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Daily Press Guidance

Wednesday
June 11, 1997

(For internal use only.)

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6-drive
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Press Guidance
Wednesday, June 11, 1997

Schedule

1. Crime event - Crime
2. ~~Business Roundtable~~

Domestic

1. Budget
 - Taxes - Budget
 - Medicare - medicare
 - Welfare
2. Race - Race Relations
3. Tobacco - Tobacco
4. INS deportation - Immigration
5. FDA reform - FDA
6. NTSB Crash Recorders - Transportations
7. FAA personnel announcements - FAA
8. Disaster Supplemental - FEMA
9. Taxation of Indian Gaming Commission - Indian Sites

Foreign

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

**PRESIDENT CLINTON ADDRESSES JUSTICE DEPARTMENT SYMPOSIUM ON
YOUTH VIOLENCE AND CRIME**

June 11, 1997

Today, President Clinton is acting to further restrict youth access to guns. In a keynote address at the Department of Justice Conference entitled, "Curbing Youth Violence and Drugs: Communities Working Together," the President will announce that he is issuing the Treasury Department to publish regulations requiring federal firearms licensees to post signs and issue written notifications advising handgun purchasers that it is illegal to transfer a handgun to a minor or for minors to possess a handgun.

The conference consists of four panel discussions: (1) targeting guns and drugs; (2) targeting gang violence; (3) enforcement strategies that work; and (4) prevention and intervention strategies that work. Attorney General Reno will open the conference at 9 a.m. The President will speak during lunch after the first two panels. HUD Secretary Cuomo will close the Conference after panels three and four.

The sequence of events is as follows:

- Georgetown University president Father Leo O'Donovan makes welcoming remarks and announces the President, the Attorney General and Treasury Under Secretary for Enforcement Ray Kelly onto the stage.
- Under Secretary Kelly will make remarks and introduce the Attorney General.
- The Attorney General makes remarks and introduces the President.
- The President makes remarks.

A fact sheet on the President's juvenile justice announcement, the Administrations record on fighting juvenile crime, and supportive statements from the Fraternal Order of Police and Handgun Control and are attached.

June 11, 1997

Announcement

- Today, President Clinton announced he will act to further restrict youth access to guns by directing the Treasury Department to publish regulations requiring federal firearms licensees to post signs and issue written notifications warning handgun purchasers about transferring guns to minors.

Background

- Guns are at the heart of our nation's youth violence epidemic. Guns -- and handguns in particular -- have fueled the surge in juvenile murders. Since 1984, the number of juveniles killing with a gun has quadrupled. And teenage boys today are more likely to die of gunshot wounds than all natural causes combined.
- The Administration's juvenile crime legislation gets tough on guns by: increasing penalties for illegally transferring guns to juveniles; expanding the Brady Law to prohibit violent juveniles from owning guns as adults; and requiring federal gun dealers to provide child safety locks with every gun sold.
- The President believes there is more we must do to cut off the easy access to guns for our kids. For almost every gun that gets into a juvenile's hands, an adult had an opportunity to stop that transfer from taking place.
- The President's directive ensures that Treasury will do everything in its power to put adult gun purchasers on notice about their legal obligation to keep handguns away from our kids. The directive calls for Treasury to issue regulations requiring all FFLs to post signs and issue written warnings with each handgun sold that:
 - (1) Make clear that it is generally illegal for any adult to transfer a handgun to a minor, or for minors to possess a handgun;
 - (2) Make clear that violation of the prohibition on transferring a handgun to a juvenile may be punishable by up to 10 years in prison;
 - (3) Warn that handguns are a leading contributor to juvenile violence and fatalities; and
 - (4) State that safely storing and locking handguns will help ensure compliance with this law.

Clinton Administration's Anti-Gang and Youth Violence Strategy

- The President's strategy seeks to break the back of violent gangs, reduce youth violence, and provide kids with alternatives to steer them away from gangs, guns, and drugs. In addition to getting tough on guns, his strategy includes \$200 million for local prosecutors, probation officers, and anti-gang task forces and funds after school programs to keep kids off the streets and out of trouble.

PRESIDENT CLINTON: FIGHTING JUVENILE CRIME

"As I begin my second term as President, the next stage in our fight must center on keeping our children safe and attacking the scourge of juvenile crime and gangs. I want every police officer, prosecutor, and citizen in America working together to keep our young people safe and young criminals off the streets. This should be America's top priority in the fight for law and order over the next four years."

-President Clinton

Radio Address, January 11, 1997

Juvenile Crime Rates are Dropping for the First Time in Years

- In the years before the Clinton Administration, the juvenile crime rate was increasing at alarming rates. Between 1987 and 1993, the juvenile violent crime arrest rate increased 62%.
- In 1995, the juvenile crime arrest rate decreased for the first time in 7 years. The rate decreased 2.9% in 1995.
- The juvenile murder arrest rates has declined sharply during the Clinton Administration. In 1995 the murder arrest rate for juveniles declined 15.2% -- the largest one-year drop in more than 10 years. Since 1993, the juvenile murder arrest rate has dropped 22.8%.

[Source: FBI, 1995 Uniform Crime Report, 10/96]

Fewer guns in the hands of our children. President Clinton signed into law a youth handgun ban in his 1994 Crime Bill. The ban makes it a federal offense, with some exceptions, for an adult to transfer a handgun to a juvenile, or for a juvenile under the age of 18 to knowingly possess a handgun or handgun ammunition. [Violent Crime Control and Law Enforcement Act of 1994, P.L. 103-322]

Zero tolerance for guns in schools. In October 1994, President Clinton signed into law the Gun-Free Schools Act, and issued a Presidential Directive later that month to enforce "zero tolerance" in our schools -- you bring a gun to school, you don't come back for a year. [Gun-Free Schools Act of 1994, enacted as part of the Improving America's Schools Act of 1994, P.L. 103-382, signed on 10/20/94]

Strengthened efforts to clamp down on illicit gun markets, especially those that provide guns to children. The President directed the Bureau of Alcohol, Tobacco and Firearms to implement the Youth Crime Gun Interdiction Initiative in 17 pilot cities. Through this initiative, law enforcement traces all guns used in crime that are seized by Federal, State, and local law enforcement officers, using the trace information to identify and prosecute illegal gun traffickers. [Memorandum on the Youth Crime Gun Interdiction Initiative to the Secretary of the Treasury and the Attorney General, 7/8/96]

Strengthened and expanded the Safe and Drug-Free Schools and Communities Act. President Clinton expanded the Drug-Free Schools Act into the Safe and Drug-Free Schools Act of 1994, making violence prevention a key part of that program. The President's proposed FY 98 Budget contains a \$60 million increase for Safe and Drug-Free Schools Program, which reaches 97% of the nation's school districts. Schools use these funds to keep violence, drugs and alcohol away from students and out of schools. [ONDCP, The National Drug Control Strategy, 1997: Budget Summary, 1997]

Supporting curfews at the local level. The Clinton Administration has encouraged communities to adopt curfew policies because they can help fight juvenile crime and keep our children safe. The Justice

Department issued a report highlighting the successes of community-supported curfew programs. For example, New Orleans' curfew program, in combination with summer jobs and recreational programs, resulted in a 27% drop in juvenile crime during curfew hours in 1994, compared to the previous year. [Department of Justice, Office of Juvenile Justice and Delinquency Programs, 5/96]

Expanding truancy programs. Truancy prevention initiatives have been shown to keep more children in school and dramatically reduce daytime crime. For example, in Milwaukee, Wisconsin, local police officers participating in their anti-truancy initiative pick up truant students and take them to a Boys and Girls Club for counseling. Since the anti-truancy initiative began, daytime burglary has dropped 33% and daytime aggravated battery has dropped 29%. The President has issued a guidebook to school districts nationwide which outlines the central characteristics of a comprehensive truancy prevention policy and highlights model initiatives in cities and towns across the country. [Department of Education, Manual to Combat Truancy, 7/96]

Encouraged schools to adopt school uniform policies to help reduce violence while promoting discipline and respect. [Public Papers of the Presidents, Memorandum on the School Uniforms Manual, 2/23/96]

Placing child safety locks in guns. The President is fighting for legislation to require child safety locks on every gun sold in America. He has already signed a directive to every federal agency, requiring child safety locks in every handgun issued. [Memorandum on Child Safety Lock Devices for Handguns, 5/5/97]

THE AGENDA AHEAD

The President recognizes that juvenile crime will be the largest threat to our communities in the future. That is why he has proposed a bill that will be a full scale assault on juvenile crime. The President's bill:

Targeting gangs and violent juveniles, with new prosecutors and anti-gang initiatives, including the authority to try violent juveniles as adults when they commit adult crimes. The President's Anti-Gang and Youth Violence Strategy provides grants to localities to fund scores of new prosecutors and anti-gang initiatives so that they may pursue, convict and sentence gang members for their crimes.

Keeping our kids gun- and drug-free, by requiring gun dealers to sell child safety locks with every handgun, expanding the Brady Law to prevent juveniles convicted of violent crimes from buying guns when they turn 18, and enacting tough new measures to crack down on drunk or drugged driving.

Keeping our kids on the right track through anti-truancy measures, curfews, and keeping schools open late and on weekends to keep children off the streets and out of trouble.



FRATERNAL ORDER OF POLICE

NATIONAL LEGISLATIVE PROGRAM

309 MASSACHUSETTS AVENUE, N.E. • WASHINGTON, DC 20002
PHONE: (202) 547-8189 FAX: (202) 547-8190



GILBERT G. GALLEGOS
NATIONAL PRESIDENT

JAMES O. PASCO, JR.
EXECUTIVE DIRECTOR

BERNARD H. TEODORSKI
NATIONAL VICE PRESIDENT
CHAIRMAN, NATIONAL LEGISLATIVE COMMITTEE

FOR IMMEDIATE RELEASE
11 June 1997

CONTACT: James Pasco
202-547-8189

FOP SUPPORTS CLINTON'S JUVENILE HANDGUN DIRECTIVE

The President of the nation's largest police organization weighed in with strong support of President Clinton's Juvenile Handgun Directive today.

Gilbert G. Gallegos, National President of the Fraternal Order of Police, hailed the President's directive to the Treasury Department to conduct a hard hitting public awareness campaign through Federally licensed firearms dealers. "The epidemic of intentional and accidental misuse of firearms by juveniles has reached critical mass," said Gallegos "and every possible innovative tactic within existing law must be brought to bear on violators."

Clinton's directive to Treasury requires that notices be posted at all of the nation's 112,000 Federally licensed firearms dealers advising that:

1. It is generally a violation of Federal law for a juvenile (under 18) to possess, or an adult to transfer to a juvenile, any handgun.
2. Violators will be Federally prosecuted.
3. Handguns are a leading cause of juvenile fatalities.
4. Safe storage and use of safety locking devices on firearms are options to be considered in keeping firearms safe from accidental discharge or misuse.

"We commend the President for continuing his effort to find new and innovative ways to avoid the criminal misuse of firearms within existing law," said Gallegos. "Speaking for officers across the country who are confronted daily by armed juvenile gang bangers, I'm here to tell you we'll take all the help we can get - and federal prosecutions coupled with a vigorous public awareness campaign will help a lot!"

The Fraternal Order of Police is the largest police organization in the United States with over 277,000 members.

HANDGUN CONTROL

ONE MILLION STRONG . . . working to
keep handguns out of the wrong hands.

FOR IMMEDIATE RELEASE:
June 11, 1997

CONTACT: Naomi Paiss or Robin
Terry at (202) 898-0792

STATEMENT OF SARAH BRADY CHAIR, HANDGUN CONTROL, INC.

RE: EXECUTIVE ORDER ON GUN WARNING LABELS

Handgun Control, Inc. applauds and supports President Clinton's executive order mandating the provision of written warnings with each handgun sale. Every year, children and teenagers are responsible for 10,000 unintentional shootings in which at least 800 people die. Too many Americans are uninformed about the legal and human consequences that flow from children having unsupervised access to handguns. If we want to keep guns out of the hands of children, the first step is educating and warning adults about their responsibilities as gun owners. The President's action is a major and critical step forward in the campaign to keep guns out of the hands of children.

But this executive order is only the first step. We urge the Senate, which is currently considering the Juvenile Crime Bill, to include a provision mandating child safety locks to be sold with all new handguns. Inexpensive trigger locks are the equivalent of a child-safety cap on a bottle of aspirin. But for some reason, the NRA and its allies in Congress continue to oppose this sensible measure to reduce the appalling rates of teen homicide, suicide and unintentional gun accidents in this country.

Again and again, research tells us that a home without guns is a safer home. For those Americans who choose to own a handgun, however, every measure that can be taken to protect our children must be supported. President Clinton's order is a welcome addition to the sensible precautions we must take to live carefully with lethal firearms.

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Handgun Control, Inc., chaired by Sarah Brady, is the nation's largest citizens' gun control lobbying organization. Based in Washington, DC, HCI works to enact stronger federal, state and local gun control laws, but does not seek to ban handguns. Founded in 1974, HCI has more than 400,000 members nationwide and works with local groups around the country to enact and protect reasonable gun control laws.

Handgun Control, Inc., 1225 Eye Street, NW, Suite 1100, Washington, DC 20005 • (202) 898-0792 • FAX (202) 371-8615
268 Bush St., Box 555, San Francisco, CA 94104 • (415) 433-3535 • FAX (415) 433-0274
10951 W. Pico Blvd., Suite 100, Los Angeles, CA 90064 • (310) 448-0058 • FAX (310) 475-3147

JUVENILE HANDGUN DIRECTIVE JUNE 11, 1997

Q: What is the directive that the President signed today?

A: Today, the President signed a directive to ensure that the Treasury Department do everything possible to enforce the Youth Handgun Safety Act -- including requiring that federal gun dealers post signs and issue written warnings that:

(1) Make clear that it is generally illegal for any adult to transfer a handgun to a minor (under 18), or for that minor to possess that handgun, period;

(2) Make clear that transferring a handgun to a minor may be punishable by up to 10 years imprisonment;

(3) Warn that handguns are a leading contributor to juvenile violence and fatalities; and

(4) State that safely storing and locking handguns will help ensure compliance with this law.

Q: What is the impact of this directive? How is it any different -- or how does it augment -- current law?

A: This directive will require, for the first time ever, that federal firearms dealers (FFLs) post signs and issue written warnings about the responsibility that gun purchasers have under current law to not transfer a handgun to juveniles -- as well as about the dangers that handguns pose to kids generally. That's an important change for two reasons.

First, for almost every gun that gets into a juvenile's hands, an adult had the opportunity -- in fact, the legal responsibility -- to stop that transfer from taking place. Today's directive puts adult gun purchasers on notice about this responsibility -- and warns them about the legal sanctions that may apply if this responsibility is ignored.

Second, the mix of kids and guns is at the heart of the nation's youth violence epidemic. Since the mid 1980s, the number of kids killing with a gun has quadrupled; the number of kids killed by guns has nearly tripled; and teenage boys today are more likely to die of gunshot wounds than

all natural causes combined. Still, we do more to warn Americans about the dangers of most household products than we do about the dangers that guns pose to our children. Today's directive represents an effort to correct this imbalance.

Q: Can you please clarify under what authority you're taking this action?

A: The authority for this directive is two-fold:

(1) 18 U.S.C. Sec. 926(a) generally provides that the Secretary of the Treasury may proscribe certain rules and regulations to carry out the provisions of the 1968 Gun Control Act as amended; and

(2) 18 U.S.C. Sec. 922(x)(1) -- or the Youth Handgun Safety Act, which was included by Senator Kohl as an amendment to the 1994 crime bill -- prohibits, in most circumstances, juveniles from possessing handguns, and adults from transferring handguns to juveniles.

Our directive finds that additional warnings are necessary to fully carry out the prohibitions of the Youth Handgun Safety Act, and calls for signs to be posted and written warnings issued to help ensure compliance with the law.

Q: What punishments are provided for in the Youth Handgun Safety Act?

A: Juveniles who violate the ban on handgun possession are subject to mandatory probation. Adults who violate the prohibition on transferring handguns to juveniles are punishable by a prison term of 1 to 10 years, depending on the circumstances. Additionally, the Administration has called for increasing both of these penalties in its juvenile crime legislation.

Q: Have you successfully prosecuted anyone under the Youth Handgun Safety Act? Do you know how many persons have been prosecuted overall?

A: No, I don't have a number on the total prosecutions. But I do have an example. I know that the U.S. Attorney's Office in Tennessee successfully prosecuted an illegal gun dealer who -- among other illegal firearms activities -- sold a pistol to a 13-year old. He's been sentenced to 33 months in prison.

Q: Do you think that this directive will really help keep handguns from

juveniles? Shouldn't your directive do more than simply call for signs and warnings?

A: Of course, we believe that this directive is meaningful and will have impact. And it certainly makes as much sense to warn gun purchasers about their legal responsibilities and the dangers of handguns as it does for the many other products that are sold with similar warnings.

At the same time, there is only so much we can do under existing law to keep guns out of the hands of juveniles. That's why our juvenile crime bill includes 3 key gun provisions: it increases penalties for transferring guns to juveniles; it prohibits violent juveniles from ever owning guns; and it requires that federal gun dealers provide child safety locks with every gun sold. With these additional changes in law, we will be able to do even more to keep guns away from our kids.

Q: If you're going to issue warnings about guns, why don't you just regulate them like other products through the Consumer Products Safety Commission?

A: First of all, today's directive does more than simply warn gun purchasers about the dangers of handguns; it makes clear to gun purchasers that they have responsibilities -- and that transferring a handgun to a juvenile is a crime punishable by as much as 10 years imprisonment.

Second, the mandate of the Consumer Products Safety Commission does not include firearms. The Commission is expressly prohibited from getting into matters concerning the manufacture and sale of firearms and firearms ammunition. So we simply don't have this authority.

Q. What is the Administration's position on the various Republican proposals to combat juvenile crime?

A. First of all, we are opposed to H.R. 3, the bill that passed the House. It does not come close to representing a comprehensive attack on gangs and guns. It doesn't guarantee that Boston's successful juvenile crime initiative -- Operations Cease-fire and Nite Lite -- can be replicated. It doesn't include any provisions relating to kids and guns. And it does not specifically address the high number of crimes committed by juveniles when school goes out.

We're hopeful that the Senate will work with us to address these issues. The Senate Judiciary Committee is scheduled to consider legislation this Thursday, and we are communicating our concerns to them now. We will

have to wait and see how the mark-up in that committee goes before we know whether or not we'll be able to support a Senate bill.

Q. What does the Administration's juvenile justice proposal do?

- A. The legislation proposed by the President in February is part of an overall Anti-Gang and Youth Violence Strategy that seeks to crack down on violent gangs, reduce youth violence, and provide our kids with positive alternatives to steer them away from gangs, guns, and drugs.

The strategy provides critical resources for state and local prosecutors to target, prosecute and convict violent youth gangs. It permits Federal prosecutors to prosecute juveniles in adult court when they commit violent crimes. It requires child safety locks for guns to prevent accidents and thefts, and extends the Brady Law so that violent juveniles can never own a gun. Finally, the Strategy also calls for at least 1,000 after school initiatives to keep kids off the streets and give them positive alternatives.

The Administration calls on Congress to pass juvenile crime legislation addressing these key issues.



The Business Roundtable

*At the
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Wed &
Thurs.*
*MMA, J. B.
For Thurs
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MAR - 7 1997

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1615 L Street, N.W.
Suite 1100
Washington, D.C. 20036-5610
(202) 872-1260 Fax (202) 466-3509

Samuel L. Maury
President

Patricia Hanahan Engman
Executive Director

February 26, 1997

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

Dear Mr. President:

In keeping with our quarter-century tradition, I am writing on behalf of the 200 members of The Business Roundtable to ask you to be the keynote speaker at our 25th Annual Meeting on Thursday, June 12, at the JW Marriott, in Washington, D.C. We have had the honor of being addressed by every sitting president — yourself included — in our 25-year history.

I know you are familiar with the Roundtable's work. The organization has a reputation for playing a constructive and creative role in the development of public policy. The CEOs devote considerable resources and personal time to advancing critical issues on which they believe they can make an important contribution. Our activities in support of NAFTA, GATT, and Fast-Track, balancing the federal budget, and our partnership with the governors throughout the country to stimulate systemic reform in K-12 education are examples of some of our efforts.

I hope that you will be able to join us. We would all very much enjoy having the opportunity to see you again. The Roundtable will follow up with your office to confirm your attendance. The meeting begins at 4:00 p.m., will conclude at 6:00 p.m., and is followed by a cocktail reception which we would be happy to have you join if time allowed. We will work to accommodate your schedule.

I have attached a list of our members for your reference. With best personal wishes, I am

Sincerely

Donald V. Fites
Chairman & CEO
Caterpillar Inc.
Chairman, The Business Roundtable

The Business Roundtable

An association of Chief Executive Officers committed to improving public policy

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Edward B. Rust, Jr. - State Farm Insurance Companies
Arthur F. Ryan - The Prudential Ins. Co. of America
Stephen W. Sanger - General Mills, Inc.
Philip G. Satre - Harrah's Entertainment, Inc.
Henry B. Schacht - Lucent Technologies
James P. Schadt - Reader's Digest Association, Inc.

Wolfgang R. Schmitt - Rubbermaid Incorporated
Richard Scott - Columbia/HCA Healthcare Corp.
Ivan G. Seidenberg - NYNEX Corporation
Robert B. Shapiro - Monsanto Company
Richard L. Sharp - Circuit City Stores, Inc.
Jeremiah J. Sheehan - Reynolds Metals Company
Walter V. Shipley - The Chase Manhattan Corporation
Charles R. Shoemate - CPC International, Inc.
A.J.C. Smith - Marsh & McLennan Companies
Frederick W. Smith - Federal Express Corporation
John F. Smith, Jr. - General Motors Corporation
Raymond W. Smith - Bell Atlantic Corporation
William D. Smithburg - The Quaker Oats Company
John W. Snow - CSX Corporation
John R. Stafford - American Home Products Corporation
William S. Stavropoulos - The Dow Chemical Company
William C. Steere, Jr. - Pfizer, Inc.
Daniel J. Sullivan - Caliber System, Inc.
Richard J. Swift - Foster Wheeler Corporation
Wilson H. Taylor - CIGNA Corporation
Robert A. Tinstman - Morrison Knudsen Corporation
Randall L. Tobias - Eli Lilly & Company
Gary L. Tooker - Motorola, Inc.
Alex Trotman - Ford Motor Company
Robert J. Ulrich - Dayton Hudson Corporation
James A. Unruh - Unisys Corporation
Thomas J. Usher - USX Corporation
Linda J. Wachner - Warnaco
Harold A. Wagner - Air Products and Chemicals, Inc.
Martin D. Walker - M.A. Hanna Co.
Douglas A. Warner, III - J. P. Morgan & Company, Inc.
Sanford I. Weill - Travelers Group
Robert E. Weissman - The Dun & Bradstreet Corporation
John F. Welch, Jr. - General Electric Company
Edward E. Whitacre, Jr. - SBC Communications, Inc.
Tony L. White - The Perkin-Elmer Corporation
David R. Whitwam - Whirlpool Corporation
J. Lawrence Wilson - Rohm and Haas Company
Kenneth L. Wolfe - Hershey Foods Corporation
Willis B. Wood, Jr. - Pacific Enterprises
John B. Yasinsky - Gencorp, Inc.
Douglas C. Yearley - Phelps Dodge Corporation

◦ Daniel Wexler ◦
◦ 05/02/97 03:16:51 ◦
PRA

Record Type: Record

To: Stephanie S. Streett/WHO/EOP, Karin Kullman/WHO/EOP

cc:

Subject: The Business Roundtable

The best times for the President at the Business Roundtable for June 12 would be either 4:00 pm or 5:30 pm.

The 4:00 pm - 6:00 pm time frame is their only scheduled plenary session during their meeting.

Former President Bush and economist Lester Thorow are the other confirmed speakers at the moment. It would be my recommendation to have the President speak at the 5:30 time slot. He would then conclude the meeting.

GUIDANCE ON DISASTER ASSISTANCE
JUNE 11, 1997

- * Erskine has not had any discussions with the Republican leadership today, but there have been discussions at the staff level.
- * We are continuing to call on the Republican Congress to send the President a clean disaster assistance bill, **and that bill ought to be fully funded.**
- * They ought to stop playing games on this.
- * **We're making it clear to them that these other issues are going to have to be worked out on a stand-alone basis.**

TOIV
Hilley

GUIDANCE ON BUDGET

- * This afternoon (prob. at 1:30), Secretaries Rubin and Riley are going to brief on the tax legislation, particularly the education components, over at the Department of Education. (Rangel may attend as well, we need to check on that.)
- * We expect the President to send a letter to Congressman Rangel today that thanks him for the excellent work he has done and states the President's view that Mr. Rangel's proposal meets the four tests the President laid out for a tax package yesterday.
- * (DRAFT of letter attached)
- * (In addition, we expect that the Administration will communicate our views to Chairman Archer today on his proposal. That communication will also outline the proposals referenced today by the Vice President to assist small business people. COPY OF DRAFT ALSO ATTACHED)

TOIV
Siewert

MIKE -- THIS IS A DRAFT OF A LETTER THAT THE PRESIDENT WILL SEND TO RANGEL. WE CAN'T RELEASE IT YET, BUT IT GIVES YOU A GOOD SENSE OF THE FOUR PRINCIPLES.

BT

Dear Congressman Rangel:

I am pleased that your tax cut package embraces the principles that I have set forth. Most importantly, it is designed to give working families in America the tax relief they deserve.

If we are going to continue to invest in education and the rest of our successful economic strategy, any tax cut package must meet four basic tests. First of all, it must reflect the terms of the bipartisan budget agreement. Second, the tax cuts must be designed help the economy continue to grow. Third, that tax cut must primarily benefit middle-class families. Fourth, a tax cut must genuinely expand educational opportunities for Americans of all ages. Your package, though it differs from our proposal in some respects, meets those tests. The Republican House proposal does not.

We are particularly pleased that your proposal gives American families the help they need to make investments in education and lifelong learning. The decision to include a HOPE scholarship proposal mirrors our initiative to make education more affordable and to make the 13th and 14th grades universal. You have improved our initial proposal by allowing students who receive Pell Grants to the full amount of the HOPE scholarship. We fully endorse that change. Although our tuition deduction plans differ in some particulars, we are pleased that your proposal incorporates the full \$10,000 tax benefit for tuition paid -- regardless of its source. Like our proposal, your tuition plan will help families who are not wealthy enough to pay for the entire amount of tuition out of savings and are therefore forced to borrow. It would also help Americans undertake lifelong learning so that they can take advantage of the opportunities offered by the new economy.

Your tax cut plan is a welcome addition to the current tax cut debate. I hope that the House Democrats and Republicans and the Senate Democrats and Republicans will work with us to enact a tax cut package that meets the four tests I outlined above.

DRAFT

Plan Sept 67

June 10, 1997

2 Protocol

The Honorable Bill Archer
Chairman, Committee on Ways and Means
U.S. House of Representatives
???? Longworth
Washington, DC 20515-4005

3
- Pres
- Oil bill
- Cap
- 65-67 (any)
Medicare

- DC
- RR
- \$600 Am-IC
- MSA (11-9)

Dear Chairman Archer:

I have reviewed the tax plan you released yesterday, providing the details of the tax portion of the bipartisan budget agreement. The President is anxious to sign legislation implementing the agreement into law, but in its present form, the proposal you have put forth does not meet the test of fairness to working families and has other serious problems. My major concerns are listed below.

Your bill will reduce the value of the \$500 child credit for millions of low income families by requiring a family to take the child credit only after the earned income tax credit is taken against their tax liability. A family with two children and \$25,000 of income, for example, would receive no tax relief from the child credit under your proposal. Under the President's plan, this family would get \$1,000, the same as a family that earned twice as much. We would favor a refundable child credit that better targets low and middle income working families.

The proposed legislation singles out six million families who pay for child care and gives them a smaller tax cut. Beginning in 2002, families who receive a tax credit for their child care expenses would lose 50 cents for each dollar of their child credit. This provision unfairly limits tax relief for single parents who are required to work to support their children and families with second earners who are struggling to maintain a decent standard of living.

The education package falls nearly \$13 billion short of the agreed goal of \$35 billion in tax cuts for education, which are consistent with the HOPE scholarship and tuition deduction proposals in the President's FY98 Budget. Furthermore, as compared to the President's proposals, it directs more benefits toward middle- and upper-income families while reducing the benefits to lower-income families who rely on loans and grants to finance their education. It introduces serious administrative complications and works much more poorly than the President's proposals in helping to enhance educational opportunities for students.

- The HOPE credit would be cut to 50 percent of tuition expenses, halving the value of education benefits for millions of students attending community colleges and other low-cost institutions.
- Unlike the universally available tuition deduction in the President's package, the tuition deduction in your proposal would be available only if education expenses are paid from certain education savings plans. Hence, no help is given beyond the first two years of higher education to low-income students and students who must borrow to pay tuition.

- 06/11/87 10:15 2024562223 WHITE HOUSE
- Tax-free savings offered through new education investment accounts and the opportunities for tax-deferred saving through private prepaid tuition plans are overly generous to upper income families, since they have neither income limits nor contribution limits. This would give high-income taxpayers an incentive to use these vehicles to save tax-free, even if they never intend to use the savings for education expenses.

The American Dream IRAs are not sufficiently targeted. Contributions could be made to these back-loaded IRAs without any income limits, which would surely result in a substantial shifting of existing savings into tax-preferred investment vehicles by high-income taxpayers, rather than creating new savings.

The proposal to index certain capital assets and lower the rate of tax on capital gains provide a double benefit to taxpayers, substantially overcompensating them for the effects of inflation. The package would disproportionately benefit the wealthy over lower- and middle-income wage earners. The package so have an explosive revenue cost in years after 2007, possibly jeopardizing all our important work on deficit reduction. In addition, the indexing proposal is enormously complex and difficult to administer. To quote the New York State Bar Association, indexing is "fundamentally flawed" and would create problems that would "overwhelm taxpayers and the IRS."

At a time when the U.S. economy is the strongest in the world, you have proposed to spend \$34 billion over 10 years to eliminate the corporate Alternative Minimum Tax, a proposal that benefits America's largest and wealthiest companies.

Your plan contains other provisions that raise serious concerns. The safe-harbor for independent contractor status would permit employers to avoid essential worker protections. This proposal could lead to widespread shifting of employees to independent contractor status, resulting in loss of worker protections such as pension and health coverage, and consequently wage and hour protections, unemployment insurance benefits and compensation for work-related injuries.

Under your proposal, Indian tribes would be subject to the unrelated business income tax on all income earned from commercial activities. Contrary to long-established United States policy, this tax fails to respect the sovereignty of Indian tribes and their special status as domestic dependent nations. This lack of respect for sovereignty is particularly apparent in the difference the proposal would create between tribes and States. In addition, the proposal would be extremely difficult to administer.

The President's FY98 Budget contained a number of important initiatives that we are very disappointed were not included in your proposals. The Nation's mayors and urban and rural communities have been extremely supportive of the President's brownfields provision, which allows a special deduction for certain expenses associated with environmental cleanup. No provision is included to stimulate investments in Community Development Financial Institutions to revitalize distressed neighborhoods around the country. No provision is included for equitable tolling, which protects a taxpayer's rights when he or she is incapacitated, or for restructuring our Nation's affordable housing portfolio. And while tax relief is provided for the District of

Columbia, no additional Empowerment Zones or Enterprise Communities for the rest of the country are provided.

Your bill also includes a provision to raise the debt ceiling. While we support this provision, we believe that it should be included in the other reconciliation bill, as the Senate plans to do.

In conclusion, we think this package disproportionately benefits the most well off in society. Given the tough choices that need to be made within this tax package, we think it is unwise, for example, to eliminate the corporate AMT while at the same time, denying tax relief provided by the child credit to millions of hard working taxpayers with children who receive the earned income tax credit. Moreover, the provisions in the package that drive up costs in the second ten years, are those that most advantage high income taxpayers. This is an unwise legacy to leave to our children.

We look forward to working with the Congress to design a tax package that helps working families pay for education, buy and sell a house, and raise their children. We are committed to achieving a tax package that is fair to all Americans.

Sincerely,

To Take

62223

Deliver ASA

5-year cost
in billions

DEMOCRATIC ALTERNATIVE

I. Education Tax Benefits

A. Hope credit as proposed by the Administration with the following changes:

1. Eliminate the provision reducing the limitation on the credit by the amount of Pell Grants and other nontaxable Federal grants. These grants will be treated like other scholarship grants, offsetting tuition expenses but not reducing the limitation on the credit.
2. Eliminate the B- grade requirement and substitute a requirement for satisfactory academic progress.
3. Allow the credit against the minimum tax.
4. Phase in the limitation on the credit as follows: \$1,100 for 1997, 1998 and 1999, \$1,200 for 2000, and \$1,500 for 2001 and thereafter.

The alternative substitutes a 20 percent nonrefundable HOPE credit for tuition costs for the Administration's deduction. The credit would be available after student ceases to be eligible for phased-in \$1,500 HOPE credit described above. The credit would be allowable against the minimum tax. The limitation on the amount of expenses for which the credit is allowable is phased in as follows: \$4,000 for 1997, 1998, 1999, \$5,000 for 2000, \$7,500 for 2001, \$10,000 for 2002 and thereafter.

\$37.0

B. Permanent extension of exclusion of employer-provided educational assistance and reinstatement of exclusion for graduate education. The reinstatement of the exclusion for graduate education would take effect for courses beginning after June 30, 1997.

3.4

- 2 -

5-year cost
in billions

- C. The education zone proposal from H.R. 1512. The proposal permits local governments to issue up to \$10 billion per year for 5 years of interest-free bonds to assist elementary and secondary schools (either in empowerment zones or enterprise communities or with at least 35-percent poor students) which join with a private business in a partnership to improve education. The business would be required to make contributions to the partnership. 1.6

II. Family Credit

An income tax credit per child for children under age 18 to begin in 1998; the credit would be \$300 in 1998, 1999, and 2000, \$500 in 2001 and thereafter; phased out for families with incomes between \$60,000 - \$75,000 and unavailable to those with more than \$75,000; refundable to the extent of the employee share of payroll taxes and allowed before the EITC.

71.2

III. Capital Gains

- A. President's exclusion of \$500,000 on sale of a principal residence. 1.9
- B. Allow deductibility of losses on sale of a principal residence. 3.8
- C. Allow an 18 percent rate (7.5 percent for taxpayers in 15-percent bracket) on capital gains, up to a lifetime cap of \$600,000, generated by capital assets not publicly traded on established markets; require a 3-year holding period. 5.7

IV. Estate Tax Relief

The alternative includes an additional exclusion for family-owned business interests:

- A. The limitation on the exclusion would be \$400,000 except that so much of the exclusion that is not claimed on the death of the first spouse may be claimed by the estate of the other spouse. This permits family-owned business interests with values up to \$2 million to pass with no estate tax in the case of a married couple.

	<u>5-year cost in billions</u>
B. The provision would take effect for decedents dying after December 31, 1997.	1.9
V. <u>Extenders</u>	
A. The research credit would be extended for one year.	2.1
B. The provision permitting fair-market value deduction for contributions of appreciated stock to private foundations would be extended for one year.	0.1
C. The work opportunity tax credit would be extended for one year with the following modifications:	
1. The credit would be expanded to cover certain individuals losing their eligibility for food stamps as contained in the Administration's proposal. This change would be effective for individuals hired after date of enactment through September 30, 2000.	0.2
2. The credit would be modified as provided in H.R. 1729 to increase the credit rate to 40 percent and provide a lower credit for workers not meeting 400 hour requirement.	0.5
D. The Orphan Drug Credit would be made permanent.	0.2
VI. <u>Other Presidential Initiatives</u>	
The alternative includes the following tax provisions as recommended in the President's budget:	
A. Expansion of empowerment zones and enterprise communities. The President's proposal would be modified by requiring that three of the additional empowerment zones would be designated in areas with distressed financial service industries meeting the requirements of the Kennelly bill, H.R. 2015 and financial service industries in those areas would be treated as qualified businesses, eligible for otherwise available tax benefits.	1.0

	<u>5-year cost in billions</u>
B. Brownfield tax incentives. The President's proposal would be modified by including the provisions of H.R. 523 that permit tax-exempt qualified redevelopment bonds to be used to pay environmental remediation expenses for qualified sites.	1.2
C. Tax credit for investment in community development financial institutions.	.
D. Welfare-to-Work Tax Credit.	0.3
E. Equitable tolling of statute of limitations for incapacitated taxpayers.	0.1
F. Extension and modification of Puerto Rico tax credit.	0.7
G. Foreign sales corporation benefits for licensed software.	0.6
H. District of Columbia tax incentives.	0.3
TOTAL	\$133.7

*Less than \$50 million.

GUIDANCE ON MEDICARE/MEDICAID
JUNE 11, 1997

The Republicans on the Senate Finance Committee have issued a preliminary mark that has a number of problems in Medicare, Medicaid, and KidsCare. In some cases, they have diverged from the budget agreement. In other cases, we have other concerns. We're in contact with the members to let them know our concerns and we fully anticipate that some of these issues, at least, will be resolved before the final Chairman's mark is presented to the committee.

Medicare

- * Raising Medicare eligibility age from 65 to 67. We are concerned about this proposal, especially in this context.

First, it was not discussed as part of budget agreement.

Second, we are very concerned about moving in this direction absent any consideration for the potential impact on elderly retired Americans. This is a population that is extremely difficult to insure, so we're concerned about the impact of this proposal on their access to affordable insurance. This is a proposal that clearly needs further thought and does not belong in this package.

- * Balanced Billing. They would allow balanced billing, which we strongly oppose. This permits private health plans that contract with Medicare to charge more than Medicare allows.
- * MSA's. We're uncertain at this time, but
- * Phase-in of home health transfer. We believe this is not consistent with the Budget Agreement. While the agreement says phase in the premium increase, it does not say phase in the home health switch. Rather they should do that now. They've done what the Ways and Means Committee did. However, the House Commerce Committee marked up yesterday and did it in a way that is consistent with agreement, and that's the way to go, in our view. (Frank Raines has written to Ways and Means to express concern about this.)
- * \$5 copayment for home health visits. We don't believe this is consistent with the spirit of the budget agreement. We feel we had a pretty good understanding of the limits of any additional burdens we would put on beneficiaries. This is an additional burden which we oppose.

Medicaid

- * They've gone even farther than the House Commerce Committee and eliminated entirely the provision of the Budget Agreement providing \$1.5 billion to help low-income seniors with the cost of the increased Medicare premiums. This clearly violates the agreement. (House Commerce provided in the neighborhood of a half billion.)

KidsCare

(IT WOULD BE VERY HELPFUL IF YOU COULD FIT THIS IN.)

- * They've confined all of the money they provide to a block grant program that does not provide meaningful coverage. **We're working with a bipartisan group of Senators who have a proposal we think is much preferable to the current mark under discussion (Rockefeller/Chafee).**

TOIV
Jennings

RACE INITIATIVE TALKING POINTS – 6/10/97
(Surrogates)

The charge the President set is to shape an initiative that will use policies and people to respect each others' differences and yet be a 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, dialogue and action -- including fact finding 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, businesses, state and local governments, and other groups.

Elements of the proposal:

1. Advisory Board - This seven-person group 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, Deval Patrick, Chancellor Tien, Warren Christopher and Bill Galston.) Advisory board members will also reach out as surrogates for the President to various communities, provide guidance and analysis on topics concerning race and recruit more leaders to implement solutions that will improve race relations.

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 four town halls, a White House conference on hate crimes, three meetings with the advisory board and other activities like the Tuskegee ceremony.
3. Presidential Report - The President will present a report to the American people next summer. The report will:
 - lay out the President's vision of a just America, including an illustration and assessment of the growing diversity of our nation;
 - report on how the nation has evolved on the issue of race over the past 30 years; and
 - provide tools and recommendations that help individuals, communities, corporations and government address the difficult issues.
4. Executive Director and Staff - The President will appoint an executive director and a small staff responsible for working closely with White House staff on policy, outreach, legal and communications efforts; helping advisory board members to fulfill their duties; surveying individuals and organizations for best practices and model programs; and analyzing existing studies on matters of race.

Personal Conviction and Commitment

The President's experiences with discrimination are rooted in the South's 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

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.

Study

Through the initiative, we will review and analyze existing data on race relations including: reports by bodies such as the Truman Commission, the Kerner Commission, the Johnson Council and the US Commission on Civil Rights; works by today's leading scholars; information collected at the President's town hall meetings; and future demographic trends. This material will be provided to the Advisory Board and the White House and will serve as the foundation for the President's report to the American people.

Dialogue

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 will encourage tough, bold dialogue to address the difficult racial issues that we too often avoid.

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

- speeches in 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 go unchecked, such postures significantly affect national attitudes and policy.

- *Willie Horton Ad*: Presidential 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.

- *Civil Rights Movement*: 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.

Action (Best Practices / Policy)

Best Practices: This initiative will attempt to identify and create solutions for improving race relations and the circumstances of Americans of all races. Those solutions will be designed for individuals, communities, religious congregations, educational and non-profit organizations, businesses, state and local governments, and other groups to implement.

Policy: The Administration will develop wholly new policy and refocus or better target existing policy. Some policies will respond to information arising as the initiative moves forward. Other policies will attempt to address longstanding problems in new and creative ways. The

Administration's actions and policies will be announced over the course of the year-long initiative.

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 forward looking. We will consider where the nation is going in terms of demographics and the complexity of race issues.

Timing

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.

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

Spending *(if asked)*

This initiative is about policy that makes a difference. We will look at policy ideas that call for reprioritization of our current spending.

(For Thursday media outreach, we will add points on how/why advisory board members were selected; criteria for choosing executive director; and goals and specifics of the initiative.)

DRAFT- RACE INITIATIVE Qs & As - 6/10/97

Initiative

Q: Is systemic racism and bigotry still a crucial problem for the United States? Is race still an impediment to opportunity and progress in America?

A: America is moving closer to fulfilling its fundamental promise of equality and the opportunity of advancement for all. President Clinton has worked to restore the American dream by expanding the economy, investing in education and making our communities safer. However, more needs to be done. We face new challenges and a very different America in the next century.

For instance, there are four school systems in the country right now, including one across the river (in Virginia) with children from more than 100 different racial and ethnic groups in a single district. We should embrace such diversity.

Unfortunately, there are some disturbing examples of going backward: the lack of economic progress among Hispanic Americans; the greatly reduced number of black and Hispanic students in California and Texas universities; and the young, African-American boy in Chicago who was dragged from his bicycle and beaten just because of his color.

Q: How was this initiative developed? Who did the President call on among the White House staff?

A: The President charged Erksine Bowles and Sylvia Mathews with developing the parameters of an initiative that would move to fulfill America's promise of opportunity and fairness for all Americans, and that would promote unity while preserving cultural differences.

Sylvia convened an internal working group of approximately 25 individuals from different offices within the White House and from different races. The group met regularly starting in March, and daily for the past few weeks. Erskine and other members of the senior staff participated periodically in the working group meetings. The President received regular updates on the group's direction and progress.

- **Offices: Domestic Policy, Public Liaison, Intergovernmental, Legislative, Cabinet Affairs and Communications.**
- **Individuals: Elena Kagan, Maria Echaveste, Doris Matsui, Mickey Ibarra, Lynn Cutler, Janet Murgia, Tracey Thornton, Thurgood Marshall Jr., Ann Lewis, Minyon Moore.**

The group also has consulted with individuals outside of the White House: Taylor Branch, Chris Edley, Henry Cisneros, Chancellor Tien, Warren Christopher, Bill Galston.

Q: Civil rights groups have expressed dissatisfaction that they have not been consulted and dismay at the lack of substance to the initiative. How do you respond?

A: In the process of defining this initiative, we sought comments and ideas from numerous individuals and organizations. More importantly, we have created plenty of chances for future consultation. This is only the beginning of an initiative that will be a uniquely inclusive and broad-ranging year-long effort. We encourage those willing to engage in tough, honest dialogue to join us.

The President is prepared to design wholly new policy and to refocus existing policy. We will look for and implement solutions in areas such as economic opportunity, housing, health care, crime and the administration of justice. We have said all along that we will not outline a full set of proposals and recommendations at the outset. The Administration will unfold policy changes and developments over the course of the year.

Q: How can the President ask others to “get their houses in order” on this subject, when the White House itself lacks diversity, especially in its upper ranks?

A: [Insert Bob Nash info.]

Q: Isn't this just the President's reactionary position after the Administration has neglected to take stronger stances on behalf of minorities?

A: 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 unemployment rate for Hispanic Americans in May was about 7 percent, down from 11 percent when President Clinton took office.
- The African-American poverty rate has dropped to its lowest level in history – 29 percent in 1995.
- The Administration has approved more than \$2 billion in Small Business Administration loans to Asian Americans.

The time is right to move forward more aggressively on the President's third goal. Already the President has taken action in this area with his apology, on behalf of the federal government, to the victims of the Tuskegee experiment, his commitment to a White House conference on hate crimes and already an interagency group is exploring how to persuade colleges to adopt new tools to achieve racially diverse student bodies.

President's Commitment

Q: The President seems to waiver in his commitment to this issue. One day he asks the Supreme Court not to hear an affirmative action case and the next day he announces an initiative on improving race relations. How serious is he about this initiative?

A: The President is very serious about this initiative. He has been steadfast throughout his life and professional career in his pursuit of equality and opportunity for all.

- **The President's experiences with discrimination are rooted in the South's legacy of slavery.**
- **As a candidate, the President has consistently said one of his main goals in running for the office was to keep the American Dream alive for everyone who wanted to work for it and to keep us "one America," a nation coming together instead of coming apart.**
- **As President, he has been a constant voice in pressing racial healing and unity. For instance: speeches in 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.**

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.

Q: Does the President really expect this initiative to make a difference or is it just a way for him to get more media attention?

A: This initiative will attempt to identify and create solutions for improving race relations and the circumstances of Americans of all races. Those solutions will be designed for individuals, communities, religious congregations, educational and non-profit organizations, businesses, state and local governments, and other groups to implement. The Administration will develop wholly new policy and refocus existing policy. Some policies will respond to information arising as the initiative moves forward. Other policies will attempt to address longstanding problems in new and creative ways.

Expectations

Q: Will this initiative address the serious imbalances in opportunity that can be attributed to race?

A: This initiative will study the imbalances in opportunity that can be attributed to race, open channels for discussion about those imbalances and create or refocus policy to address those imbalances.

We will strive to identify and create solutions for improving race relations and the circumstances of Americans of all races. Those solutions will be designed for individuals, communities, religious congregations, educational and non-profit organizations, businesses, state and local governments, and other groups to implement.

Q: How can the President hope to improve race relations and the lot of minorities without dedicating significant funds to the problems that arise from racism?

A: Different times call for different solutions. The choice is not between massive programs and nothing. Much can be done within the confines of tighter federal spending that we face today and going forward. Funds can be reallocated, as they were, in the balanced budget agreement, to provide health cover to five million uninsured children. And we can seek creative ways to generate new funds, not just from federal and state spending.

Q: What can we expect to see change as a result of this initiative?

A: We will promote a better understanding of and a greater respect for both the similarities and differences between people of different races.

We will challenge leaders and “doers” will step forward, in communities throughout the nation, to find and put into practice ideas to improve race relations and stimulate opportunity for all.

We will identify and disseminate proven practices for promoting racial harmony.

We will analyze critical issues affecting race relations in this country and propose government actions and policies to address these issues.

Q: How does the President intend to keep this from becoming just a big talk fest?

A: The effort will be a balance of study, dialogue and action -- including fact finding 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, businesses, state and local governments, and other groups. 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.

Logistics

Q: When will the advisory board hold its first meeting? When will it conclude its work?

A: The advisory board will meet for the first time in the next six weeks or so. An exact date has not yet been determined. At this point, the board will likely disband after the President submits his report to the American people.

Q: When can we expect to see the first action or policy recommendations from the advisory board?

A: As a result of this initiative, we expect the President to implement wholly new policies as well as to reshape existing policies. The Administration's actions and policy changes will take place over the course of the year-long initiative. We cannot say when the first announcement will be. It will be several weeks before the advisory board, the initiative staff and Administration representatives start working together.

Advisory Board

Q: Why did the President appoint an advisory board rather than an independent commission?

A: This initiative is designed to use presidential leadership to prepare the American people for the next century. President Clinton's personal history and conviction to lead this country in recognizing the strength in our diversity make him well-suited to help forge new alliances among citizens. 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.

The seven members will serve as partners in the initiative by reaching out to various communities, amplifying the President's efforts and recruiting more leaders on this issue. The advisory board members were selected based on the concept that they would excel in these responsibilities and be respected, if not well known, in what is a Presidentially-led effort.

Q: Wouldn't you have been better off with individuals with name recognition?

A: In identifying an advisory board, the working group sought individuals who could reach out as surrogates for the President to various communities, provide guidance and analysis on topics concerning race and recruit more leaders to implement solutions that will improve race relations.

We also looked for a group of individuals who would provide diversity on a number of fronts, be respected in their fields and be team players exemplifying the relationships we

hope the whole initiative will engender.

Many of the advisory board's members are familiar ones, especially in their communities or areas of expertise.

Q: Why are there no Native Americans on the advisory board?

A: The advisory board consists of seven individuals. These individuals represent diversity in race, age, gender, background and political perspective. There will be many, many opportunities (for example: staff appointments, Presidential town hall meetings, advisory board outreach) over the course of the initiative for the President and the advisory board to work with and hear from individuals whose diversity is not reflected on the board.

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.**



Office of Public Affairs

425 I Street, NW
Washington, DC 20536

Removal of Criminal Aliens on Commercial Flights

June 11, 1997

Q. Is it true INS is sending thousands of criminal aliens out of the United States on commercial flights without escort?

A. INS screens every alien deported on a case-by-case basis, and escorts any person who may be a threat to themselves or others. Remember that these people have completed their criminal sentences. INS is the only federal agency, and perhaps the **only** agency, that escorts convicted criminals on commercial flights after they are released from prison. While we may not like to think about it, there are no restrictions of any kind on the use of commercial transportation by persons who have served their time.

Q. But criminal aliens have caused disturbances on commercial flights. Isn't that true?

A. That's extremely rare, and INS is reviewing its procedures to make sure that, as the number of criminal aliens being deported continues to increase, the safety and security of commercial passenger flights is maintained.

Q. Is it true INS puts aliens on commercial flights who are health risks?

A. No. Every alien in INS custody receives a health screening before being deported.

FDA Legislation – Talking Points

6/11/97

(Zonana, HHS: 690-6343)

The Administration is hopeful that Congress will put aside contentious issues and enact consensus bipartisan legislation to strengthen the FDA and promote the public health.

The Administration also strongly supports the reauthorization of the highly successful prescription drug user fee program ("PDUFA reauthorization"), and is hopeful that PDUFA reauthorization will not become bogged down in the larger debate over FDA legislation.

As Secretary Shalala told Sen. James Jeffords, R-Vt., in a letter last week: "A protracted and contentious debate [on FDA legislation]... would not serve our mutual goal [of reauthorizing PDUFA and strengthening the FDA]"

In other words, we should enact the elements of FDA legislation that we can all agree upon (including PDUFA reauthorization), and leave contentious issues aside.

Press Guidance

June 10, 1997

NTSB RECOMMENDS CRASH RECORDERS IN NEW AUTOMOBILES

Background: The Washington Post reports today that the staff of the NTSB recommended to the National Highway Traffic Safety Administration (NHTSA) that automakers install crash recorders in new cars and trucks.

- NHTSA conducted a research program in the early '70's on this exact issue which found "that while the devices were proven accurate their cost and lack of direct safety benefits could not justify their wide spread installation."
- This research also indicated that there were some very complicated legal and access issues including search and seizure, probable cause and evidence rules.
- You should also know that many of the Smart Airbags used in cars and trucks today already contain detection devices that provide useful information (ie. Whether the individual was wearing a seat belt.)

Silverman
per Aikey/DOT

Press Guidance
June 11, 1997

Q AND A ON FAA ADMINISTRATOR JANE GARVEY

Q: Is the President concerned that Jane Garvey has never been a pilot?

A: She has an aviation background and experience in managing large complex agencies. The President has full confidence that her managerial skills and leadership are what the FAA needs to meet the challenges that lie ahead.

Q: What is the situation concerning a power outage at National Airport today?

A: A fuse blew at 8:30am but was replaced and up and running in short time. There are still minimal delays but as most of you know this is not infrequent at National Airport.

See attached press release on Garvey and Donohue.

Silverman
per Aikey/DOT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June 11, 1997

**THE PRESIDENT ANNOUNCES HIS INTENT TO NOMINATE JANE GARVEY
AS ADMINISTRATOR AND GEORGE DONOHUE AS DEPUTY ADMINISTRATOR
OF THE FEDERAL AVIATION ADMINISTRATION,
U.S. DEPARTMENT OF TRANSPORTATION**

Today the President announced his intent to nominate Jane Garvey as Administrator and George Donohue as Deputy Administrator of the Federal Aviation Administration, U.S. Department of Transportation.

Upon announcing these appointments the President stated, "Jane Garvey is a leader in transportation and is a proven innovator and manager. She has the expertise to move aviation safety forward. She and George Donohue will make a superior team as we work to modernize the FAA."

Vice President Gore stated, "This new FAA leadership team is ideal to move forward the vital initiatives recommended by the White House Commission on Aviation Safety and Security."

Ms. Garvey, of Amherst, Massachusetts, is currently the Acting Administrator of the Federal Highway Administration (FHWA) at the U.S. Department of Transportation. Ms. Garvey was appointed by President Clinton in 1993 to serve as the Deputy Administrator of FHWA. During her tenure as FHWA Deputy Administrator, Ms. Garvey assisted in carrying out the commitment to increase investment in infrastructure by leading a team that created, tested and secured legislation in 1995 authorizing an innovative approach to funding federal-aid highways. The initiative has helped make possible more than \$5 billion worth of projects. Prior to joining the Executive Branch, Ms. Garvey served as Director of Boston's Logan International Airport, the nation's 13th busiest airport. She has also served as Commissioner of Public Works in Massachusetts, the nation's 8th largest state highway program. Ms. Garvey also served as the Associate Commissioner for the Department of Public Works for the State of Massachusetts, where she directed construction and maintenance activities and developed several environmental initiatives. Ms. Garvey holds degrees from Mount Saint Mary College and Mount Holyoke College.

- more -

Dr. Donohue, of Bethesda, Maryland, is currently serving as Associate Administrator for Research and Acquisitions at the Federal Aviation Administration. He is responsible for a 2,000-member organization charged with designing and upgrading the infrastructure of the National Airspace System.

Prior to joining the FAA, Dr. Donohue was a Vice President with the RAND Corporation. In this position he directed Project AIR FORCE, overseeing research, quality control and financial management of the U.S. Air Force's Federally Funded Research and Development Center for policy and analysis. Dr. Donohue's thirteen years of experience at the RAND Corporation also includes serving as a member of the RAND Graduate School, as Associate Director of the International Security and Defense Policy Program, and as Director of Technology Application Program for Project AIR FORCE. Prior to joining the RAND Corporation he served as Director of the Aerospace and Strategic Technology Office for the Defense Advanced Research Projects Agency, as Vice President of Dynamics Technology, Inc., and as Head of the Advanced Concepts Division in the Fleet Engineering Department for the Naval Ocean Systems Center.

The Federal Aviation Administration (FAA) is the world's largest aviation agency, with 48,000 employees, and facilities located in every state. The FAA oversees the nation's air traffic control system, ensures the aviation system's safety and security, and provides financial and technical assistance to airports.

Fact Sheet on Expansion of Small Business Capital Gains and Home Office Deduction

June 11, 1997

Today, Vice President Gore announced that the Clinton administration would support expansion of the small business capital gains tax incentive and of the home office deduction. These two tax benefits will help hi-tech and bio-tech entrepreneurs, start-up companies, parents who work out of their home, and other Americans who are seizing the opportunities of the new economy.

Expands the Small Business Capital Gains

- Allows more business to qualify for capital gains by doubling the limits on asset size from \$50 million to \$100 million.
- Makes it easier for businesses to qualify for the capital gains tax benefit.
 - (1) Working capital will be treated as an active trade or business asset if it is reasonably expected to be used within five years.
 - (2) Funds invested in R&D will be treated as creating an active trade or business asset dollar-for-dollar.
 - (3) The time period for taking full advantage of these working capital rules would be extended from 2 years to 5 years. These changes would particularly help bio-tech companies and other R & D firms that have long development periods before products can be brought to market.
- Permit stock redemptions for a broader range of incidents, e.g. death, divorce, mental incompetence.
- Clarify rules to ensure that software and other R&D firms are not disqualified simply because their principal asset may be the skill or reputation of their employees.

Expands Home Office Deduction

- Expands the existing home office deduction to cover cases where:
 - (1) The office is exclusively used to conduct substantial and essential administrative or management activities on a regular systematic basis.
 - (2) The taxpayer has no other location to conduct these essential administrative or management activities.
- This proposal would not amend the definition of a principal place of business.



Office of the Attorney General
Washington, D. C. 20530

June 6, 1997

The Honorable Bill Archer
Chairman, Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

We write to express the views of the Departments of Justice and the Interior on H.R. 325, which would subject tribal government revenue derived from Indian gaming to federal income taxation, and H.R. 1554, which would subject tribal governmental revenue from trade and business activities generally to federal income taxation. The Departments of Justice and the Interior strongly oppose these measures because they are contrary to the United States' longstanding protection of tribal self-government and the Federal trust responsibility.

Since the formation of the Union, the United States has recognized Indian tribes as domestic dependent nations under the protection of the Federal Government. Through numerous treaties and statutes, the United States has guaranteed the right of Indian tribes to self-government. Accordingly, the United States deals with Indian tribes on the basis of government-to-government relations. As a corollary to these principles, the Federal Government is committed to promoting tribal self-sufficiency and economic development. Nevertheless, most reservation Indians continue to live in conditions of extreme poverty.

The Indian Gaming Regulatory Act (IGRA), 25 U.S.C. §§ 2701 et seq., promotes "tribal economic development, self-sufficiency, and strong tribal governments." Indian tribes use the governmental revenue derived from gaming for government purposes, such as roads, water systems, schools, hospitals, law enforcement and educational programs. Under IGRA, Indian tribes develop plans for use of Indian gaming revenue to meet government needs and to promote self-sufficiency. (Such plans must be approved by the Secretary of the Interior before any per capita payments may be made to tribal members. If an Indian tribe does make payments to tribal members under such a plan, federal income tax is assessed on the income received by the tribal members as individual citizens. 25 U.S.C. § 2710(b).)

The Honorable Bill Archer
Page 2

Other tribal government undertakings, such as the development of tribal natural resources or the utilization of the tribal labor force in manufacturing or agriculture, are equally important in promoting tribal economic development and supporting tribal self-sufficiency. Historical Federal Government dealings with Indian tribes undermined traditional tribal economies. In keeping with the Federal trust responsibility, the United States has promoted tribal ventures which provide alternative avenues of employment for tribal members as a means to address severe Indian unemployment, which often reaches above 50% on large reservations. See e.g., 25 U.S.C. §§ 47, 450e, 477, 1451 et seq.

The United States has a unique legal relationship with Native American tribal governments as set forth in the Constitution of the United States, treaties, statutes, and court decisions. H.R. 325 and H.R. 1554 are contrary to the longstanding federal recognition of tribal self-government and inconsistent with federal pledges to protect Indian tribes. See e.g., 25 U.S.C. § 3601; Treaty with the Cherokee, 7 Stat. 18 (1785). These proposals would interfere with important tribal governmental programs and undercut tribal efforts to develop Indian reservations as the "permanent homes" of Indian peoples. See Treaty with the Sioux, Art. 15; 15 Stat. 635 (1868).

For all of these reasons, the Departments of Justice and the Interior strongly oppose any measures imposing Federal income tax on the governmental revenues of Indian tribes.

Sincerely,



Janet Reno
Attorney General



Bruce Babbitt
Secretary of the Interior

Q: What did the President and the Amir of Qatar discuss?

A: During their meeting today the President and the Amir had an opportunity to review the efforts of the peace process. The two leaders reaffirmed their commitment to peace in the region.

They also discussed the progress in the preparations for the Middle East North Africa Summit taking place in Doha in November.

Q: What about the Amir's comments yesterday about Iran and Iraq?

A: Of course in any relationship there will be areas of disagreement, but there is still much common ground. This meeting focused on the areas where the U.S. and Qatar can continue to work together.

The President had an opportunity to discuss the U.S. position that Iran and Iraq still pose a threat to stability in the region.

KEY ELEMENTS OF AGENDA:

Economic

- Efforts to promote growth and reduce social risks in world economy; encourage reduction of deficits, investment in people and export-led growth. Increase efforts to fight corruption and money-laundering.
- Push for sound macroeconomic and financial policies and structural reforms to allow markets to function effectively in the global economy.
- Encourage strengthening of small and medium-sized businesses.

Aging

- Focus on “active aging” populations, including strengthening pension and healthy systems and encouraging medical and behavioral research.

Security

- Confront global security threats including money-laundering, cyber-crime, drug traffic, terrorism, weapons of mass destruction, nuclear smuggling.

Health

- Accelerate work on AIDS vaccine research.

Environment

- Facilitate transfer of environmentally sound technologies, promote child survival and sustainable development, take action to address greenhouse gas concentrations, advance efforts on environmental health and reform of U.N. environmental programs.

Russia

- Further efforts to integrate Russia into international financial institutions, including Paris Club, WTO and OECD.

Africa

- **Africa Trade Initiative: Improve market access in industrialized countries for African producers, strengthen assistance to promote economic reform and trade liberalization, target assistance to public administration and civil society programs, enhance food security, strengthen peacekeeping capabilities.**

Democracy

- **Launch year-long effort to advance and coordinate human rights and democracy programs.**

RUSSIA AND THE DENVER SUMMIT

- **The Denver Summit of the Eight is a milestone in Russia's new role as an international partner committed to democracy and competitive international markets.**
- **Russia's role at Denver builds on several years of successful cooperation among the Eight:**

Munich 1992 -- Yeltsin joins for one meeting;

Tokyo 1993 -- Yeltsin joins for a discussion on Russia;

Naples 1994 -- Yeltsin joins regional political discussion;

Halifax 1995 -- Yeltsin joins political and global discussions;

Moscow 1996 -- Russia hosts Nuclear Safety and Security Summit;

Lyon 1996 -- Russia joins political and global discussions.

- **At Denver, the Eight will review key international political issues and strengthen cooperation on global challenges such as combating international crime, drugs, terrorism and infectious diseases and protecting the environment.**
- **Denver will mark the first time Russia participates in Summit discussions on economic issues such as the economic consequences of the aging of our populations, the role of small and medium enterprises in job growth and the impact of globalization on our societies.**
- **While at Denver, the G-7 will hold one meeting on certain financial and economic matters such as international monetary policy and will provide guidance to the International Financial Institutions.**
- **We expect the trend of Russia's increased cooperation with the Eight will continue after Denver. Prime Minister Blair has indicated he plans to use the Denver model next year at Birmingham.**

(If raised -- G-7 continue to meet separately?)

- **We expect the G-7 leaders will meet as necessary on core economic and financial issues.**

(If raised -- is there a full G-8?)

- **The role of the Eight continues to evolve and will grow in the future. You should also expect that the Seven will meet as necessary on core economic and financial issues.**

Q: Have you reached agreement with Chairman Helms on UN Arrears?

A: The bill the Senate Foreign Relations Committee is scheduled to mark up this week represents a major breakthrough in our discussions with the Congress on UN arrears. We are continuing to work with the committee on the details. The administration appreciates the good faith effort that Chairman Helms, Senator Biden, and other members of Congress have made to work with us on the issue. We should keep in mind, however, that today's Senate action is only one step in the legislative process.

Q: What are the terms of the agreement?

A: The Senate bill would authorize the payment of \$819 million in arrears to the UN and other international organizations over the course of the next three fiscal years (FY98 - FY00).

The release of the arrears payments would be conditioned on meeting a reform benchmarks in each of the three fiscal years. These benchmarks include reducing U.S. assessments from 25% to 20% and cutting the budgets of the UN and other international organizations.

Q: Doesn't the Senate figure fall short of the President's FY98 request?

A: The SFRC's bill provides most of what the President requested. Most important, the bill would enable us to pay off our arrears to the UN regular budget and to UN peacekeeping.

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

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

On House Bill:

- Had good discussions with members on both sides of aisle on State bill now being considered by House.
- Encouraged by efforts to come to agreement on reorganization language.

- **There are other problems with the bill (Mexico City family Planning language and foreign policy micromanaging). But if the reorganization language is good -- i.e., it gives the President the flexibility he needs -- and there are adequate funding levels (close to President's budget), then we hope to be able to support the bill moving along the legislative process.**

On Senate Bill:

- **Major step forward on UN reform. Still working with committee on details.**
- **Negotiations continue on reorganization language. No deal yet.**
- **Devil is in the details. President needs flexibility to implement an effective reorganization plan.**

UN HR INVESTIGATION

- Q:** What is the status of the UN investigative team going to the Democratic Republic of the Congo?
- A:** The officer in charge of the UN human rights center in Geneva has met with his senior staff. They are organizing the advance team. The team will consist of human rights officers, Secretariat officials, investigators and forensic experts.
- Q:** Who will be on the team?
- A:** We don't have the names yet. We refer you to the UN Human Rights Center for the list of names.
- Q:** When will the team leave?
- A:** An advance team expects to deploy in the DROC by June 20. The full investigative team expects to deploy by July 7.
- Q:** (if asked) What is the U.S. doing about reports of massacres in Eastern Zaire?
- A:** The allegations are of grave concern to the United States. There are many seemingly credible reports from various sources that serious human rights violations have been, and continue to be, committed in eastern Congo against civilians.

For several months, we have been pressing our concerns with the Alliance leadership and at the highest levels with neighboring governments.

Ambassador Richardson, Assistant Secretary for Human Rights Shattuck, and other U.S. Government officials have been in the region recently meeting with DROC Government officials, representatives of civil society, non-governmental organizations and others. The U.S. Government has given a clear and consistent message that killings must stop and that a UN investigative team must be allowed to do its work.

President Kabila committed June 7 to admit 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 throughout the country to do their work.

We welcome this pledge and expect President Kabila to honor his commitments.

Q: (If asked) Who has committed the excesses? Is it Kabila's forces or is it the Rwandans?

A: We don't know. That is what the UN investigative team will try to find out.

REFUGEE UPDATE

Q: Would you provide an update on access and assistance to refugees remaining the Democratic Republic of the Congo?

A: We remain extremely concerned about the well-being of the Rwandan refugees who remain in the DROC.

With the airlift of the more than 50,000 refugees who were found in areas accessible to the international community, the refugee relief effort is shifting to a search and rescue mode.

It is essential that UNHCR and other relief agencies be allowed immediate access to all areas where refugees have been reported, particularly in light of allegations that the killing of refugees may be continuing.

It is imperative that the new government of the DROC ensure the protection of the refugees as well as of humanitarian workers.

President Kabila assured Ambassador Richardson on June 7 that he would grant full access throughout the country to UNHCR and the International Committee of the Red Cross (ICRC).

While we welcome this assurance, we wish to state once again that words are not enough and that immediate action is needed.

Q: How many refugees have been airlifted back to Rwanda and what information do you have on the whereabouts of others?

A: The airlift of refugees as they emerge from the forest is continuing.

Over 50,000 Rwandan refugees have now been airlifted back to Rwanda:

39,700 refugees from Kisangani

7,150 from Mbandaka on the border with Congo (Brazzaville)

3,288 from Tingi-Tingi/Amisi, Punia, and Kindu

A number of humanitarian search teams and refugee collection points have been set up south and southeast of Kisangani, in the Mbandaka area, and west of Goma.

UNHCR plans to begin searching in the Boende area, east of Mbandaka, where there are reports of several thousand refugees and in Ikela, 200 miles southeast of Kisangani.

While this access is welcome, it is not enough. There are other areas where refugees have been reported where UNHCR and others are still not allowed to travel.

Q: What is happening to the refugees who fled to Congo (Brazzaville) given the present fighting there?

A: Approximately 30,000 Rwandan refugees had crossed into Congo (Brazzaville).

With the outbreak of fighting, UNHCR has been unable to gain access to the refugees since June 5.

There are reports of DROC refugees, who fled to Congo Brazzaville, and Congolese citizens crossing the river into the DROC. We do not have any numbers at this time.

REPUBLIC OF THE CONGO (BRAZZAVILLE)

June 11, 1997

Q: Progress on resolving crisis?

A: President Lissouba announced an unconditional cease-fire today, along with a call for international mediation. We do not yet have a response from former President Sassou.

Q: How many Amcits remain in Brazzaville? How many departed yesterday/today?

A: A small number of Americans remain in Brazzaville. We will seek to arrange the departure of all those Amcits wishing to leave. The French are playing a key role in operational issues regarding the departure of Americans. (For the briefer: We can confirm that 36 Amcits have arrived in Libreville.)

As we indicated yesterday, this is a very rapidly evolving situation, and numbers regarding departure of Americans are constantly changing.

Q: Has the Ambassador asked for the evacuation of American citizens?

A: The Ambassador has requested the ordered departure of American citizens and non-essential staff members. The Ambassador and a core Embassy staff plan to remain.

Q: Will the C-130 return to Brazzaville?

A: The C-130 is standing by in a neighboring country.

Q: What is the U.S. reaction to reports of the coup leaders demanding \$46 million to stop down? Who will pay this demand?

A: We do not know whether the coup leaders in Sierra Leone have made any demands for payment to return authority to the democratically-elected government. The Armed Forces Ruling Council (AFRC) spokesman has reportedly denied that any such request was made.

The United States supports the position taken by the Organization of African Unity (OAU) in Harare calling on the international community to refrain from recognizing the new regime or lending support in any form to the perpetrators of the coup d'etat.

CHINA/TAIWAN

Q: Can you comment on reports that China and Taiwan will stage exercises in the Taiwan Strait, risking an increase in tension during the Hong Kong transition?

A: We think those reports should be checked for accuracy with Taipei and Beijing. We have no evidence of any large-scale military exercises scheduled by either Taiwan or the PRC. We believe Taiwan's plans are modest in scale and non-provocative. We have no indications that the PRC is planning large-scale exercises similar to those carried out last year.

We believe both sides have shown restraint in military deployments the Taiwan Strait, and urge them to continue efforts to improve dialogue and further reduce tensions.

U.S. HIGH PERFORMANCE COMPUTERS TO CHINA

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

A: I cannot discuss business proprietary information on specific export cases.

In late 1995, the President decided to streamline computer export controls to allow exports of certain computers to civil end-users in countries like China, without prior U.S. Government review.

The systems eligible for this treatment are those that perform at a level between 2,000 and 7,000 MTOPS - Millions of Theoretical Operations per Second.

When the regulatory change became effective, companies became responsible for keeping specific records of such shipments, so that they could report on such sales as requested by the U.S. Government. We have been examining these records.

Our review of such exports to China that have occurred under this policy has thus far revealed no diversions to end-users of concern. We will continue to review the issue.

Q: Well, press reports indicate that some computers have gone to end-users engaged in missile development work. Doesn't this show that the President's 1993 and 1995 computer decisions were wrong?

A: As I noted, we have not identified such problems.

The President's decisions in 1993 and 1995 to streamline export licensing requirements for computers were based on interagency-agreed recommendations from Defense, State, Energy, the Arms Control and Disarmament Agency and Commerce.

The 1993 decision modernized an outdated set of controls that were focused on denying a wide range of low level computer technologies to the Soviet Union. The 1995 decision recognized the growing worldwide availability (or, uncontrollability) of computers. It also recognized that U.S.-origin computers should not be shipped to certain end users without explicit U.S. authorization.

This was, and is, a reasonable balance to our security and economic interests that was carefully considered and supported by all of the national security agencies involved in the export policy development process.

Q: What about the report today that Silicon Graphics also exported computers to China's Academy of Sciences last year?

A: We have been aware of this report. The Commerce and Justice joint investigation into the reported exports to Russia is examining the range of Silicon Graphics' exporting practices.

Q: In early 1996, the Administration liberalized its controls on computer exports. What level of computers were liberalized to China?

A: In January 1996, the Administration implemented the following computer export policy for a group of countries that includes China:

Computers at any level require an export license when the exporter knows, or has reason to know, that the shipment is being made to a facility engaged in, among other activities, the design, development, production or stockpiling of nuclear weapons.

Computers up to 2000 MTOPS may be sold to all other end users in Russia and China, including military end-users, without a license.

Computers up to 7000 MTOPS may be sold to strictly civilian end users for civilian uses, without a license.

Computers above 7000 MTOPS, for all end users/end-uses, require a license.

Q: Isn't it difficult for a company to know in every case whether an end-user is civilian, or military, or engaged in proliferation activities?

A: It can be. That is why U.S. exporters have been clearly instructed to contact the government (i.e., the Commerce Department) when they are uncertain about an end-user.

If an exporter had any doubts about the activities of an end-user, however, that company has an obligation to resolve those doubts or to contact the government for assistance.

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.

Resignation of Prime Minister

Q: What do you make of Haitian Prime Minister Smarth's decision to resign?

A: Haiti continues its difficult process of political and economic transition. We strongly support the continuation of economic reform in Haiti, which is essential to creating the climate for long-term growth. We are also working to strengthen Haiti's democracy; in this regard, I would note that this latest change in government is taking place in accordance with the relevant provisions of the Haitian Constitution and in a way that reflects respect for the institutions of Haitian democracy. We urge all elements of Haitian society to continue to work within the framework of Haiti's constitutional, democratic institutions.

Accession Talks

Q: Any comment on press reports that Germany and the majority of other allies support including Romania in the first group to be invited to begin accession talks (as opposed to the U.S. preference to restrict the first group to Poland, the Czech Republic and Hungary)?

A: We do not believe it would be prudent to comment on press reports on this subject. The question of whom to support is being discussed within the Alliance and the final decision will only come when NATO heads of state and government meet on July 8 in Madrid.

We have not yet made a decision on the number of new entrants we would support. This matter is being discussed within the Administration, in consultation with the Congress, and with our NATO allies.

Since NATO is a consensus organization, the final NATO decision on this issue must and will reflect the consensus of all 16 members.

Gilman on NATO Enlargement

Q: Does the Administration support the Gilman on NATO enlargement?

A: The Administration supports and welcomes Congressional support for NATO enlargement. The Gilman bill, as amended by Representative Hyde, is consistent with our policy that NATO's door must remain open, and that the first new members to be named at Madrid shall not be the last.

Hyde's amendment names Romania, Estonia, Latvia and Lithuania as eligible for assistance under the NATO Participation Act. (Poland, the Czech Republic, Hungary and Slovenia were named in earlier versions of this bill.) It does not force the Administration prematurely or unilaterally to name countries as ready for NATO membership, but advances our policy of maintaining a steady and consistent policy of NATO's enlargement to countries ready to assume the responsibilities of NATO membership, when their membership will benefit NATO.

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 choose 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.

Sintra NATO Foreign Ministers Meeting

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

Madrid Summit

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.

SURVEILLANCE OF SCIENTOLOGISTS IN GERMANY

June 10, 1997

Q: What is the USG's reaction to Germany's decision to place Scientology under surveillance?

A: Our understanding is that Germany's state and federal interior ministers decided late last week to gather information on the Scientology movement. This decision was apparently based on the recommendation of an experts group.

We will certainly examine the details of this decision closely as more information become available.

The U.S. Government has in the past expressed concern about discrimination against Scientologists in Germany, specifically raising this issue in the annual State Department Human Right Report.

Q: Will the decision involve intrusive methods such as wiretaps, etc.?

A: We do not yet know the details of the decision, including what methods of observation will be used by law enforcement agencies, so it would be inappropriate to speculate on that.

House Resolution on Jerusalem as Capital of Israel

Q: Any reaction to the House resolution reaffirming the view that Jerusalem is the capital of Israel?

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

The focus needs to be on getting the Palestinians and Israelis back to the negotiating table to deal with their differences in a credible and constructive way. This sort of resolution doesn't help, it simply distracts.

LIBYA/PAN AM FAMILIES

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.
- 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 WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June 9, 1997

STATEMENT BY THE PRESIDENT

Withdrawal of General Ralston from Consideration for Nomination
as Chairman of the Joint Chiefs of Staff

I respect General Joe Ralston's decision to remove his name from consideration as Chairman of the Joint Chiefs of Staff.

I am pleased that General Ralston has agreed to Secretary Cohen's request to continue in his current post as Vice Chairman. For thirty-two years, in war and in peace, General Ralston has served our nation with uncommon distinction. As Vice Chairman, he is a valued advisor to me and he has played a key role in the Pentagon's review of its post-Cold War mission. The Joint Chiefs and our country will benefit from his continued service. He is an outstanding officer.

I also welcome Secretary Cohen's action to forthrightly and thoroughly review the military's standards and procedures involving personal conduct. It is essential that our system is reasonable, consistent and fair for those who serve our country and that it is perceived to be so by the American people.

I look forward to receiving Secretary Cohen's recommendation for the Chairmanship of the Joint Chiefs.

#

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.

FRANCE: ELECTIONS

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.

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.

Current Items

Russia-Belarus

- **Noted Russia and Belarus signed treaty creating Russo-Belarus Union; no apparent changes from agreement between Russia and Belarus in place over a year; recognizes sovereignty and independence of both states; urge Belarus to adhere to treaty provisions on human rights, freedom of speech, respect for private property.**

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.

Elections

- We commend the government of Algeria for holding parliamentary elections and for inviting international observers to monitor them. We praise the Algerian people for their courage in voting. They are the best judge of how the election results will contribute to the process of national reconciliation in Algeria. A multi-party assembly holds the potential to move this process a step forward.
- We urge the government to address the issues raised by the international observers and political parties as Algeria prepares for municipal and local elections. The election campaign also marked a commendable increase in the openness of Algerian television and radio. We hope that the increased openness will continue as Algeria moves toward the peace, stability and democracy that so many Algerians have demonstrative they wish to achieve.

Q: Were the election results free and fair?

A: We are not going to characterize these elections except to say that it is up to the Algerian people to determine whether and how the elections can contribute to the process of national reconciliation.

Q: What about all these charges of fraud? Where do you come out on the truth?

A: I refer you to the report of the international election observers. It is an honest treatment. Further, we understand that a number of political parties have submitted complaints to the constitutional council of Algeria for resolution. It would not be appropriate for us to comment on those individual issues before the Constitutional Council has a chance to give its decision.

Q: How can you find anything positive in elections so marked with fraud?

A: We recognize that the process was not perfect. However, opposition parties across the spectrum are saying in public that there are positive elements in this process that they want to enforce. We urge the Algerian government and parties to work seriously on resolving problems that have arisen.

Q: Doesn't the low turnout invalidate the results of Algeria's June 5 election?

A: No the 65% level of participation is within the range of previous Algerian elections: municipal elections of 1990 - 62.17%; legislative elections of 1992 (first round) - 52.2%; and presidential elections of 1995 - 75%.

Q: Does the Absence of the FIS invalidate the elections?

A: We believe Algerians had a broad range of political choice in the elections, extending from two legal Islamist parties, through the opposition parties, to those supporting the government.

Q: Doesn't the President hold all of the power?

A: No. The elected assembly will have the power to propose legislation and to vote up or down the President's political program.

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.

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.

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.

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 through 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.

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

- 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.

IFC Loan to Croatia

- **We have made clear to the Croatians that U.S. support for multilateral lending and assistance will be conditioned on Croatian cooperation on Dayton implementation issues.**
- **The U.S. did not object to the \$13 million International Finance Corporation loan to Croatia (considered on June 9) because of the recent positive actions taken by the Croatian Government in this regard, including opening the Brcko bridge and commitments on inter-ethnic reconciliation, including full implementation of the amnesty law.**
- **We expect to see follow-through on these and other obligations commitments, such as better cooperation on war criminals, in advance of other IFI votes on Croatia.**

Bosnia Implementation Plan/European Trips

- **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 recent travel to the region 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.

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.)

High-Level Talks with Sinn Fein

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

PEARSON DEPORTATION

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

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

MITCHELL RESIGNATION AS SAPASS FOR ECONOMIC INITIATIVES IN IRELAND

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

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

CONTINUED IRA VIOLENCE

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

ON WHETHER IRA NEEDS TO DISARM BEFORE JOINING TALKS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 certain 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.