the White House view?

- First, the PAC's recommendation that a "presidential-level" entity to integrate intelligence community "lessons learned" is consistent with the Administration's commitment to take full advantage of the Gulf War experience to improve our preparedness and planning for future deployments -- this recommendation will be carefully considered when the President receives the PAC's interim letter report and the accompanying agency responses...
- DOD and CIA have asked former SEN Warren Rudman to advise both agencies on the GWI problem. SEN Rudman is well-qualified to undertake a review of all investigative findings, and his efforts will enhance our ability to integrate the intelligence "lessons learned"...
- With respect to accountability, our understanding is that there is no evidence to date of individual misconduct. If and when any such evidence comes to light, the DOD and CIA IG and other investigators tackling the many issues involved would document and refer that evidence to their respective agency heads as a matter of course...

The PAC believes that an EPA-type approach would be appropriate for the long-delayed Khamisiyah modeling effort and that veterans deserve to learn the results of a full-range of modeling scenarios (including worst-case events). What is your reaction?

- DOD and CIA recently formed a joint modeling team to take this work forward to conclusion as rapidly as possible, with the projected completion date of 21 JUL 97...
- The PAC's assessment that EPA-type modeling may be useful or even more appropriate will need to be evaluated by the joint DOD/CIA team...
- In terms of targeted notification letters, DOD has already sent out letters to those personnel within 50 kilometers of Khamisiyah, and will conduct additional notifications if necessary...
- Most important here is that the issue of notification has no bearing on the eligibility of veterans for physical examinations, health care, and compensation -- and DOD and VA have strongly encouraged all Gulf War veterans to take full advantage of the available programs...

Is DOD using the Privacy Act as a "shield" to block the PAC's "unfettered access" to the critical information they need?

- Our understanding is that earlier this year DOD lawyers noted Privacy Act legal concerns about certain information being provided to the PAC in response to their requests...
- We have confirmed that the Privacy Act does have application and have been informed that the required legal steps are being taken to obtain the consent of individuals providing information for release of that information to the PAC...

Is the PAC likely to be extended again given the many problems still remaining?

- The PAC has a critical role to play -- the White House is relying on the PAC's expertise and independent assessments to enhance program quality across the full spectrum of government activity related to Gulf War illnesses...
- Any discussion of extending the PAC would be premature at this juncture given the many initiatives currently underway and the amount of time remaining before the end of the initial extension period (31 OCT 97)...

The intelligence community admits making mistakes in its handling of the Gulf War illnesses investigation, and the many recently-declassified documents clearly should have come out much sooner. With much of the related activity occurring during George Tenet's tenure at CIA, does the Director-designate retain the President's full confidence?

- Absolutely.
- The CIA has contributed a tremendous amount to our knowledge about chemical weapons in the Gulf War theater and specifically about exposure incidents that might be related to undiagnosed Gulf War illnesses.
- George Tenet is fully supportive of the President's commitment to get out all the facts, and has increased the level of resources devoted to the Gulf War illnesses problem when new information indicated the need to do so.

What has the Administration done for Gulf War veterans who are sick?

- Through the dedicated efforts of DOD and VA personnel, veterans are receiving the care they need for Gulf War illnesses, whether diagnosed or undiagnosed.
- Overall, to date -- (1) DOD & VA toll-free help lines; (2) 80,000+ free medical exams; (3) 26,000+ compensation claims approved; (4) special legislation paying disability for Gulf veterans with undiagnosed illnesses, with an extension of the presumptive period for undiagnosed illness compensation forthcoming soon; (5) thousands of pages declassified; and (6) 90+ federally-sponsored research projects completed or underway.

DENVER SUMMIT

Q: Why are we not inviting African leaders to Denver, given that we are talking about Africa in Denver?

A: It is the general practice of the G-7 leaders not to meet with other heads of state and government at their annual meetings. Every year, a large number of such requests are received and it would fundamentally change the nature of the meetings if participation in the meetings were to be expanded significantly.

(IF ASKED): Russia's special circumstances and its status as a major industrialized democracy have led the G-7 to invite Russia to participate on a regular basis in recent years.