

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the William J. Clinton
Presidential Library Staff.**

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Press Secretary

Series/Staff Member: General Files

Subseries:

OA/ID Number: 10858

FolderID:

Folder Title:

Daily Press Guidance - June 9, 1997

Stack:

S

Row:

93

Section:

1

Shelf:

1

Position:

1

4/9/97

Daily Press Guidance

Monday
June 9, 1997

(For internal use only.)

updated on 7/9/97
G-Drive

Press Guidance
Monday, June 9, 1997

Schedule

1. Cloning - Bioethics
2. Education event - Education

Domestic

1. Church Burnings *Church Burnings*
2. Budget Q&A - *Budget*
3. DC Tax Plan - *Republican Related*
4. Race - *Race Relations*
5. Flag Burning - *Flag*
6. Tobacco - *Tobacco*
7. Disaster Supplemental - *FEMA*

Foreign

1. Denver Summit
2. DROC (Ex-Zaire)
3. Republic of the Congo (Brazzaville)
4. Sierra Leone
5. Libya/Pan Am
6. Canada
7. Ralston
8. Cyprus
9. Kazakstan/Iran
10. France
11. India
12. Turkey
13. Madrid Summit/NATO Enlargement
14. Russia/ABM Treaty
15. NATO/Russia
16. Russia/NIS
17. Iran
18. Korea
19. Indonesia
20. UN
21. China
22. CIA
23. Algeria
24. Middle East
25. Saudi Arabia
26. Fast Track - *Foreign*
27. Trips and Visitors
28. Burma
29. Bosnia
30. Ireland
31. Northern Ireland
32. Gulf War Illness
33. Gingrich and Nicaraguans

PRESIDENT CLINTON ANNOUNCES CLONING PROHIBITION ACT OF 1997

June 9, 1997

Today at the White House, President Clinton will receive the National Bioethics Advisory Commission's report on human cloning and transmit to Congress the "Cloning Prohibition Act of 1997." This legislative proposal would implement the Commission's key recommendation for legislation to prohibit any attempt to create a human being using somatic cell nuclear transfer technology. The President will be joined in the Rose Garden by the Vice President and Commission Chairman Dr. Harold Shapiro.

The National Bioethics Advisory Commission (NBAC) Report

President Clinton today accepts the NBAC's report on the possible cloning of human beings. In February, following reports of the successful cloning of a sheep, the President asked the NBAC to review the profound ethical issues raised by the possible cloning of human beings. Today, Dr. Harold Shapiro, Chair of the Commission and President of Princeton University, formally presented the report to the President.

The Commission found unanimously that it is morally unacceptable for anyone to attempt to create a child with the technology used to create Dolly the sheep. The NBAC reported that attempting to create a child using so-called somatic cell nuclear transfer cloning would pose great risks to the child and raise other ethical issues needing further discussion. The NBAC called for a moratorium on the use of the technique in humans.

The Commission also found that the new technology may have many agricultural and medical benefits, including the development of medicines, therapies for diseases such as cancer, cystic fibrosis, and diabetes, and prospects for repair and regeneration of human tissues. The NBAC concluded that the cloning of DNA, cells, tissues, and non-human animals --using somatic cell nuclear transfer and other cloning techniques --is not ethically problematic when conducted in compliance with existing regulations and guidelines.

Cloning Prohibition Act of 1997

Acting on the Commission's key recommendation, President Clinton announced legislation banning the use of the new technology to clone human beings. Consistent with the NBAC's recommendation, the President's legislative proposal prohibits for five years the use of somatic cell nuclear transfer to create a human being and directs the NBAC to report to the President in four and a half years on whether to continue the ban. The proposal is carefully worded to ensure that it will not interfere with beneficial biomedical and agricultural activities.

Further Actions By The President

As recommended by the NBAC, President Clinton today also:

- **Reaffirms that no Federal funds will be used to clone human beings.** The President stated that the prohibition he put in place in March will remain in effect while his proposed legislation is pending.
- **Urges privately funded scientists and clinicians to adhere to the voluntary moratorium he called for in March.** The President asked these professionals to work through their societies and associations to ensure that all adhere to the current voluntary ban while his proposed legislation is pending.
- **Pledges to work with other countries to enforce the prohibition.** Several other countries, including Great Britain, Denmark, Germany, Australia, and Spain, have banned human cloning.

MEMBERS OF THE NATIONAL BIOETHICS ADVISORY COMMISSION

Harold T. Shapiro, Chair of the National Bioethics Advisory Commission, is the President and Professor of Economics and Public Affairs, Princeton University, and is a world-renowned educator and economist. He is a member of numerous honorary professional societies including the Institute of Medicine and has been awarded many honorary degrees. Dr. Shapiro serves on advisory boards to several public organizations and corporations and is a past member of the President's Council of Advisors on Science and Technology (1990-1993). He earned a B-Comm. from McGill University, and M.A. and Ph.D. in economics from Princeton University.

Patricia Backlar of Oregon, is Senior Scholar at the Center for Ethics in Health Care, Oregon Health Sciences University, where Ms. Backlar specializes in issues concerning individuals with severe and persistent mental disorders. She attended Vassar College, McGill University and Yale University, and holds a certificate in health care ethics from the University of Washington School of Medicine. Senator Hatfield supported Ms. Backlar's candidacy.

Arturo Brito of Florida, is Assistant Professor of Clinical Pediatrics at the University of Miami School of Medicine. Dr. Brito is also the Medical Director of the Pediatric Mobile Clinic of Miami. Dr. Brito earned his M.D. at the University of South Florida and interned at Emory University in pediatrics.

Alexander M. Capron of California, is co-director of the Pacific Center for Health Policy and Ethics at the University of Southern California. Professor Capron specializes in legal-medical issues and biomedical ethics. He is a member of the Institute of Medicine, a founding Fellow of the Hastings Center and a past member of the Human Gene Therapy Subcommittee of the NIH Recombinant DNA Advisory Committee. Professor Capron received his B.A. with high honors from Swarthmore College and his LL.B. from Yale University.

Eric J. Cassell of New York, is Physician to In-Patients at The New York Hospital-Cornell Medical Center. For five years, Dr. Cassell directed the Cornell University Medical College Program for the Study of Ethics and Values in Medicine. Dr. Cassell received a B.A. from Queens College, an M.A. from Columbia University, an M.D. from New York University School of Medicine and is board certified in internal medicine. Dr. Cassell's candidacy was supported by Senator Moynihan.

R. Alta Charo of Wisconsin, holds joint assistant professorships in the University of Wisconsin Medical and Law Schools. A Fellow of the Hastings Center, Ms. Charo has also held government appointments in the Office of Technology Assessment and the U.S. Agency for International Development. Ms. Charo earned an A.B. in biology, cum laude, from Harvard-Radcliffe College and a J.D. from Columbia University School of Law.

James F. Childress of Virginia, is the Edwin B. Kyle Professor of Religious Studies and Professor of Medical Education at the University of Virginia, where he is also the co-director of the Virginia Health Policy Research Center. Dr. Childress is the author of numerous articles and several books on biomedical ethics and is former vice-chairman of the National Task Force on Organ

Transplantation. He received his B.A. from Guilford College, B.D. from Yale Divinity School and M.A. and Ph.D. from Yale University.

David R. Cox of California, is Professor of Genetics and Pediatrics at the Stanford University School of Medicine. Dr. Cox is a world-renowned expert on genetic diseases associated with defects in chromosome 21, including Down Syndrome and ataxia-telangiectasia. He is a member of the American Society of Human Genetics, the American Academy of Pediatrics, the American Federation for Clinical Research and the Human Genome Organization. Board certified in both pediatrics and human genetics, Dr. Cox received his A.B. from Brown University, and M.D. and Ph.D. in genetics from the University of Washington.

Rhetaugh Graves Dumas of Michigan, is the Vice Provost for Health Affairs, the University of Michigan. Formerly Dean of The University of Michigan School of Nursing, and Deputy Director of the National Institute of Mental Health, Dr. Dumas is known for her clinical research in the area of psychiatric nursing. She is a member of the American Nurses Association and a past president of the American Academy of Nursing. Dr. Dumas earned a B.S.N. at Dillard University, an M.S. from the Yale University School of Nursing and a Ph.D. in Social Psychology from the Union Institute, Cincinnati, Ohio.

Ezekiel J. Emanuel of Massachusetts, is Assistant Professor of Medicine, Social Medicine and Clinical Epidemiology at the Dana-Farber Cancer Institute, Harvard Medical School. A member of the Ethics Group under the President's Health Care Task Force, Dr. Emanuel is the author of many articles on medical ethics, focusing particularly on decisionmaking in terminal care. He holds a B.A. from Amherst College, M.Sc. from Oxford University, M.D. from Harvard Medical School and Ph.D. from Harvard University and is board certified in internal medicine and medical oncology.

Laurie M. Flynn of Virginia, is the Executive Director of the National Alliance for the Mentally Ill. A consultant to child welfare organizations, federal, state, and county governments, Ms. Flynn is also the author of numerous publications on family mental health services. She earned a B.A. in philosophy from the University of Virginia.

Carol W. Greider of New York, is Senior Staff Scientist at the Cold Spring Harbor Laboratory. Dr. Greider is an internationally known expert in molecular biology whose research focuses on the structure and function of telomeres, chromosomal components whose role in aging and cancer development is just beginning to become clear. In addition to studies at the George-August Universitat in Gottigen, West Germany, she was awarded a B.A. in biology from U.C. Santa Barbara and a Ph.D. in molecular biology from U.C. Berkeley.

Steven H. Holtzman of Massachusetts, is Chief Business Officer of Millenium Pharmaceuticals, Inc., a company using genetics, genomics and bioinformatics to identify genes responsible for common major diseases and in their work on human biology directed toward drug development. Mr. Holtzman's academic background includes a Rhodes Scholarship leading to a B.Phil., in addition to a B.A. in philosophy from Michigan State University. Mr. Holtzman chairs the Ethics Panel of the Biotechnology Industry Organization, who submitted his nomination as a representative of the biotechnology industry.

Bette O. Kramer of Virginia, is the founder and first president of the Richmond Bioethics Consortium, a community-based organization providing education and development support to institutional ethics committees, and educational opportunities to the general public. Active in a variety of health-related activities, such as the Blue Cross/Blue Shield Critical Care Task Force, Ms. Kramer also has professional experience as a security analyst. Ms. Kramer earned a B.A. in economics at Wellesley College.

Bernard Lo of California, is Professor of Medicine and Director of the Program in Medical Ethics at the University of California, San Francisco, where he teaches a required course on medical ethics, law and economics. Dr. Lo has served as a member of a number of public advisory committees including an OTA project on Life Sustaining Technologies in the Elderly. He received an A.B., summa cum laude, in physics from Harvard College; a M.A. from the University of Sussex in comparative literature; an A.M. from Harvard University in the history of science and an M.D. from Stanford University.

Lawrence H. Miike of Hawaii, is the Director of the Department of Health, State of Hawaii, which includes the Nation's 3rd largest public hospital system. Previously, Dr. Miike worked for the U.S. Congress. His studies led to the National Childhood Vaccine Injury Compensation Act, AIDS policies, and action on health care for American Indians and Alaska Natives. Dr. Miike holds a B.A. from Amherst College, a degree in medicine from U.C. San Francisco, and a law degree from U.C.L.A..

Thomas H. Murray of Ohio, is Professor of Biomedical Ethics and Director of the Center for Biomedical Ethics at the Case Western Reserve University School of Medicine. Dr. Murray's research focuses on ethics in medicine and science, including ethical aspects of health policy; the care of newborns and children, occupational health, and genetic engineering. Dr. Murray earned a B.A. at Temple University in psychology and a Ph.D. in social psychology from Princeton University.

Diane Scott-Jones of Pennsylvania, is Associate Professor in the Department of Psychology, Temple University. Dr. Scott-Jones is a Fellow of the American Psychological Association, who submitted her nomination, and a co-author of the Association's ethics guidelines. She is also a member and past chair of the Ethics Committee of the Society for Research in Child Development. Her research involves the role of family in supporting children's scholastic achievement. Dr. Scott-Jones holds a B.S. and M.A. in psychology from Appalachian State University, and a Ph.D. in development psychology from the University of North Carolina, Chapel Hill.

Qs and As on Cloning
June 9, 1997

Q. What did the Commission recommend?

A. The Commission recommends legislation to prohibit anyone in either the public or private sector from attempting to create a child using the cloning technology that made possible the creation of "Dolly" -- so-called "somatic cell nuclear transfer" technology. The Commission also supports a continuation of the current moratorium on federal funding of creating a child by cloning while the legislation is pending. NBAC is also asking the private sector to comply with the voluntary moratorium President Clinton called for in March, pending the legislative prohibition. Finally, NBAC also called for continuing public dialogue on these issues to further understand the ethical and social implications of this technology.

Q. What exactly does the President's legislation ban?

A. The President's legislation prohibits the use of somatic cell nuclear transfer to create a human being (specifically, "with the intent of introducing the product of that transfer into a woman's womb or in any other way creating a human being").

Q. How will the prohibition be enforced?

A. The legislation gives the Attorney General authority to seek injunctive relief, impose civil fines up to \$250,000 or twice the profit from a violation of the Act (whichever is greater), and seize any and all property used in violating the Act (including entire laboratories).

Q. Why doesn't it make cloning a criminal act and impose jail time?

A. We think the penalties in the bill provide an effective deterrent. In particular, they make it clear no one will profit from this activity. It is appropriate to be cautious about criminalizing any activity, and at this point we don't have any indication that we need the threat of criminal sanctions to deter this activity.

Q. But what if Congress wants to impose criminal sanctions?

A. We have seriously considered this option and would be willing to look at it again.

Q. Why is there need for a "sunset" provision?

NBAC recommends -- and the President supports -- a sunset provision, combined

with review by an advisory body prior to the sunset date. There are several reasons to take this approach. First, a sunset provision provides a strong incentive for Congress and the Administration to renew the national debate on cloning within several years, ensuring continued attention to the ethical questions; second, there is a possibility that we will get the precise legislative language wrong the first time around, given our limited understanding of the science, the difficulty of defining terms, and the vagaries of the legislative process; and third, there has been little time to fully consider the moral issues, and it is possible that convictions may evolve.

follow-up

Q. But if you think cloning is morally wrong now, won't it be morally wrong for all time?

Even if one thinks cloning is morally wrong, a sunset provision still makes sense. As I just noted, it will force a renewed national debate within several years and will keep the ethical issues squarely in view. A sunset provision will also make sure we revisit how we've defined the ban and ensure we have done it exactly right.

Q. Why ban the cloning of humans?

A. It is morally unacceptable for anyone in either the public or private sector to attempt this type of cloning. NBAC found it is simply unsafe; knowing that "Dolly" was the only successful case in 277 attempts, there is no doubt that there would be substantial risk to the potential child. And the possibility of replicating ourselves raises other ethical and religious concerns about the implications of this technology for our society. These issues need further discussion before the technology is used.

Q. Why not ban all cloning? What are the potential benefits of cloning research?

A. There are legitimate and beneficial applications of cloning cells, DNA, tissues, and animals: including the development of medicines, and therapies for diseases such as cancer, cystic fibrosis, and diabetes. Cloning also furthers our knowledge about developmental biology that may one day lead to such advances as regeneration of tissue in severe burns and spinal cord injuries.

Q. Why is any additional legislation necessary? Why not extend the President's moratorium?

A. The President's moratorium covers only federally funded activities. In March,

President Clinton called for a voluntary ban on privately funded activities. Legislation is necessary, however, to ensure that the privately funded research and clinical centers comply with the proposed prohibition on cloning of human beings using the somatic cell nuclear transfer technique.

Q. With the proposed legislation, are we interfering with people's reproductive freedom?

A. No. We don't think people should have the "freedom" to do this activity. It's unsafe and ethically objectionable.

Q. How will the recommendations and legislation affect research?

A. NBAC found that a ban on human cloning will not impede any important research at this time. Basic research in such areas as animal husbandry and drug development will continue. Similarly, basic research using somatic cell nuclear transfer technology to study, for instance, the potential for regenerating tissues and organs will continue. However, under current federal restrictions, human embryo research using federal funds will remain prohibited.

Q. Why would you (or the Commission) support a total ban on cloning people, but not on creating embryos using cloning technology for research?

A. The issue of embryo research is an important but separate question. NBAC found that the technology that created Dolly doesn't raise new questions related to embryo research. By contrast, the use of somatic cell nuclear transfer technology to create a child raises a host of new and different ethical issues relating to safety, individuality, and family integrity. The President's legislation is directed at these concerns. Further, the President has prohibited the use of federal research funds to create an embryo for research purposes -- whether through cloning or any other means.

Q. If human embryo research is bad, why not ban it in the private sector as well?

A. Whether to ban privately-funded embryo research is a question that needs careful deliberation, as such research may offer medical benefit, particularly with respect to treating infertility. We simply need further discussion about regulation of this activity in the private sector before pursuing legislation.

Q. Does the Federal Government have any jurisdiction over privately funded research with human embryos?

A. If the research is part of an effort to develop a drug, biologic, or medical device, the research is subject to regulation by the Food and Drug Administration. Otherwise, it is unregulated.

Q. What happens to human embryos created for research? If they are not implanted, isn't that tantamount to abortion, or even murder?

A. Creation of human embryos for research is a prohibited use of Federal funds. The extent of such research under private sponsorship is unknown; therefore, we have no reliable information on the fate of human embryos used in this way.

Q. How will this affect childless couples who see cloning as their only chance to have genetically related offspring?

A. Prohibiting this technology will have little practical effect on such couples. Currently neither the science base nor safety considerations make it possible to produce a child by somatic cell nuclear transfer.

Q. Is the United States acting unilaterally on this issue? Are we treating this issue any differently than other countries?

A. Some European countries have already established legal prohibitions on the cloning of humans. To the extent that there are common aspects to our respective policies, we will certainly cooperate with these nations regarding enforcement.

Press Guidance

June 9, 1997

POTUS EDUCATION (TIMSS) EVENT

Background: Tomorrow Secretary Riley will brief the President on the second international release of the TIMSS (Third International Math and Science Study). The President will then make brief remarks in OEOB Room 450, at approximately 11:20am, followed by a press briefing by Secretary Riley and the Commissioner of Education Statistics Pascal Forgione, Jr.

- This second study compiled information on 4th graders from 26 countries, including the US. You might remember last November in Chicago we talked about the TIMSS 8th grade results.
- We expect some good news and it appears that our 4th graders are very competitive internationally in math and science. Unfortunately, I am not at the liberty of discussing the exact results at this point because of an international embargo until tomorrow morning.
- For more information on the TIMSS you should contact the Education Department's National Center for Education Statistics.

Silverman

Conversation with Kincaid/OPD



NATIONAL CHURCH ARSON TASK FORCE



P. O. Box 65798
Washington, D.C. 20530

June 6, 1997

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

One year ago, you declared the investigation and prevention of church arsons to be a national priority and called upon all Americans to come together in a spirit of respect and reconciliation. Your three-pronged strategy to prosecute the arsonists, rebuild burned houses of worship and prevent additional fires has produced tremendous results.

Since June 1996, the National Church Arson Task Force (NCATF) has coordinated the efforts of federal, state and local law enforcement. To get a more complete picture of the arson problem, the Task Force determined it would investigate arsons going back to January 1995. Working with Congress, which provided additional resources and enacted the Church Arson Prevention Act of 1996, governors of many states, private groups and individuals, we have achieved considerable success.

Today we are pleased to present our First Year Report of the NCATF. To date:

- The NCATF has launched 429 investigations into arsons, bombings or attempted bombings at houses of worship since January 1, 1995.
- Federal, state and local law enforcement have arrested 199 suspects in connection with 150 of the 429 investigations.
- The 35% rate of arrest in NCATF arson cases is more than double the 16% rate of arrest for arsons in general.
- Federal, state and local prosecutors have successfully convicted 110 defendants in connection with fires at 77 houses of worship since January 1995.

Under your direction, your Administration initiated and implemented a comprehensive response to these arsons. The primary mission of the Departments of Justice and the Treasury has been to investigate and prosecute the arsons. The Federal Emergency Management Agency has mounted an extensive prevention initiative, and the Department of Housing and Urban Development has joined in partnership with the National Council of Churches, the National Congress of Black

Churches and others to rebuild burned churches across the nation. Also, the Justice Department's Community Relations Service has dispatched conflict resolution experts to help ease community tensions.

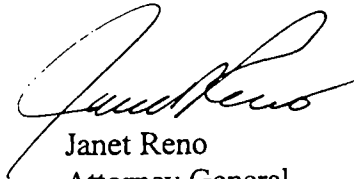
We wish to commend Assistant Secretary James E. Johnson and Acting Assistant Attorney General Isabelle Katz Pinzler, co-chairs of the Task Force, and former Assistant Attorney General Deval L. Patrick, a founding co-chair of the Task Force. The Task Force's success could not have been achieved without the dedicated work of the special agents of ATF and the FBI, prosecutors around the country, state and local law enforcement officials and others who have contributed to our efforts.

The attached report provides greater details on the progress of the Task Force's efforts. We would be pleased to brief you in more detail.

Respectfully,



Robert E. Rubin
Secretary of the Treasury



Janet Reno
Attorney General

June 9, 1997 - Budget Q & A

Archer Tax Plan

Q: The tax package Congressman Archer released today differs in several fundamental respects from the President's priorities and the budget agreement. Is the White House concerned that Congress is backing away from the agreement it reached with the White House?

A: The President wants to ensure that the bulk of the tax relief in this budget agreement goes to the working families who need them most. Unfortunately, the Archer Plan moves us away from the goal. It provides too little tax relief for working families and provides expanded new tax loopholes for some of country's largest corporations.

Here are several examples of why the Archer Plan fails to meet the test of fairness:

- 1) **Child tax credit specifically was designed to leave additional working families out.** The Republican child tax credit excludes about two out of every five American kids because their parents do not earn enough. For example, a family of four with two children and \$20,000 of income would receive no child tax relief under the Archer Plan. Under the President's plan, this family would get \$1,000 -- just as much as a family that earns twice that much.
- 2) **Punishes families who rely on child care.** Under the Archer Plan, families that rely on the child care credit -- and more than 6 million families do today -- would lose 50 cents of the child tax credit for every dollar they receive for child care help. This provision would increase the cost of child care, take money out of people's pockets, and force families to choose between work and family.
- 3) **Cuts the HOPE credit for community colleges.** We are pleased that Chairman Archer included a version of the President's HOPE scholarship, but his version of this proposal is seriously flawed. It is explicitly designed to give people who attend community college less money. For example, under the President's plan, a student from a working family who goes to a community college with \$1,200 tuition would have his or her entire tuition paid for by the HOP credit. Under the Archer plan, that same student would receive only \$600. The Archer Plan fails to advance the President's goal of making the first two years of college universal.
- 4) **Provides Incentives for Companies to Deny Health Coverage.** The Archer Plan includes a provision to make it easier for companies to treat employees as independent contractors. This will result in fewer working Americans receiving health and other important benefits, and is at odds with the President's goal of expanding health coverage.

Instead of maximizing tax relief for working families, the Archer Plan provides extensive tax cuts for corporations and higher-income people -- paying for those tax cuts by reducing the relief to hard-working middle-class families:

- A) **Some large corporations will pay no income taxes.** The Archer Plan also repeals the corporate alternative minimum tax, bringing back the days when some of America's largest corporations paid no income tax year-after-year -- even while they reported substantial profits to their shareholders.
- B) **Indexing capital gains explodes the deficit and encourages tax shelters.** The Archer Plan includes indexing of capital gains on top of a broad-based cut in the capital gains tax rate. This proposal would cause an explosive loss of revenue down the road when the baby boom generation edges closer to retirement. Indexing would be very complicated to administer and allow well-advised taxpayers to completely escape taxation on capital income.

Congressional Backing-Off from the Agreement

Q: What is the White House reaction to some of the Republican moves away from the outline of the budget agreement?

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

- **From the start, there have been good faith efforts on both sides.** We entered into an honorable agreement with the congressional leadership that received strong bipartisan majorities in both Houses.
- **Both sides must uphold agreement.** Since the agreement was reached, the President has been very careful to uphold his side of the bargain -- even when it was difficult, e.g., Hatch-Kennedy. **We will insist that Republicans hold to their part of the bargain on education, tax cuts, legal immigrants, Medicaid, and help for low-income seniors.**

Revisions on Low-Income Medicare Beneficiaries

Q: The New York Times reports today that the House will not be able to provide the amount it promised to help low-income seniors pay higher Medicare premiums. Is that a serious breach of the budget agreement?

A: [Jennings-Bianchi providing]

Veto

Q: Will the President veto the reconciliation bill if, for example, the immigrant

provisions or the benefits for low-income seniors are not changed?

- A:** We are at the early stage of the reconciliation process. We expect that the Republicans in Congress to honor the agreement. That's a fairly straight-forward and reasonable expectation.

Education Tax Cuts

- Q:** It is becoming clear that there is no support in either party for the President's education tax cuts. Will the White House accept alternative education proposals?

- A:** First of all, and most importantly, there is strong support for our 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 our education tax cuts.
- **We have responded to constructive criticisms of our proposals.** We have adjusted the scholarship to ensure that more lower income students will be benefit from it. And we have dropped the B- average requirement. These changes are 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.
 - **Education was the top priority in the President's budget.** The agreement moves us toward three goals for the country: To ensure that every 8 year-old can read, every 12 year-old can log on to the Internet, and every 18 year-old can go to college.
 - **The agreement includes:**
 - Largest Pell Grant increase in two decades -- 4 million students will receive a grant of up to \$3,000, an increase of \$300 in the maximum grant.
 - \$35 billion of tax cuts targeted to higher education to make college more affordable for America's families.
 - An America Reads initiative to mobilize a million tutors to help three million children learn to read by the end of the third grade.
 - Expansion of Head Start -- to achieve goal of one million kids in 2002.
 - Doubles funding to help schools integrate innovative technology into the curriculum.

Kidsave Accounts

Q: Several Democratic Senators have proposed Kidsave accounts which would allow tax-free savings for higher education. Is the White House concerned that even its allies are coming up with alternatives to its tax credit and deduction proposals?

A: There is strong support for our 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 our education tax cuts.

Kidsave can serve as a valuable supplement to the President's education proposals. Ck. before using the following: The President has revised his tax credit to include a savings option very similar to Kidsave. It will allow parents to establish a IRA-type savings plan with the amount of the credit. They could then use those savings --- with tax-free distributions -- to pay for their children's education.

Immigration Changes

Q: Does the White House have any reaction to the attempt by the House Republicans to change the immigrant provisions?

A: The provisions affecting immigrants being advanced by Republicans on the House Ways and Means Committee clearly violate the terms of the balanced budget agreement."

- These provisions were negotiated in painstaking detail and were put in writing. **So we fully expect the Republicans in Congress to honor the agreement and fix those provisions.**

Entitlements - Medicare Commission

Q: David Broder's article in today's Post indicates that the President is very focused on entitlement reform. Is the White House going to appoint an Entitlement Commission in the near future?

A: The President has made clear that we need a bipartisan process for both long-term Medicare reform and long-term Social Security reform. The exact structure, timing and process of appointments are all important decisions that we will need to discuss pretty thoroughly with both sides on the Hill.

The budget agreement is an excellent start to the process of entitlement reform. It will bring the deficit to zero, make important structural reforms in Medicare, and extend the life of the Trust Fund for at least a decade. We look forward to building on that progress.

Unemployment Rate -- Fed Action

Q: Does the low unemployment rate released Friday make it easier for the Fed to justify a rate increase?

A: As you know, we respect the independence of the Federal Reserve and our policy has been not to comment on its decisions. So the White House will have no comment specifically on any of the Fed's actions.

I will, however, comment briefly on the broader economic environment. From our perspective, the economy continues to experience a remarkable combination of low unemployment and low inflation. The unemployment rate -- 4.8 percent in May -- is the lowest since 1973, and inflation under my Administration has been lower than any Administration since John F. Kennedy was President. We have reduced the deficit by 77%. And the budget agreement that we negotiated will eliminate the deficit by 2002 -- ensuring continued strong growth, low unemployment, and low inflation.

Talking Points

House Republicans' Proposed D.C. Tax Plan

June 9, 1997

[Mike: Chairman Archer will today unveil a D.C. tax plan that reportedly contains \$325 million in tax breaks for the District.]

- First, we have not actually seen the legislation, so anything I say is based on news reports.
- But, based on those reports, we're delighted about the significant overlap with the President's tax proposals in his D.C. Plan.
 - Just as the President proposed, Chairman Archer apparently proposes the creation of an Economic Development Corporation that will disburse tax breaks to encourage investment in the District.
 - And, as the President proposed, Chairman Archer apparently proposes tax breaks for businesses that either locate in distressed areas or that hire low-income city residents.

If asked about other provisions:

- As you know, we have opposed earlier proposals (Norton, etc.) to dramatically cut income and capital gains tax rates on D.C. taxpayers because they were unaffordable.
- The Archer plans seems to have a scaled-down version of such a proposal, so it obviously should be more affordable.
 - But we'll have to look at the details before we pass judgment.

Q&As ON LOW-INCOME PROTECTIONS

6/9/97

Q: The House Republicans are saying that they have only found \$400 million for low-income protections. Would that be an acceptable amount?

A: Cutting low-income protections to \$400 million is absolutely inconsistent with the Budget Agreement. We explicitly agreed to invest \$1.5 billion to help offset the impact of increasing Medicare premiums and we are committed to this agreement.

Q: But House Republicans are saying that the \$1.5 billion you want for low-income protections would come directly from hospitals that serve a disproportionate share of low-income patients. Is it worth hurting those hospitals for these low-income protections?

A: We are confident that we can invest the full \$1.5 billion in low-income protections without hurting hospitals that serve low-income patients. Even public hospitals themselves have consistently stated that we can achieve savings in hospitals that serve a disproportionate number of low-income populations if we better target dollars these hospitals. We are working with the committees and the public hospitals, including children's hospitals, to develop the best policy to that end.

DRAFT -- RACE INITIATIVE TALKING POINTS -- 6/6/97
(Surrogates)

(Needs points on how/why advisory board, executive director and staff were chosen; goals and specifics of initiative.)

The charge the President set is for us to shape an initiative that will make a difference for Americans --that will make changes and improvements that we can look back on with pride. The President's goal is for us to enter the next century as a strong and united America.

Why Now?

Unlike previous presidential efforts, this initiative is not the result of a crisis. The theme of racial reconciliation has been present throughout the Administration's first term and into its second.

The President has consistently said he had three goals in running for the office:

- to keep the American Dream alive for everyone who wanted to work for it;
- to keep America a force in the world for peace and democracy; and
- to keep us One America, a nation coming together instead of coming apart.

The Administration has made real progress on issues of economic opportunity, strengthening families, reducing crime rates, and foreign policy (the first two goals). The time is right to move forward more aggressively on the third.

The President believes that we should take stock of the progress we have made in race relations and take action to improve the ability of all Americans to succeed in the 21st century.

- We face a very different America in the next century. There are four school districts in the country, including one right across the river from here (in Virginia) with children from more than 100 different racial and ethnic groups in the single district. We should embrace such diversity.
- Unfortunately, there are some new and disturbing examples of going backward: the lack of economic progress among Hispanic Americans and the greatly reduced number of black and Hispanic students in California and Texas universities.

Overview

The effort will be a balance of study and action -- including fact finding, dialogue and policy.

We will seek to promote honest dialogue on the issues of race and to develop real solutions that can be implemented by individuals, communities, religious congregations, educational and non-profit organizations, state and local governments, and other groups.

The initiative will promote dialogue as well as seek to develop concrete solutions to problems. We will undertake fact finding (e.g.: what are the stereotypes and what are the facts), dialogue and policy/action (e.g.: best practices, positions on minority enrollment in higher education)

concurrently and through an iterative process.

Elements of the proposal:

1. Advisory Board - This is a *small* group that will advise the President and assist him in outreach efforts and consultations with experts. Examples of those we have consulted already include Taylor Branch, Henry Cisneros, Chris Edley and Deval Patrick.
2. Presidential Events - The President will do a series of events to encourage dialogue and help focus people on the tough issues around race. These events will include town halls and activities like the Tuskegee ceremony.
3. Presidential Report - The President will present a report -- which will include the results of the year's study and dialogue, as well as policy recommendations -- to the American people next summer.

Personal Conviction and Commitment

The President's experiences with discrimination are rooted in the South, in the legacy of slavery.

- His grandfather had a grade-school education and ran a grocery store in Hope, Arkansas. Most of the customers were poor, black, working people. As a child in that store, President Clinton learned to treat people of different races with respect and dignity.
- His grandparents were in the minority -- being poor, Southern whites who were pro-civil rights -- and they taught the President a lesson that he has carried with him through life: Discrimination is not just morally wrong, it hurts everyone.

The President has been consistent and steadfast throughout his life and professional career in his pursuit of equality and opportunity for all.

President Clinton's personal history and conviction to lead this country in finding strength in our diversity make him well suited to help forge alliances and reconcile differences among us.

The President will be actively involved in the initiative and will help provide its intellectual leadership. He will also involve the American people in an unprecedented way.

Study/Dialogue/Action (Policy)

The President has long maintained that the evil of racism is rooted in our separateness. He believes that greater dialogue between individuals of differing races will reveal the similar interests and values all Americans share.

The President has been a constant voice in pressing racial healing and unity, for instance:

- speeches Memphis, Tennessee, in 1993 and Austin, Texas in 1995;
- inaugural and State of the Union addresses this year; and
- remarks at the Jackie Robinson anniversary commemoration.

When public officials are not open to discussion of racial issues, or through their silence allow negative depictions of racial minorities to flourish, such postures significantly affect national attitudes and policy.

- "Welfare Queen." The rhetorical picture of an African-American welfare recipient literally

growing fat from taxpayer-funded payments created negative attitudes in the American consciousness. That image affected policy making in ways we still experience today.

- Willie Horton: Campaign ads featuring Willie Horton, an African-American parolee found guilty of another heinous crime, lent national legitimacy to the perception of African-American men as violent criminals.

Positive changes have followed when presidents have spoken openly about race.

- Birmingham Jail: The Kennedys outreach to the King family, particularly when Martin Luther King Jr. was in jail, helped legitimize Reverend King's use of civil disobedience at a time when supporters of segregation were attempting to paint him and other civil rights leaders as criminals.
- Tuskegee: President Clinton's public apology to the victims of the "Tuskegee Experiment" prompted numerous positive discussions in the media and elsewhere on race and health care in America.

Race Broadly Defined

The initiative is directed at race, broadly defined: White, Hispanic, Asian, African-American, etc. Every American must understand that improving race relations and preparing to enter the 21st century as one America is important to him or her and to our children's future.

Of course, the initiative will recognize the unique history of African Americans in this country.

Future Focus

While it will review the current problems that we face as a nation and the history that has brought us here, the intent of the initiative is to consider where the nation is going in terms of demographics and the complexity of race issues.

Timing

This issue has been with us throughout our nation's history. We certainly cannot expect to resolve it in one year.

The initiative will be a year-long effort. We hope it will stimulate honest dialogue, improved policy and better relations that will continue to live and grow after the year is over.

Spending (if asked)

This initiative is about policy that makes a difference. Defending affirmative action, for example, does not require spending. We will look at policy ideas that call for reprioritization of our current spending.

Flag Burning

- The President abhors those who burn the flag and thereby show disrespect to our national symbol.
- The President has a long and vocal record in support of protecting the flag.

As governor, he supported legislation that would have outlawed all intentional desecration of the flag.

He also initiated a state-wide flag respect program designed to encourage a better understanding and appreciation of flag.

- The President cannot however support a flag-burning amendment to the Constitution. Such an amendment would change that part of our Constitution, the first amendment, which expressed the nation's best and deepest values. It would change the part of the Constitution that we should, at all costs, protect and preserve.

The freedom of speech protected by the first amendment is the freedom that has made this nation great and has earned the respect of all other nations aspiring to liberty.

The ability of Americans to speak their mind -- however reprehensible their views, however abhorrent their ways of expressing them -- is the defining freedom of this country. It is the freedom that protects all others.

We entertain changes to this Amendment at our peril. We should do so only in cases of real emergency. This is not such a case. Flag-burning is reprehensible, but it is also uncommon. We can deal with people who engage in such speech by disparaging them and their actions. We should not change the very foundation of this nation's greatness, to deal with these sad individuals.

How can you reconcile this with your support of the Victim's Rights Amendment?

First of all, Victims' Rights does not alter the First Amendment. The President believes that victims' rights is an issue which needed to be addressed and the most appropriate way to do this is through a constitutional amendment. As we said at the time, victim's of violent crime are the most deserving of protection in the criminal justice system and yet have no Constitutional rights.

Mellody per past guidance
approved by Bill Marshall, Counsel

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

- 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.

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

There are three broad story-lines developing around the Denver Summit:

The first is Russia and its integration into the world's economic and political institutions. Russia's participation in the Summit from the start as a quasi-full fledged member comes just after the historic NATO-Russia security pact and just before the Madrid Summit. President Clinton's steady, consistent support for reform in Russia and his determination to help bring Russia more fully into the community of free market democracies -- as evidenced by Helsinki, Paris and Denver -- is bearing fruit.

The second story is the success of the American economy -- in its own right and in comparison to the economies of many of our Summit partners. Contrasted to Houston in 1990, or President Clinton's first summit in Tokyo in 1993, as well as with the performance of most of the other Denver participants, the strength and vitality of the US economy are striking. The President has the right strategy for the global economy: cutting the budget deficit, investing in education and training for our people, and opening up the global marketplace to American goods and services. Instead of running away from the world or our responsibilities, we are shaping the forces of change and globalization to our advantage.

The third story is a result of the first two: Because of the President's success abroad (e.g. dealing with Russia) and at home (e.g. building a strong economy) our partners once again look to our country and our economy for leadership to meet the new challenges and opportunities of integration and globalization. The President is using our leadership capital, at this Summit and beyond, to organize the community of democracies in laying a strong foundation for the 21st century -- preparing our people and our economies for the challenges of the global marketplace; meeting new transnational threats to our security; and integrating new partners into the community of free market democracies.

The World Looks to America. Three years ago in Tokyo, our partners told us to get our own house in order. We did -- cutting the budget deficit by two-thirds, slashing unemployment, keeping inflation at a thirty year low, reclaiming our position as the world's number one exporter. Now, our success is a role model -- and we can focus the community of democracies to meet the challenges of the 21st century.

Organizing America and our Partners to Make the Most of Integration and Globalization. These summits play a key role in coordinating the political and economic strength of the world's leading open market democracies -- and shaping the forces of change that have a direct impact on people's lives. At the Denver Summit we will:

- **Continue to strengthen our economies and build a stable world financial system so America can thrive in the global economy;**
- **Increase cooperation to meet new, transnational threats to our common security like crime, drugs, terrorism, environmental decay and infectious diseases;**

- **Integrate new partners -- Russia and Africa -- more fully into the international system and lock in the gains of democracy and open markets.**

America at the Pinnacle of Its Power -- and Responsibility. As America stands at the pinnacle of its power, it also stands at the pinnacle of its responsibility. By taking the lead in building new institutions and arrangements for the 21st century, President Clinton is rising to the responsibility to meet the challenges of our time.

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.

DEMOCRATIC REPUBLIC OF THE CONGO: RICHARDSON TRAVEL

Q: Who did Richardson's delegation meet with on his trip?

A: Ambassador Richardson and his delegation met with President Kabila and delegation in Lubumbashi on Saturday, June 7, relief workers in Kisangani that same day, and civic groups in Kinshasa on Sunday.

Q: What issues did they discuss with President Kabila?

A: They discussed the readiness of the U.S. Government to build a new relationship with the government in Kinshasa and to offer U.S. assistance in promoting a democratic system, a free market economy and economic growth as well as cooperation on various aspects of reconstruction.

Richardson pressed for action on human rights and cooperation on refugee issues.

President Kabila committed to allowing a UN team to investigate allegations of killings of refugees by July 7 with an advance team to enter by June 20. He stated that DROC forces would abide by international humanitarian law and that transgressors would be prosecuted. He also agreed that the UNHCR and ICRC would have full access through the country to do their work.

Q: Where is Richardson going next? Does he have a return date?

A: Ambassador Richardson returned to New York on Sunday.

Q: Will Assistant Secretary Shattuck go to Rwanda?

A: He is there today.

Q: Who are the other members of the delegation meeting with and what issues and what issues will they discuss?

A: Other delegation members will continue to meet with cabinet and subcabinet ministers in Kinshasa for the next several days to discuss steps that can be taken to achieve our mutual goals.

Q: What aid has Richardson offered? Is it correct that he offered \$50 million?

A: No. It is too early to talk about amounts. We are first talking to the GDROC about its needs and then we will talk to Congress about specific projects.

Q: Have we offered military assistance?

A: No. The delegation was only beginning a dialogue on military cooperation.

Q: Has a DROC cabinet minister been named to work with refugees?

A: Not yet, although Etienne Mbaya has been named the contact for anything related to the UN investigation on human rights abuses.

REPUBLIC OF THE CONGO (BRAZZAVILLE)

Q: What is the situation in Brazzaville?

A: Since June 5, Brazzaville has experienced almost continuous fighting between Congolese military forces and paramilitary forces loyal to former President Denis Sassou Nguesso. The situation remains confused and fluid.

A 7 p.m. to 6 a.m. curfew has been imposed, and offices and businesses are closed.

Q: Has the U.S. decided to evacuate Embassy personnel?

A: We have decided to draw down to a core Embassy staff of approximately fifteen people as soon as security conditions permit.

Yesterday, June 8, Ambassador Hooks requested and received a change in Embassy status from authorized voluntary departure to ordered departure.

Q: What is the evacuation plan? To where? How? How many at a time?

A: When safe passage to the airport can be arranged, we plan to resume escorted convoys to Brazzaville airport to air ferry to Kinshasa. We hope to accomplish the draw down in two trips.

Q: Are there confirmed reports on how many foreigners were evacuated?

A: We do not have a total number.

Q: Is there a Marine security guard detachment?

A: Yes, we have a detachment commander and five security guards in Brazzaville. They are in the chancery.

Q: How many American citizens are still there?

A: There are now approximately 235 Americans in the Republic of Congo, approximately 105 of whom are in Brazzaville. On or about June 5, there were approximately 150 Americans in Brazzaville and approximately 280 total in Congo.

Q: What is the U.S. policy on the fighting?

A: We continue to urge in the strongest terms an immediate cease-fire leading a peaceful resolution to the current situation.

Q: Is there a U.S. role?

A: Ambassador Hooks has remained in constant contact with President Lissouba and former President Sassou and have been actively involved in efforts to bring about an effective cease-fire.

We regret the death of the French soldier over the weekend.

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

A: We are not aware of any renewed fighting in Sierra Leone and believe the fragile calm continues.

We do not know the status of any talks between the Armed Forces Revolutionary Council (AFRC) and representatives from the Economic Community of West African States (ECOWAS) in Freetown.

We understand a delegation from the AFRC met with foreign ministry officials in Cote d'Ivoire over the weekend. We do not have details of those talks.

Q: Where are the Nigerian forces and what are they doing?

A: The United States has no official personnel in Sierra Leone and our information on activities on the ground is limited. We believe that Nigerian troops from the Economic Community of West African States Monitoring Group (ECOMOG) forces remain in Freetown and control the two airports.

Re letters Libya has been sending to Pan Am victims' families:

- There is nothing new here except for the new level of audacity demonstrated by such a cynical approach to the victims' families.
- Qadhafi knows no shame.
- His claim that he has renounced terrorism is belied by Libya's continued support for it, and Qadhafi's expressions of satisfaction with every bomb that kills innocent Israelis and damages the peace process.
- Qadhafi knows what he has to do to comply with his obligations under the resolutions of the UN Security Council.
- First and foremost, he has to surrender the two suspects in the bombing of PA 103 bombing to either the UK or US, both of which have legal jurisdiction over the case.
- Second, he must stop flouting UN prohibitions on Libyan flight activity.
- And third, he must renounce terrorism.

CANADA -- PACIFIC SALMON

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.

- The Secretary of Defense has not submitted a recommendation to the President for a nominee to be Chairman of the Joint Chiefs of Staff.
- The President has complete confidence in Secretary Cohen's judgment.
- The President supports Secretary Cohen's decision to form a commission to review the manner in which issues of sexual conduct are handled in the military services.
- The President supports the expanded roles for women in the Armed Services that have been implemented over the past four years.

Only if asked:

Q: Will Secretary Cohen have to delay submitting a nominee?

A: General Shalikashvili is not retiring until the end of September. Although we need to move forward with the nomination and confirmation process, it is not time critical at this point.

Q: Would the President consider nominating General Shalikashvili for a third term as Chairman?

A: The law [Title 10] permits General Shalikashvili to serve a third term, but he has made it clear that he desires to retire in September.

Q: Does you think General Ralston should resign as Vice Chairman?

A: General Ralston has served ably as Vice Chairman. Secretary Cohen has not raised the issue of his continued service as Vice Chairman.

Q: Is there a double standard on sexual misconduct in the military?

A: The President views with concern all allegations of sexual abuse or sexual misconduct in the military. I expect the Department of Defense and the Services to investigate all such allegations and take appropriate disciplinary action against those found guilty, and to take appropriate corrective action to prevent further incidents.

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.

KISSINGER OP ED ATTACKING NATO-RUSSIA

Q: Any response to Kissinger's attack on the NATO-Russia Founding Act from the Sunday "WP"?

A: We are pleased by Kissinger's continued support for NATO enlargement, which he reaffirmed in his Op-ed piece of last Sunday. Unfortunately, Kissinger's piece also misunderstands and mischaracterizes the NATO-Russia Founding Act.

The Founding Act establishes a constructive partnership between NATO and Russia, even as NATO continues to take in new members. It neither replaces, weakens or dilutes NATO. Kissinger appears to have confused the NATO Alliance with the NATO-Russia arrangements. But the distinction is clear to every member of the Alliance.

NATO will take its own decisions -- and respond in cases of emergencies or threats to any of its members. The Founding Act says so explicitly (none of its provisions, "infringe upon or restrict the rights of NATO...") When all NATO members, including the U.S., agree, NATO may chose to take joint decisions with Russia. But as even FM Primakov has observed, Russia does not have a seat in the North Atlantic Council, which remains NATO's sole policy-making body.

Kissinger has called for the Senate to reaffirm the primacy of the NAC in setting NATO policy. We would welcome the Senate reaffirming a long-established position strongly and repeatedly affirmed by this Administration.

Kissinger charges that NATO's collective defense mission will somehow be weakened by NATO-Russia cooperation. Nonsense. NATO and the United States have repeatedly stated that NATO's prime mission will remain the collective defense of all its members.

Current

General

NATO-Russia

- 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.
- 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

- Believe Yeltsin committed to START II ratification by Duma -- without conditions. Note that in May 20 meeting with Duma leaders 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 UN 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

TALKING TO PALESTINIANS

If anyone asks which Palestinians we spoke with last week:

- We had informal consultations in Washington with P.A. senior official Faisal Hussein and P.A. Assistance Minister Nabil Shaath on assistance issues. Not directly related to peace process negotiations.

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.

Points on the Administration's Trade Agenda

o The Administration's international trade agenda is on track and moving forward at full speed. In APEC, the Free Trade Area of the Americas, and in the WTO the United States and the Clinton Administration are setting the agenda to open markets, expand trade, and increase domestic prosperity. More than 25% of our economic growth in the past four years has been driven by export growth.

- In the last six months the U.S. led the world to conclude trade agreements in information technology and telecommunications which covered more than \$1 trillion in global trade. We just led the developed countries of the world to conclude an historic anti-corruption agreement among the 29 developed nations in the OECD. We are moving forward in financial services talks at the WTO.
- The President was personally involved in securing the ITA agreement, working with APEC leaders last Fall to build support for this agreement. APEC has already embarked on "ITA II" to expand the reach of this agreement and will consider other sectoral trade agreements this year.

o The President and the Administration are actively engaged with the Congress on the trade agenda.

- We are now working in Congress to preserve MFN trade status with China -- normal trade relations -- a critical measure to protect the economic health of Hong Kong because half of U.S.-China trade goes thru Hong Kong.
- We have secured commitments from the congressional leadership to address "fast track" on an expedited basis this Fall and conclude this year. This effort will involve the President, the Vice President, and the resources of the White House.

o We would like to see Congress approve "fast track" in the Fall to ensure that we can gain the best possible trade terms on a reciprocal basis for U.S. companies and workers. The trade agenda has not been held back by the absence of "fast track" negotiating authority. We are moving forward in the FTAA, within APEC, and in the WTO on a wide range of negotiations including financial services.

- Fast track is important because trade barriers in the fastest growing markets in the world are much higher than ours, and fast track will increase our leverage to bring those barriers down and open markets.
- We will work with the Congress this summer to build consensus on the scope of fast track and how to address labor and environmental issues.

TRIPS AND VISITORS

- **His Highness Sheikh Hamad bin Khalifa al Thani, Emir of the State of Qatar, will meet with President Clinton at the White House on June 11.**
- 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.

IRISH ELECTION

Q: Any reaction to Irish election? Will results have any impact on peace process?

A: Though composition of new government not yet final, appears that composition of Ireland's governing coalition will change as a result of last Friday's election.

Had excellent, productive relationship with government led by Prime Minister Bruton. Look forward to continued cooperation on peace process as well as European and other issues.

Congratulate Bertie Ahern, leader of the Fianna Fail (FEENA FOIL) party, for his party's strong showing. (Ahern will almost certainly be the next PM.)

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.

###

NORTHERN IRELAND

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/ police 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.

Gingrich and Nicaraguans

Background: Rep. Gingrich reportedly wrote to AG Reno on behalf of thousands of Nicaraguans who are here illegally and are subject to deportation. During the Reagan Administration, AG Meese ordered that these deportation of illegal Nicaraguans be suspended, and that order was in effect rescinded some years ago (during the Clinton Administration). However, during an interim period, INS has continued to permit Nicaraguans here illegally to obtain work authorization, but this will end this month. At the same time, the new immigration law makes it much harder for these illegal Nicaraguans -- as well as all illegals -- to make hardship applications to stay in the U.S.

The President has expressed concern about changes in the law that make these hardship applications harder to file for a range of people (beyond Nicaraguans); thus -- without focusing on Nicaraguans per se -- we should note that Gingrich's sentiments are similar to our own.

Points:

- We have not seen the Gingrich letter, but will study it carefully.
- We have seen the Speaker's comments, and -- as the President has indicated -- we very much share the Speaker's concerns about harsh aspects of the recently enacted immigration law that could have serious humanitarian implications for families here.
- Thus, we were encouraged by the Speaker's sentiments, and hope that they can form the basis for an Executive-Congressional dialogue that looks at ways to ameliorate these harsh measures without undermining immigration control.