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Clinton Library

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COLLECTION:

Clinton Presidential Records
Press Secretary
General Files
OA/Box Number: 10858

FOLDER TITLE:

Daily Press Guidance - July 31, 1997

2011-0586-F

db4227

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

FOIA MARKER

**This is not a textual record. This is used as an
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Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Press Secretary

Series/Staff Member: General Files

Subseries:

OA/ID Number: 10858

FolderID:

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Daily Press Guidance - July 31, 1997

Stack:

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Row:

93

Section:

1

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1

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Daily Press Guidance

Thursday
July 31, 1997

(For internal use only.)

Press Guidance
Wednesday, July 31, 1997

Domestic

1. **Budget** - BUDGET
2. **D.C. Spending** - DC PLAN
3. **DNC/FEC** - DNC
4. **Amtrack** - ~~AMTRAK~~ TRANSPORTATION
5. **Education** - Goodling Amendment - EDUCATION
6. **Guns** - Gun Control
7. **Colorado Disaster Update** - ~~FOR~~ FEMA / DISASTER
8. **EPA** - ~~Environmental Protection Agency~~ EPA (New)
9. **Ruff Statement** - CAMPAIGN FINANCE HEARINGS

Economics

1. **GDP** - GDP

Foreign

1. Middle East
2. Iran/Khatemi Inauguration
3. Tibet
4. Lebanon
5. Northern Ireland
6. Weld - APPOINTMENTS / NOMINATIONS
7. Fogleman
8. Fast Track
9. Thailand
10. Gulf War Illness
11. Canada Salmon
12. Dolphin Protection
13. Trips and Visitors
14. Nazi Gold
15. Russia/NIS
16. Russian Mir Situation
17. Bosnia
18. Cambodia
19. Korea
20. Thompson Hearings - CAMPAIGN FINANCE HEARINGS
21. Latin America
22. Sayegh/Khobar
23. Haiti
24. B-2 Funding
25. Landmines

THE FIRST BALANCED BUDGET IN A GENERATION AND A MAINSTREAM TAX CUT

- ✓ **Roughly \$900 Billion in Net 10 Year Deficit Savings.**
- ✓ **First Balanced Budget since 1969.**
- ✓ **Largest Investment in Higher Education Since the G.I. Bill in 1945:**
 - **\$1,500 HOPE Scholarship to Help Make Two Years of College Universally Available.**
 - **20% Tuition Tax Credit for College Juniors, Seniors, Graduate Students and Working Americans pursuing Lifelong Learning to upgrade their skills.**
- ✓ **Single Largest Investment in Health Care for Children Since 1965.**
- ✓ **A \$500 Per Child Tax Credit for Approximately 27 Million Families.**
- ✓ **Critical Long-Term Entitlement Reforms -- Extends Solvency of Medi Trust Fund for at Least a Decade.**
- ✓ **Brownfields and Empowerment Zones Tax Incentives to Revitalize O Nation's Distressed Areas.**
- ✓ **A \$ 3 Billion Welfare-to-Work Jobs Initiative Targeted to High Povert Areas.**
- ✓ **Treats Legal Immigrants Fairly -- Restores Health and Disability Bene**

THE FIRST BALANCED BUDGET IN A GENERATION

FIRST BALANCED BUDGET SINCE 1969

- ✓ **Net savings of roughly \$900 billion over ten years.**
- ✓ **1993 Economic Plan has cut the deficit more than 75% from \$290 billion**

in 1992 to \$67 billion or lower in 1997. This agreement finishes the job -- balances the budget in 2002 and puts the budget in surplus at least through 2007.

SINGLE LARGEST INVESTMENT IN HEALTH CARE FOR CHILDREN SINCE THE PASSAGE OF MEDICAID IN 1965

- ✓ An unprecedented \$24 billion for children's health care.
- ✓ Guarantee of meaningful health coverage including full range of benefits to as many as 5 million uninsured children.
- ✓ Provisions to ensure that states use this investment to provide health care coverage to children who do not currently have health insurance and that there are adequate cost protections so that families are not burdened with excessive costs so that care is affordable.

CRITICAL LONG-TERM ENTITLEMENT REFORMS

- ✓ Between \$400-\$450 billion in ten-year Medicare savings.
- ✓ Extends the life of the Medicare Trust Fund for at least a decade.
- ✓ Prepares Medicare for the 21st century -- more choice, competition, improved payment systems.
- ✓ \$4 billion in preventive benefits to fight diseases like breast cancer, diabetes & colon cancer.
- ✓ \$1.5 billion to help pay the premiums of low-income Medicare beneficiaries.

PROTECTS THE PRESIDENT'S CRITICAL DOMESTIC PRIORITIES. The Budget Agreement, which will be enacted in the Appropriations bills in the fall, includes 99% of total amount of President's 5-year Domestic Discretionary Budget.

- ✓ Largest education investment in 30 years.
- ✓ Pell Grant expansion -- maximum grant increased to \$3,000.
- ✓ New child literacy initiative consistent with President's America Reads.
- ✓ Head Start expansion -- on track to 1 million children in 2002.
- ✓ Full funding for President's training budget, including Job Corps.
- ✓ President's FY 98 budget request for EPA Operating Budget
- ✓ National Park Service full funding for operations budget, plus land acquisition and state assistance, and Everglades Restoration.
- ✓ Superfund -- clean-up of 500 toxic sites in next four years (if policies can be worked out).
- ✓ COPS -- funding on track to put 100,000 more police officers on streets by 2000, plus full funding for overall Violent Crime Reduction Trust Fund.

MOVES PEOPLE FROM WELFARE TO WORK & TREATS LEGAL IMMIGRANTS FAIRLY

- ✓ \$3 billion to help states and local communities move people from welfare to work.
- ✓ \$12 billion to restore both disability and health benefits for 350,000 legal immigrants in 2002 who are currently receiving assistance or become disabled, ensuring that they will not be turned out of their apartments or nursing homes or otherwise helpless.
- ✓ **Preserves the minimum wage and other labor protections for welfare recipients moving from welfare to work.** Does not include the House-passed provision to leave workfare participants unprotected by the Fair Labor Standards Act and other employment laws. Protects workers from displacement by those leaving the welfare rolls, and establishes a strong process for workers to raise grievances with an independent agency.

A MAINSTREAM TAX CUT

On December 15, 1994, President Clinton proposed the Middle Class Bill of Rights, which included a \$500 Child Tax Credit, an expanded IRA to allow people to withdraw money tax-free and without penalty for education, and a tax deduction for post-high school education expenses. Each of the President's proposals is included in this budget:

A CHILD TAX CREDIT FOR APPROXIMATELY 27 MILLION FAMILIES.

- ✓ \$500 Per-Child Tax Credit for approximately 27 million families with 45 million children under 17. The credit begins to phase out for couples with incomes above \$110,000.
- ✓ 13 million children from families with incomes below \$30,000 will receive the child tax credit
 - up to 7.5 million* more than would have under the Congressional plans.Families earning under \$30,000 such as young teachers, police officers, farmers, and nurses who work hard and play by the rules will now receive the Child Tax Credit. *Comparison to House passed bill; vs. Senate bill: 5.9 million.

A VICTORY FOR MIDDLE CLASS PARENTS TRYING TO PAY FOR THEIR CHILDREN'S COLLEGE AND FOR WORKING PEOPLE TRYING TO UPGRADE THEIR SKILLS.

- ✓ \$1,500 HOPE Scholarship to make the first two years of college universally available. The final agreement includes the President's initiative to help make the 13th and 14th grades as universal as a high school diploma is today. Students will receive a scholarship of 100% on the first

- ✓ \$1,000 of tuition and fees and 50% on the second \$1,000.
- ✓ **20% Tuition Tax Credit for college juniors, seniors, graduate students and for working Americans pursuing lifelong learning to upgrade their skills.** The 20% credit will be applied to the first \$5,000 of qualified education expenses through 2002, and to the first \$10,000 thereafter. The President has long understood that the economy is changing and that people need the opportunity to enhance their skills throughout their working lives. This is why the President insisted on the 20% tuition tax credit that is in the final bill and was a major improvement over the bills passed by Congress.

TAX INCENTIVES TO REVITALIZE OUR NATION'S DISTRESSED URBAN AREAS.

A key component of the President's tax cutting agenda has been to spur economic activity in distressed areas of our nation's cities. This budget reflects the President's agenda:

- ✓ **A New Tax Cut Plan Helps to Clean Up and Redevelop Brownfields.** The 3-year Brownfields tax incentive will reduce the cost of cleaning up thousands of contaminated, abandoned sites in economically distressed areas by permitting clean-up costs to be deducted immediately for tax purposes. This will, in turn, encourage redevelopment of these areas. *The Treasury Department estimates that this \$1.5 billion tax incentive would leverage more than \$6 billion for private sector cleanups nationwide, allowing redevelopment of 14,000 brownfields.*
- ✓ **New Empowerment Zones (EZs).** The budget includes a second-round of EZs -- 15 urban and 5 rural EZs. The new EZs will benefit from a different blend of tax credits from the first-round communities. For example, the EZs will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds.

HELPING MOVE PEOPLE FROM WELFARE TO WORK

- ✓ **A Welfare to Work Tax Credit.** This provision will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35% of the first \$10,000 in wages in the first year of employment, and 50% of the first \$10,000 in the second year, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring but retention.
- ✓ **\$3 Billion to Help Move 1 Million People from Welfare to Work.** Includes President's proposal to create \$3 billion Welfare to Work Jobs Challenge to move long-term welfare recipients into jobs. These funds can be used for

job creation, job placement and job retention efforts, including wage subsidies to private employers, and other critical post-employment support services. The Labor Department will provide oversight but the dollars will be placed in the hands of the localities who are on the front lines of the welfare reform effort.

THE BALANCED BUDGET DELIVERS THE LARGEST SINGLE INVESTMENT IN CHILDREN'S HEALTH CARE SINCE THE PASSAGE OF MEDICAID IN 1965

The President fought hard to ensure that the Budget Agreement includes \$24 billion to provide meaningful health care coverage to as many as five million of our nation's ten million uninsured children. This investment includes a meaningful benefits package, ensures that states use this money to cover uninsured children and not replace existing public or private spending, and guarantees adequate cost-sharing protections for families.

- ✓ **INVESTS UNPRECEDENTED \$24 BILLION FOR UNINSURED CHILDREN.** The President insisted on increasing the investment for children's health from \$16 billion to \$24 billion by including revenue from a new tobacco tax. Because of the President's leadership, this budget will contain the largest children's health care budget increase since the enactment of Medicaid in 1965. Including these additional revenues in the children's health initiative will not only further reduce the number of uninsured children, but it will also serve as a financial barrier to help prevent our children from starting smoking

in the first place.

- ✓ **ENSURES MEANINGFUL HEALTH CARE COVERAGE, WHILE ALLOWING STATES TO DESIGN THEIR OWN BENEFITS PACKAGES.** The President fought hard to ensure that this investment guarantees the full range of benefits -- from checkups to surgery -- that children need to grow up strong and healthy. The President also worked to ensure that prescription drugs, vision, hearing, and mental health coverage now offered at the state level are extended to millions of uninsured children.
- ✓ **GIVES STATES THE FLEXIBILITY TO DESIGN BENEFITS THAT MEET THEIR NEEDS.** States will be able to choose from any of four benefits packages: (1) the FEHPB model; (2) the benefits package of the most popular state HMO; (3) the state employee plan; and (4) the actuarial equivalent of any of the three stated benefit plans as long as prescription drugs, vision, hearing, and mental health services now offered in these plans are guaranteed to equal at least 75 percent of the value of these services.
- ✓ **SUPPLEMENTS, NOT SUPPLANTS, CURRENT HEALTH CARE COVERAGE.** Includes provisions to ensure that states provide health care coverage to children who do not currently have health insurance. It requires that states maintain their current Medicaid eligibility levels of spending to access Federal dollars to ensure that this investment is not used to replace public or private money that already covers children.
- ✓ **ENSURES ADEQUATE COST-SHARING PROTECTIONS.** The President fought to ensure that families are not forced to shoulder excessive costs for their children. The Agreement guarantees that families under 150 percent of poverty will be protected against overly burdensome cost sharing.

THE BALANCED BUDGET DELIVERS A \$500 CHILD TAX CR FOR APPROXIMATELY 27 MILLION FAMILIES

MAIN FEATURES OF THE CHILD TAX CREDIT:

- **Age.** Covers children under 17.
- **Amount per child.** \$400 in 1998. \$500 thereafter.
- **Income limits.** Begins to be phased out for couples making over \$110,000 and for one parent families making over \$75,000.
- **"Stacking."** Child tax credit will be calculated or "stacked" before the EITC, and will therefore be available for the up to 7.5 million children in working families who have incomes below \$30,000 and who were denied the child tax credit under the congressional bills.
- **For families with more than two children -- Refundability to cover out-of-pocket income and payroll taxes.** Because many large families have little income tax liability, but pay significant out-of-pocket payroll taxes, the child tax credit for these families is partially refundable. These families will receive a child credit for their income taxes plus the extent to which their out-of-pocket (employee share) payroll taxes exceed their EITC.
- **Savings Incentive.** Taxpayers will be given the opportunity to contribute \$500 each year to an education Individual Retirement Account (IRA). Earnings would accumulate tax-free in the account, and no taxes will be due upon withdrawal for an approved purpose.

A CHILD TAX CREDIT FOR FAMILIES WHO WORK HARD AND PAY TAXES.

13 million children from families with incomes below \$30,000 will receive the child tax credit

-- up to 7.5 million* more than would have under the Congressional plans. Families making under \$30,000 like young teachers, police officers, farmers, nurses and others who work hard and play by the rules will now receive the Child Tax Credit.

*Comparison to House passed bill; vs. Senate bill: 5.9 million.

President Clinton worked to ensure that under any final agreement, these young parents would receive a child tax credit to make it easier for them to raise their children.

Consider a family of four with two small children: the father is a rookie police officer making \$23,000, and the mother has chosen to stay at home. Both congressional bills would have denied this family, and millions of others, the child tax credit. Under the final agreement, this family will receive a child tax credit of \$675.

	President Clinton's Proposal	Agreement	House Bill	Senate
<i>Child Tax Credit for family of rookie police officer making \$23,000</i>	\$767	\$675	\$0	\$0

THE BALANCED BUDGET DELIVERS EDUCATION TAX CUT TO HELP MIDDLE CLASS FAMILIES PAY FOR COLLEGE

THE PRESIDENT'S HOPE SCHOLARSHIP AND TUITION TAX CREDIT

From the beginning, promoting expanded educational opportunity has been the centerpiece of President Clinton's budget and his middle class tax cut proposal. Promoting education is the centerpiece of this final tax cut bill:

- ✓ **\$1,500 HOPE Scholarship to make the first two years of college universally available.** The final agreement includes the President's program to advance the goal of making the 13th and 14th grades as universally available as a high school diploma is today. Students will receive a scholarship of 100% on the first \$1,000 of tuition and fees and 50% on the second \$1,000.
- ✓ **20% Tuition Tax Credit for College Juniors, Seniors, Graduate Students and working Americans pursuing lifelong learning to upgrade their skills.** The 20% credit will be applied to the first \$5,000 of tuition and fees through

2002, and to the first \$10,000 thereafter.. The President has long understood that the economy is changing and that people must have the opportunity to enhance their skills throughout their working lives. This is why the President insisted on the 20% tuition tax credit that is in the final bill and is a major improvement over the Congressionally-passed bills.

A SUMMARY OF ADDITIONAL EDUCATION TAX CUTS

- ***Education and Retirement Savings Accounts.*** Allows penalty-free IRA withdrawals for undergraduate, post-secondary vocational, and graduate education expenses. Additionally, taxpayers are given the opportunity to deposit \$500 into an education IRA. Earnings would accumulate tax-free and no taxes will be due upon withdrawal for an approved purpose.
- ***Employer-Provided Education Benefits.*** Extends Section 127 of the tax code for three years, which allows workers to exclude \$5,250 of employer-provided undergraduate education benefits from their taxable income.
- ***Student Loan Interest Deduction.*** Allows a deduction for up to \$2,500 per year of interest on education loans for expenses of students enrolled at an institution of higher education. This deduction will be available even if the taxpayer does not itemize deductions.
- ***Community Service Loan Forgiveness.*** In most circumstances, a loan that is forgiven is considered income and is therefore taxable. To encourage programs that offer loan forgiveness to borrowers who take lower-paying, community-service jobs, the agreement excludes from taxable income both loan amounts forgiven through programs run by nonprofit tax-exempt charitable or educational institutions. Currently, the exclusion generally covers only certain forgiveness arrangements between students and government entities.
- ***Repeal Cap on Tax Exempt Bond Issuance by Colleges and Universities.*** Repeals the \$150 million bond cap that affects private higher education institutions and certain other charitable institutions. The repeal applies to tax-exempt bonds issued by these institutions to finance new capital expenditures.

THE BALANCED BUDGET DELIVERS A BUDGET THAT STRENGTHENS AND PRESERVES MEDICARE

The Budget Agreement preserves and strengthens the Medicare program, saving \$115 billion over five years and extending the life of the Medicare Trust Fund for at least ten years. It modernizes Medicare by including new market-oriented reforms that have proved successful in the private sector plus \$4 billion in new preventive benefits. As this agreement strengthens and preserves the Medicare program, it also creates a Medicare Commission to examine the long-term needs of the program so that Medicare will be prepared for the retirement of the baby boomers.

- ✓ **SAVES APPROXIMATELY \$115 BILLION OVER FIVE YEARS.** Includes about \$115 billion in savings over five years and between \$400-\$450 billion over ten years.
- ✓ **EXTENDS THE LIFE OF THE MEDICARE TRUST FUND FOR AT LEAST TEN YEARS.** This agreement will keep Medicare solvent until at least 2007.
- ✓ **IMPLEMENTS NEW MARKET-ORIENTED REFORMS INCLUDING:**
 - (1) Empowering the Secretary of Health and Human Services to implement competitive market mechanisms;
 - (2) Opening up new options that offer more choice among competing health plans and have proven effective in the private sector, including Preferred Provider Organizations (PPOs) and Provider Sponsored Organizations (PSOs);
 - (3) Providing Americans with meaningful choices by reforming annual Medigap enrollment; and
 - (4) Building on Medicare's success in controlling hospital costs, restructuring the payment systems for home health, agencies, skilled nursing facilities and hospital outpatient departments so that rates are set in advance through a prospective payment system.
- ✓ **INCLUDES \$4 BILLION OVER FIVE YEARS FOR NEW PREVENTIVE BENEFITS.** Expanding coverage for mammograms and colorectal screening and improving self-management of diseases like diabetes.
- ✓ **ENSURES NEW PREMIUM PROTECTIONS FOR LOW-INCOME MEDICARE BENEFICIARIES.** The budget agreement invests \$1.5 billion over five years to pay the premiums for beneficiaries up to 135 percent of poverty. Beneficiaries over 135 percent of poverty to as high as 175 percent of poverty will get assistance as well.

- ✓ **TAKES STEPS TO ENSURE THAT VULNERABLE HOSPITALS ARE PROTECTED.** The Agreement reduces the Medicare Disproportionate Share Hospitals cut from \$2.4 billion in the Senate-passed bill to \$600 million over five years.
- ✓ **ESTABLISHES A MEDICARE COMMISSION.** The agreement creates a 17-member Medicare Commission which contains eight Democrats and eight Republicans and a Chair who will be selected jointly by the President and the Congressional leadership. The Commission will release a report in 1999 and require an 11 of 17 majority to ensure that its recommendations are bipartisan.

THE BUDGET AGREEMENT PROTECTED THE PRESIDENT' PRIORITY PROGRAMS, INCLUDING EDUCATION, ENVIRON AND LAW ENFORCEMENT

The Budget Agreement achieved 99% of the President's budget for non-defense discretionary spending over the next 5 years. While priority items are protected, there are \$61 billion of savings in non-defense discretionary outlays over the next 5 years -- a 10% real cut by 2002. These priorities will be ratified in the appropriations process under the budget agreement.

LARGEST INCREASE IN EDUCATION INVESTMENT IN 30 YEARS

The budget agreement endorsed President Clinton's overall plan for investing in education and training -- \$63 billion more than the Republican plan over five years. With the tax cuts for education, this represents the largest increase in the Federal investment in education in 30 years. The agreement specifically calls for:

- ✓ **Increases funding for Head Start to continue on road to achieve enrollment of 1 million kids in 2002.**

- ✓ Largest Pell Grant increase in two decades - boosts the maximum 1998 Pell grant from \$2,700 to \$3,000, and expands the program to more poor independent students.
- ✓ Adopts the President's budget request to launch a child literacy initiative consistent with his America Reads program.
- ✓ Increases funding for bilingual (27% increase) and immigrant education (50% increase).
- ✓ Includes all of the \$579 million increase in funding requested by the President in his FY 1998 budget of \$5.3 billion for Training and Employment Services, including Job Corps.

BOLSTERS ENVIRONMENTAL ENFORCEMENT AND KEY PROGRAMS

- ✓ Provides a 9% increase for EPA's Operating program which includes research, enforcement, state grants and regulatory programs.
- ✓ Doubles the pace of Superfund cleanups, if policy details can be worked out.
- ✓ Provides a 6 percent increase for operation of the National Parks, and a more than doubles funding (\$156 million) for Everglades Restoration.

PUTS MORE POLICE ON THE STREET

- ✓ Protects funding for the Community Oriented Policing Services (COPS) initiative, which should put 100,000 more police officers on the street by 2000.

URBAN INITIATIVES

- ✓ Expansion of Community Development Financial Institution Fund.

**THE BALANCED BUDGET DELIVERS TAX CUTS
TO CLEAN UP AND REVITALIZE URBAN AREAS...**

- ✓ **THE BROWNFIELDS TAX INCENTIVE WILL REDUCE THE COST OF CLEANING UP THOUSANDS OF CONTAMINATED, ABANDONED SITES IN ECONOMICALLY DISTRESSED AREAS** by permitting clean-up costs to be deducted immediately for tax purposes. This will, in turn, encourage redevelopment of these areas. The tax incentive will be available for three years. *The Treasury Department estimates that this \$1.5 billion tax incentive would leverage more than \$6 billion for private sector cleanups nationwide, allowing redevelopment of 14,000 brownfields.*
- ✓ **THIS PROPOSAL IS A MAJOR PRIORITY FOR MANY OF AMERICA'S MAYORS.** Chicago Mayor Richard Daley, writing recently on behalf of the U.S. Conference of Mayors, urged Ways and Means Chairman Archer to include the President's Brownfields proposal in the tax bill: "This is a high priority for communities across the nation." [Letter to Chmn. Archer, 6/11/97]
- ✓ **CREATES NEW EMPOWERMENT ZONES.** Under the President's 1993 Empowerment Zones and Enterprise Communities initiative, participating communities develop a strategic plan to spur economic development, and they receive Federal tax benefits, social service grants and flexibility in use of Federal funds in order to put these plans into effect. The EZs and ECs are urban or rural areas with high poverty and unemployment rates.
- ***A Strong Start since 1994.*** The 105 communities selected as EZ/ECs in 1994 amassed over \$8 billion in public-private commitments. In the six urban Empowerment Zones, the private sector has made or pledged \$2 billion in new investments.
 - ***A Second Round to Build on Successes.*** In response, the President proposed, and the bill includes, a second round of EZs -- 15 urban and 5 rural EZs. The new EZs will benefit from a different blend of tax credits from first-round EZs. They will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds.

...AND TO MOVE PEOPLE FROM WELFARE TO WORK

- ✓ **A WELFARE-TO-WORK TAX CREDIT.** This provision will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35% of the first \$10,000 in wages in the first year of employment, and 50% of the first \$10,000 in

wages in the second year, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring, but also retention.

- ✓ **\$3 BILLION TO HELP MOVE 1 MILLION PEOPLE FROM WELFARE TO WORK.** Includes President's proposal to create \$3 billion Welfare to Work Jobs Challenge to move long-term welfare recipients into jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers, transportation and other critical post-employment support services. The Labor Department will provide oversight but the dollars will be placed in the hands of the localities who are on the front lines of the welfare reform effort.
- ✓ **PRESERVES THE MINIMUM WAGE AND OTHER LABOR PROTECTIONS FOR WELFARE RECIPIENTS MOVING FROM WELFARE TO WORK.** Does not include the House-passed provision to leave welfare participants unprotected by the Fair Labor Standards Act and other employment laws.
- ✓ **PROTECTS WORKERS FROM DISPLACEMENT BY THOSE LEAVING THE WELFARE ROLLS,** and establishes a strong process for workers to raise grievances with an independent agency.

PRESIDENT CLINTON FOUGHT TO PROTECT OUR MOST VULNERABLE PEOPLE

Several provisions in last year's welfare reform bill had nothing to do with the goals of welfare reform. The President said so at the time and promised to work to correct these provisions. That's why he fought to ensure that any agreement protects the most vulnerable in our society. The President fought to better protect:

CHILDREN

- ✓ **KEEPING THE MEDICAID GUARANTEE.** Preserves the Federal guarantee of Medicaid coverage for the vulnerable populations who depend on it, and contains additional investments to extend coverage to uninsured children. Also ensures that 30,000 disabled children losing SSI because of the new tighter eligibility criteria keep their Medicaid coverage.

LEGAL IMMIGRANTS

- ✓ **CURRENT RECIPIENTS.** Restores both SSI and Medicaid benefits for immigrants now receiving assistance, ensuring that they will not be turned out of their apartments or nursing homes or otherwise left helpless.
- ✓ **CURRENT RESIDENT NONRECIPIENTS.** Does not change the rules retroactively. Immigrants in the country as of August 22, 1996 but not receiving benefits at that time who subsequently become disabled will also be fully eligible for SSI and Medicaid benefits. The budget will restore benefits to over 350,000 legal immigrants in FY 2002.
- ✓ **REFUGEES AND ASYLEES.** Extends the SSI and Medicaid eligibility period for refugees and asylees from 5 years after entry (the limit in the welfare bill) to 7 years to give these residents more time to naturalize. Adopts Administration proposal to treat Cuban and Haitian entrants and Amerasian immigrants as refugees to preserve benefits for these groups that have endured extraordinary hardships.

POOR ELDERLY AND DISABLED, INCLUDING CITIZENS

- ✓ **RECIPIENTS OF STATE SSI SUPPLEMENTS.** Does not include the House-passed provision that would have repealed the maintenance-of-effort requirement applying to State supplementation of SSI benefits which would have permitted States to reduce or eliminate benefits to almost 3 million poor blind, elderly and disabled individuals.

PEOPLE WHO WANT TO WORK BUT CAN'T FIND A JOB

- ✓ **235,000 MORE WORK SLOTS.** Last year's welfare reform bill restricted food stamps for able-bodied childless adults to only 3 out of every 36 months, unless they were working. This move ignored the fact that finding a job often takes time. The budget bill provides nearly \$1 billion for an estimated 235,000 work slots over 5 years and food stamp benefits to those who are willing to work but, through no fault of their own, have not yet found employment.
- ✓ **ALLOWS STATES TO EXEMPT UP TO 15 PERCENT OF THE FOOD STAMP RECIPIENTS (70,000 Individuals Monthly) WHO WOULD OTHERWISE BE DENIED BENEFITS AS A RESULT OF THE "3 IN 36" LIMIT.**

A STRONG RECORD OF DEFICIT REDUCTION AND GRO

President Clinton has achieved a balanced budget agreement that includes critical investments in education, health care, and the environment while strengthening and modernizing Medicare and Medicaid -- just as he promised last year. This achievement finishes the job of balancing the budget, a key priority for the President since he took office.

ONLY FOUR YEARS AGO. In 1993, the President inherited a budget deficit of \$290 billion that was expected to explode to over one-half trillion dollars in 2002. A decade of large deficits had weakened the foundation of our economy and sapped our power and prestige abroad. Unemployment was 7.5% in 1992, and job growth was sluggish.

THE PRESIDENT PASSES HIS 1993 ECONOMIC PLAN. President Clinton addressed this problem of fiscal instability immediately on a pledge to cut the deficit in half. Working with Democrats in Congress, he implemented an economic program designed to reduce the deficit and to invest in critical priorities, such as education and training. **The 1993 economic plan has exceeded all expectations:** *the deficit has fallen by more than 75%, dropping for a likely fifth year in a row to \$67 billion or lower in 1997; equipment investment has been the strongest since Kennedy was President; the economy has produced over 12.5 million new jobs; and the unemployment rate this year is the lowest in 24 years.*

THE PRESIDENT ACHIEVES BIPARTISAN AGREEMENT TO FINISH THE JOB. The President began his second term determined to fulfill his goal of balancing the budget. As we head into the next century, this bipartisan agreement protects our priorities, solidifies the nation's economic foundation, restores faith in our ability to govern ourselves, and bolsters America's preeminent position in the world economy. The balanced budget agreement includes roughly \$900 billion in 10 year net deficit savings and delivers the first balanced budget in a generation.

The First Balanced Budget in a Generation*		
Year	1993 Deficit Projection	Current Deficit Path
1993	\$310	\$255
1994	\$302	\$203
1995	\$301	\$164
1996	\$298	\$107

1997	\$347	\$67
1998	\$387	\$90
1999	\$429	\$90
2000	\$475	\$83
2001	\$521	\$53
2002	\$576	\$1 Surplus

BUDGET STAYS IN BALANCE. In addition to delivering a balanced budget in 2002, the budget agreement delivers budget surpluses for each of the second five years of the budget window, 2003-2007, putting the nation on a solid fiscal path at a critical time as the baby boom generation edges toward retirement.

Year	Surplus*
2003	\$5
2004	\$20
2005	\$24
2006	\$30
2007	\$34

* Numbers from the budget agreement. Final Budget numbers from reconciliation still being tallied.

The Balanced Budget Delivers a Mainstream, Middle Class Tax Cut

How Typical American Families Will Benefit

Example #1

Consider a family of four with an income of \$40,000 a year. The father is a carpenter who makes \$25,000, and the mother works at a local department store and makes \$15,000. They have two children, a son who is 14 and a freshman in high school and a daughter enrolled full-time in her first year at a state university. Her tuition is \$5,000 a year.

This family benefits from the tax cut in at least two ways. They will receive a child tax credit of \$500 for their son, plus a HOPE Scholarship of \$1,500 for their daughter. In total, they will receive a \$2,000 tax cut.

Tax Cut

Family of four with two children
aged 14 and 18 and \$40,000 income:

Child Tax Credit for 14 year old	\$500
HOPE Scholarship for 18 year old	<u>\$1,500</u>

Total tax cut:	\$2,000
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* Tax Year 1999

Example #2

Consider a family of three making \$55,000 a year. The father has a degree in accounting and works for a local business in the accounting department. The mother works part-time at the local library. They have one daughter aged 7. The father would like to return to school to prepare for his CPA examination. He is going to attend the local liberal arts college. He has signed up for two courses with total tuition of \$4,000.

This family will receive a \$500 child tax credit for their daughter and an \$800 tuition tax credit to help pay for the father's course work.

Tax Cut

Family of three with one child
aged 7 and \$55,000 income:

Child Tax Credit for 7 year old	\$500
Tuition tax credit	<u>\$800</u>

Total tax cut:	\$1,300
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* Tax Year 1999

Example #3

Consider a family of three making \$80,000 combined. They have a daughter who is 17 years old and is trying to decide where to go to college. She is leaning towards a private liberal arts school. Her parents are staring at tuition payments in excess of \$10,000 a year for four school years and wondering how they will pay for it.

This tax cut will help. Their daughter will be eligible for a \$1,500 HOPE Scholarship in each of her first two years in college. During her junior and senior years, she will be eligible for a tuition tax credit of \$1,000. (because four school years fall across five tax years she will be eligible for another \$1,000 in the fifth year).

<u>Year</u>	<u>Tuition Tax Credits</u>
1998	\$1,500 Hope Scholarship
1999	\$1,500 Hope Scholarship
2000	\$1,000 Tuition Tax Credit
2001	\$1,000 Tuition Tax Credit
2002	\$1,000 Tuition Tax Credit

Cumulative Tax Cut to Help	
Pay for Daughter's Education	\$6,000

Example #4

A single mother lives with her six year old daughter in California. She's been working as a bank teller for several years and her pay is now \$20,000 a year. Working towards becoming a loan officer, she is taking one course a semester towards a bachelor's degree. Her tuition is \$1,000. This family will receive a \$500 child tax credit for the daughter and a \$200 tuition tax credit.

Tax Cut

Family of two with one child
aged 6 and \$20,000 income:

Child Tax Credit for 6 year old	\$500
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Tuition Tax Credit	<u>\$200</u>
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Total tax cut:	\$700
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- Tax Year 1999

Talking Points

Management Changes for the District of Columbia

July 31, 1997

- The President's plan for the District of Columbia addressed the financial condition of the District.
- It did NOT address the question of "governance" -- that is, management changes.
- As a result, I cannot really say anything about the changes that Congress made in the management structure.

If pressed on the issue:

- We did not play any role in negotiating these changes.
 - As we understand it, they came about as the result of meetings among at least Sen. Faircloth and Delegate Norton.
 - We did not participate in any meetings on the subject.
 - Contrary to other parts of the D.C. legislation, we did not provide our input on the legislative language on this subject.

If pressed further:

- We obviously support better management, and we think it complements our efforts on the financial side.
- And we would hope that these changes will, in fact, improve management in the District, as the sponsors say they will.

07/31/97 00:10 NO. 510 002

Democratic

Democratic National Committee

News

FOR IMMEDIATE RELEASE
JULY 31, 1997

CONTACT: MELISSA BONNEY
202/863-8148

DNC REPORTS RECORD NUMBER OF CONTRIBUTIONS

Washington, D.C.— Today, the Democratic National Committee's (DNC) biannual Federal Election Commission (FEC) filing reports that the DNC received more than a quarter of a million contributions from people across the country. And, in the interest of *full and complete disclosure*, the DNC *voluntarily* made available **all** contribution information in electronic form on a disk for the first time by a national political party.

"We are excited that so many people are stepping forward to support the Democratic Party," DNC National Chair Steve Grossman commented. "The ideas and values of the Democratic Party have energized our supporters, and they are investing in us now ensure victory in the future."

This FEC filing shows that the DNC received 265,000 contributions from January 1, 1997 to June 30, 1997, almost 100,000 more than the number of contributions received during the same period in 1993. The DNC raised \$19.1 million in the first six months of 1997, almost \$6 million more than the amount raised in the first six months of 1993.

"In an effort to improve existing disclosure rules and make them more effective, the DNC is providing all contribution information on disk so that the information is more accessible to the public," DNC General Chair Roy Romer said. "Full and prompt disclosure of contribution information should be a high priority for both political parties, and I hope that the Republican National Committee will join us in disclosing their FEC contribution information electronically."

The DNC is studying the feasibility of filing complete FEC reports in electronic form, beginning in 1998.

FEC Report Summary**Contributions**
Mid-Year Report**Cash-on-Hand as of 6/30/97**

Federal Accounts (excl. party transfers)	11,932,706.83	2,265,578.86
Federal In-Kind Contributions	34,023.59	
Total Federal Contributions	11,966,730.42	

Non-Federal Accounts

Non-Federal Corporate	3,852,970.04	484,143.01
Non-Federal Unincorporated	162,513.86	4,830.39
Non-Federal Building Fund	110,125.00	525,930.05
Non-Federal Max-Pac	239,100.00	15,778.95
Non-Federal General #2	97,800.00	96.20
Non-Federal General	764,000.00	134,830.94
Non-Federal Individual	1,870,069.33	470,880.13
Non-Federal Finance Fund	0.00	8,063.22

Non-Federal Accounts	7,096,578.33	1,644,552.89
Non-Federal In-Kind Contributions	110,825.58	
Non-Federal Conts + In-Kinds	7,207,403.91	

Total Conts & Cash-on-Hand	19,174,134.33	2,309,331.78
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Debts

Loans-Federal	3,250,000.00
Loans Non-Federal	1,000,000.00
Payables Debt	12,621,464.86

Total Debt	16,871,464.86
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(cash-on-hand, excl. building fund)	3,384,201.70
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Net Debt	13,487,263.16
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DEMOCRATIC NATIONAL COMMITTEE**DEBT SCHEDULE
LIST OF DEBTS THAT EXCEED \$100,000****VENDOR****AMOUNT**

Debevoise & Plimpton (legal fees & internal firm disbursements)	\$3,122,045.24
Owed to Debevoise & Plimpton for payments made or to be made to document production/contribution review subvendors:	
Alpha Systems	65,000.00
Campaign Facts, Inc.	135,240.16
Copy-Right	8,192.13
Copy World	1,635.23
Discovery Copy	220,039.76
Ibis Recognition Systems	996,618.00
Ikon/Nightrider Copy	15,250.77
Sequential	2,338.06
Superior	14,674.00
Temporary Staff Agencies	693,790.19
World Copy	431,537.46
Total Debevoise & Plimpton	5,706,361.00
Electronic Banking Systems	107,106.39
Great Lakes Communications	114,424.00
KCET/DIMAC Communications, LLC	116,097.75
Malchow, Adams & Hussey	427,944.66
Moore Response Marketing	1,286,512.77
Penn & Schoen Associates, Inc.	1,521,492.06
The Share Group	404,108.68
The Smith Company	103,527.50
Squier, Knapp & Ochs	678,327.04
Webcraft Technologies, Inc.	164,011.79
World Wide Travel	497,469.50

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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001. paper	Political (4 pages)	07/31/1997	Personal Misfile
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COLLECTION:

Clinton Presidential Records
Press Secretary
General Files
OA/Box Number: 10858

FOLDER TITLE:

Daily Press Guidance - July 31, 1997

2011-0586-F
db4227

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

JULY 31, 1997 DNC FEC FILING TALKING POINTS

- In the first six months of 1997, the DNC received *more than a quarter of a million contributions* from people across the country who believe in what the Democratic Party stands for. This is almost 100,000 contributions more than the contributions received during the same time period in 1993. We are pleased that so many people are stepping forward to support the Democratic Party.
- Our supporters are energized by the ideas and values of the Democratic Party and they support the President's and the Democratic agenda. Our supporters are investing in the Party now to ensure success in the future.
- The average contribution to the DNC for this time period was \$68. The DNC is committed to building our small donor base in order to involve as many people as possible in the political process.
- Prompt and full disclosure of our contribution information is one of the DNC's highest priorities and that's why we filed the contribution information on a disk, in electronic form. This way our information is more readily accessible to the public. We think the RNC should join us and file their reports electronically to demonstrate that they are committed to full disclosure as well.

GUIDANCE ON AMTRAK
JULY 31, 1997

- * The tax bill under consideration in the House and Senate today includes a provision designed to provide \$2.3 billion to Amtrak. However, it also contains a provision that effectively requires a separate authorization for that provision to go into effect.
- * Unfortunately, despite our good-faith efforts to negotiate that separate authorization, it did not make it into the final bill.
- * The Administration made a good-faith effort to resolve the issues. We put two specific offers on the table. In the end, though, the Republicans would not budge. So the authorization bill will not be in the reconciliation legislation and will have to be taken up at a later date.
- * The problem is that Republicans were insisting on a proposal that would breach long-standing agreements with Amtrak's workers, harm the communities through which Amtrak runs, and ultimately deny service to the over 50 million passengers who rely on Amtrak service each year.
- * First, the Republican proposal would harm railroad workers by tilting the bargaining table so far in management's direction -- on the issues of severance pay and contracting out -- that management would have little incentive to negotiate in good faith.
- * Second, communities would be harmed by strict global caps on not only Amtrak's but on any freight railroad's liability for environmental damages caused by an accident where hazardous substances are released; and punitive damages would be available only where a plaintiff proves actual malice, the strictest standard in use in any state that allows punitive damages.
- * And finally, rail passengers would be harmed by the bill's ultimate goal -- completely unsupported and unsubsidized rail passenger service, which does not exist anywhere else in the world.
- * We want to provide needed funding to a reformed Amtrak that makes efficient use of the money will providing needed passenger service to the American people. We look forward to working toward sensible, balanced reform that is good for passengers, communities, and workers.

TOIV
NEC/OMB

Press Guidance
July 31, 1997

GOODLING AMENDMENT

Background

Bill Goodling was planning on offering an amendment to the Labor/HHS appropriations bill that would prohibit the Education Department from using any FY98 funds for developing, pilot testing or administering the national tests. We are adamantly opposed to this provision, because it would stop our testing work dead in its tracks.

John Porter has a substitute amendment, which would simply prohibit ED from using FY98 funds for the administration of the tests, but would still permit development and pilot testing to continue. Since we were not planning on administering the tests until April 1999, this friendly substitute will have no practical impact on our initiative, and is acceptable to us

Q. What is your position on the Goodling amendment to the House Labor-HHS-Education appropriations bill, that would prevent the Administration from developing or administering the national tests?

A. We are opposed to the Goodling amendment, precisely because it would prevent us from moving forward on this very important initiative, of developing national tests in the basic skills of reading and math.

Q. Will the President veto the appropriations bill if this provision is included in it.

A. The question is premature. We don't know that this amendment will even move through the process. My understanding is that this bill has others problems and may not come up until after the recess. A lot can happen between now and then. However, the President's position on this issue couldn't be more clear.

Q. We understand that Mr. Porter is prepared to offer a substitute amendment. What is your position on that.

A. Mr. Porter's amendment would allow the Education Department to do exactly what it is planning on doing--work on developing and pilot testing these national tests. We have no problem with Mr. Porter's amendment.

Q. Why does the Administration believe it can develop these tests without Congressional approval?

The Education Department has general statutory authority to conduct research, development and support innovations that would improve American education. Clearly, the development of these tools -- national tests in basic skills, is covered by this authority.

This is also similar to the authority that former Secretary of Education Lamar Alexander used when he proposed national standards and national tests.

Q. What is your response to Lamar Alexander's attack on the President's national testing initiative at the NGA meeting yesterday>

It seems very odd coming from the former Secretary of Education. When he was Secretary in the Bush Administration, he proposed an entire system of national standards and national test, in many more subject areas and grade levels. I don't know how to account for his about face on this issue. President Clinton thinks it was a good idea then, and a good idea now.

Mike Cohen, DPC
Larry Haas, OMB

CURIOS AND RELICS/Gun Amendment

- The amendment offered by Rep. Murtha prohibits use of appropriated funds by any Federal agency to deny an application for a permit to import United States origin military rifles and handguns that are curios or relics*, including parts and ammunition for such firearms. Under this provision, ATF could no longer follow State Department guidance to deny the importation of these firearms in the interest of foreign policy.
- The effect of this amendment is to require approval of any application for the issuance of permits to import U.S.-manufactured military weapons that were provided to foreign governments over the last several decades under military assistance programs, specifically the M1 carbine, the M1911 .45 caliber semiautomatic pistol, and the M1 Garand rifle. Quantities of bolt action rifles and revolvers in .38 and .45 caliber would also be available for importation.
- The Administration is particularly concerned about the M1 carbine and the .45 caliber semiautomatic pistol. The compact size of the carbine, its ability to accept large capacity magazines, and the ease with which it can be converted to a fully automatic weapon (machine gun) give it high potential for use as a crime gun.
- The .45 caliber semiautomatic pistol is a powerful, concealable handgun.
- Large quantities of these weapons were provided to foreign governments without cost or at very low cost. The amendment would eliminate the current requirement that proceeds of any sales be turned over to the United States government. Therefore, to the selling government, any profit is a windfall profit.
- Because the seller's price would be artificially low, the purchaser's profits are also windfall profits. In effect, this provision will result in a subsidy to both the selling government and the firearms importer.
- **Our concern is with the massive quantity of weapons sought to be imported. Although M1 carbines are not currently popular crime guns, the availability of hundreds of thousands of weapons at low prices could have an impact on the illegal market in firearms, particularly with the ease of conversion to fully automatic fire.**

**Curios and relics are defined by ATF as (i) firearms that were manufactured at least 50 years prior to the current date; or (ii) firearms that are certified by a municipal, State, or federal museum that exhibits firearms to be of museum interest; or (iii) any other firearm that derives a substantial part of its monetary value from the fact that it is novel, rare, bizarre, or associated with some particular historical figure, period, or event.*

Schloss, Treasury 02-2910

Press Guidance

July 31, 1997

COLORADO DISASTER UPDATE

- We have yet to receive an official request from the Governor.
- FEMA, working closely with Governor Romer, has sent out Preliminary Damage Assessment Teams (PDA's) to look at the extent of the damage and assess the state and local ability to handle the situation (University of Colorado at Fort Collins appears to be the hardest hit). We should have a better idea tomorrow.
- Immediate needs are being met by the Red Cross, who is housing a couple hundred flood victims in a local High School Gymnasium.

Silverman
per FEMA

SEE EPA/CEQ pages 2-3



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

July 15, 1997
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

HR. 2158 – DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1998

(Sponsors: Livingston (R), Louisiana; Lewis (R), California)

This Statement of Administration Policy provides the Administration's views on H.R. 2158, the Veterans Affairs, Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1998, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The Committee has developed a bill that provides requested funding for many of the Administration's priorities. We appreciate the Committee's efforts to fully fund the requests for the National Aeronautics and Space Administration (NASA), the National Science Foundation (NSF), and the Community Development Financial Institutions (CDFI) Fund. As discussed below, the Administration will seek restoration of certain of the Committee's reductions to the President's request. We recognize that it will not be possible in all cases to attain the Administration's full request and will work with the House toward achieving acceptable funding levels. The Administration is committed to working with the House to identify reductions in the bill in order to find offsets for the restoration of funds that the Administration seeks. We urge the House to reduce funding for lower priority programs, or for programs that would be adequately funded at the requested level, and to redirect funding to programs of higher priority.

Corporation for National and Community Service

The Administration understands that an amendment may be offered to terminate the Corporation for National and Community Service. The Administration would oppose any amendment to terminate the Corporation as well as any amendment that would eliminate the Corporation's AmeriCorps grant program. Were either of these actions to be incorporated into the final bill presented to the President, the President's senior advisers would recommend that he veto the bill.

The Administration is deeply concerned about the \$146.5 million, or 27 percent, reduction to the President's request for the Corporation for National and Community Service, one of the Administration's highest priorities. The bill does not include the requested increase for the President's America Reads Challenge, the national literacy campaign to ensure that every child can read well and independently by the third grade. The Bipartisan Budget Agreement specifically calls for funding a literacy program, "with the goals and the concepts of the

President's America Reads program." Without the requested funding, the Corporation would not be able to finance 11,000 AmeriCorps tutor coordinators to help recruit, organize and manage the America Reads army of a million volunteers to tutor over three million children. The Administration strongly urges the House to fully fund the Corporation at the requested level of \$549 million.

Community Development Financial Institutions (CDFI) Fund

The Administration commends the Committee for funding the CDFI Fund at \$125 million, which is consistent with the Bipartisan Budget Agreement. The CDFI Fund has a demonstrated record of success. In the first round of the CDFI Program, the Fund awarded \$37.2 million in loans, equity investments, grants and technical assistance to 31 CDFIs serving 46 states and the District of Columbia. These investments have already leveraged more than \$50 million in non-Federal matches and, over the long term, are estimated to leverage 10 to 20 times the amount awarded. Furthermore, under the Bank Enterprise Award Program, the CDFI Fund awarded \$13.1 million to 38 banks and thrifts. These awards have encouraged \$126 million in support for CDFIs and direct lending and financial services in distressed neighborhoods. We strongly oppose an amendment that we understand may be offered to reduce the CDFI funding to \$50 million. This amendment would be contrary to the Bipartisan Budget Agreement.

Environmental Protection Agency

The Administration appreciates the Committee's continued efforts to keep the bill free from contentious legislative riders. However, the Administration believes that the Committee's overall \$413 million, or 5.4 percent, reduction to the President's request for the Environmental Protection Agency (EPA) would significantly limit key activities and dangerously impair the agency's ability to protect the environment adequately.

In particular, the Administration strongly objects to the Committee's \$593 million, or 28 percent, reduction to the President's request for Superfund. It is especially troubling that the Committee has failed to fund this program at the level anticipated in the Bipartisan Budget Agreement. These funds are urgently needed to eliminate the backlog of Superfund cleanups and improve the quality of life for more than 27 million Americans, including over four million children, who live within four miles of a Superfund site. The Administration appreciates the Committee's decision to fund the President's increase for Brownfields, but objects to the bill language that would prevent EPA from using these funds for cleanups. Not only has the use of Superfund resources for the cleanup of Brownfields properties been determined to be a legitimate use of the trust fund, but the revolving loan funds are a critical resource to the cities involved. Congress should fully fund the President's request for Superfund, as indicated in the Bipartisan Budget Agreement.

The Committee bill would provide a level of funding roughly equal to the President's request for EPA's operating program. However, the Administration is concerned that the House would reduce funding for key Administration priorities while funding numerous unrequested and

unauthorized projects. In particular, the Administration is strongly opposed to the 40 percent reduction to the President's requests for the Climate Change Action Plan. These voluntary programs represent the most cost-effective method of achieving reductions in greenhouse gases that are needed to fulfill U.S. treaty commitments. The Administration also urges the House to restore funding for the President's Kalamazoo Right to Know initiative, which will make more environmental data available to the public in 75 major cities; the Montreal Protocol program, which works to prevent depletion of the ozone layer; and for the innovative GLOBE program.

In addition, the Administration urges the House to restore the \$77 million reduction to the President's request of \$100 million for Boston Harbor to help improve water quality and reduce the number of beach closings. This funding would continue to fulfill a bipartisan Federal commitment to Boston Harbor because of its special needs and high user charges.

Finally, the Administration objects to the Committee's \$11.2 million reduction to the President's request for the Leaking Underground Storage Tanks Trust Fund. This reduction would have a direct impact on the ability of the States to oversee the initiation and completion of cleanups at backlogged sites and to ensure that sufficient progress is made on the new releases that are expected to be discovered.

Council on Environmental Quality

The Administration urges the House to restore the reduction from the request for the Council on Environmental Quality (CEQ). The Committee's reduction would severely affect CEQ's ability to perform its statutory obligations under the National Environmental Policy Act (NEPA) and, consequently, would cripple its ongoing effort to reinvent NEPA, a project designed to improve decision-making and raise efficiency in the performance of NEPA reviews. The results of the NEPA reinvention will reduce costs, time delays, and paperwork to the benefit of the general public.

Department of Housing and Urban Development

The Administration notes that the overall level of funding provided by the Committee for the Department of Housing and Urban Development (HUD) is generally consistent with the Administration's request. However, the Committee has failed to fund a number of Presidential initiatives, including Brownfields Redevelopment, Empowerment Zones, Homeownership Zones, Bridges to Work, and housing certificates to help families make the transition from welfare to work. We urge the House to restore funding for these priority programs.

The Administration seeks restoration of \$283 million in the Housing Certificate Fund for incremental housing assistance to aid additional low-income families. These funds would be allocated to collaboratives consisting of State welfare agencies and housing authorities. The Administration also objects to the Committee's inclusion of a three-month delay in issuing housing vouchers, which would reduce the number of families currently assisted. These reductions are particularly troubling because the number of low-income families with severe

needs for housing has recently increased. The Administration suggests restoring funds for these priorities by eliminating some of the unrequested funds for several HUD programs.

Department of Veterans Affairs

The Administration appreciates the overall level of funding provided by the Appropriations Committee for the Department of Veterans Affairs (VA) and is pleased that the Administration's user fee proposal has been included in the bill. However, the Administration is strongly opposed to report language intending to direct the VA to shift funds among its twenty-two health care networks after those funds had been allocated based upon the relative needs in each. The VA took these actions to address funding inequities in compliance with Public Law 104-204. The report language would direct the VA to undo these efforts and, as a result, five networks would receive more funding than is justified, while seventeen networks would continue to be under-funded. The Administration recommends that Congress eliminate this language and confirm that the VA can and should implement its new allocation system without delay to fulfill the congressional mandate set forth in Public Law 104-204. The Administration also requests that the House include proposed appropriations language to allow funds from the Construction, Minor Projects account to be used for capital contribution payments for the enhanced-use lease program.

National Aeronautics and Space Administration (NASA)

We support the \$150 million in transfer authority provided by the Committee for the International Space Station. The Administration will oversee the implementation of this transfer authority to ensure that it will not have adverse effects on other priority NASA programs. The Administration supports funding for Russian Program Assurance, which can be accommodated within the President's requested level for NASA.

Federal Emergency Management Agency

The Administration appreciates the Committee's efforts to support pre-disaster mitigation efforts. However, the Administration objects to the \$60 million in unrequested funds provided by the Committee to the Federal Emergency Management Agency for planning and construction costs of a full-scale windstorm simulation center in conjunction with the Partnership for Natural Hazard Reduction. The project has not undergone scientific peer review and is incompatible with the long-established mission and capabilities of the Department of Energy's Idaho facilities in the area of nuclear energy research. These funds should be redirected to programs of higher priority. Further, the Administration believes it would be inappropriate for the Federal Government to assume responsibility for all of the costs associated with this partnership. Finally, the incremental approach to funding this activity is also objectionable.

Office of Consumer Affairs

The Administration opposes the Committee's proposed termination of the Office of Consumer Affairs (OCA). This agency represents consumer needs and viewpoints across the Federal Government by coordinating Federal consumer policy and providing information to consumers through a help-line and educational materials. The Administration requests that the House restore funding for OCA and, as requested in the FY 1998 Budget, restore OCA's authority to accept and expend donated funds.

Statement of

**Charles F.C. Ruff
Counsel to the President**

July 30, 1997

Senator Thompson's allegation that the White House has not cooperated with the Committee is simply wrong.

We have provided the Committee with approximately 100,000 pages of documents. Over 30 current and former White House officials have been interviewed or deposed. We have responded on an expedited basis to numerous special requests for information. In sum, we have cooperated fully, expeditiously and in complete good faith.

Because the Committee has made more than 200 requests for documents and information, we have had on-going, professional and cooperative discussions with Committee staff to prioritize their requests and to narrow those that were overbroad. The Committee never indicated that information regarding Ng Lap Seng was a priority. The timing of our production of that information had absolutely nothing to do with politics or tactics -- we produced the documents as soon as we found them. Indeed, that has been our practice throughout. We have never delayed production of documents for any tactical advantage or to prevent their use in a timely manner. Any suggestion to the contrary is baseless.

We will continue to cooperate with the Committee's requests, whether they take the form of a subpoena or, as has frequently been the case, are made informally to enable Committee staff to pursue some particular aspect of their inquiry. There is no justification for the Committee's decision to issue a subpoena other than, we fear, to score some debating point. That is not a game we have played or will play. We take our obligations too seriously.

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

July 31, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JANET L. YELLEN *JLY*

SUBJECT: Advance Estimate of Second-Quarter GDP, Commerce
Department Release, Thursday, 8:30 a.m.

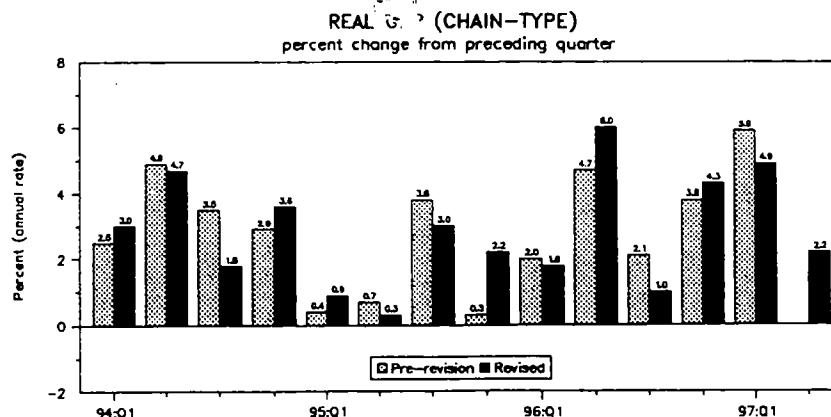
Real GDP is estimated to have grown at a 2.2 percent annual rate in the second quarter--in line with market expectations. A huge increase in business equipment investment offset weak growth of personal consumption and a decline in net exports.

- Business equipment investment grew at a 20 percent annual rate in the second quarter. Federal purchases, which increased at an 8.4 percent pace, also made a significant contribution to second-quarter growth.
- The small 0.8 percent increase in consumption had been foreshadowed by reports of weak retail and motor vehicle sales. Imports grew faster than exports and net exports fell enough to subtract 1.0 percentage point from GDP growth.

Prices, as measured by the price index for GDP, increased at a 1.4 percent annual rate--a bit lower than market expectations. In the past year, these prices have increased 2.1 percent--about the same as the year-earlier pace.

The Commerce Department also revised data for the past 4 years as part of its annual revision. GDP growth for 1996 as a whole was revised up 0.4 percentage point--while GDP growth in earlier years was unchanged from previous estimates. (An article in the *Weekly Economic Briefing* will take a closer look at these revisions.)

- First-quarter GDP growth was revised down to 4.9 percent at an annual rate from the 5.9 percent rate reported earlier. The revision was primarily accounted for by business investment.



Guidance on Terrorism Incident in New York
(as of 1300, 07/31/97)

*federal, local & state
law enforcement*

- This matter is being handled by an interagency terrorism task force in New York comprised of officials ~~from federal, state and local law enforcement~~ and led by the New York Police Department and the FBI.
- We don't know who the individuals were or what their intentions might have been.
- The site is being secured. We have no reason to believe there is any risk to the public. The investigation is ongoing.

Q: Were these Palestinians?

A: We don't know the identities or nationalities of those involved and therefore have no comment.

MIDDLE EAST PEACE PROCESS

July 30, 1997

Q: Will Dennis Ross still travel to the region later today?

A: Dennis' trip will be postponed. It would not be appropriate at the time Israel is mourning the loss of its citizens.

Q: Isn't this just one more example of the Palestinian side failing to live up to its obligation to prevent terrorism and violence?

A: We have always said that there can be no progress in the peace process without security and the maximum efforts of the parties to create it and maintain it. There can be no tolerance for violence or terror.

We continue to press the Palestinian Authority to meet its security and other commitments, and to investigate seriously reports of security officials planning attacks against Israelis.

I can't say whether this incident was or was not within the power of the Palestinian Authority to prevent.

Q: Will you now proceed to certify Palestinian compliance with the requirements of the Middle East Peace Facilitation Act (MEPFA)?

A: That question was already under review within the Administration. Obviously we will need to know more about what happened before deciding whether this incident affects that question.

Q: Isn't this the kind of violent reaction we should have been expecting, given the Palestinian frustration at Israel's backsliding on the peace process?

A: Lack of progress in the peace process is always of concern to us because of the risk it will lead to an outbreak of violence. But this was not a spontaneous act of frustration. This was deliberate terrorism on the part of the enemies of the peace process, it was cowardly and it cannot be justified.

Q: Does this mean the end of the Peace Process?

A: No. the process has been through tough times before. Our determination to pursue it remains constant.

Q: Has the US done enough for peace, weren't you neglecting the process by not sending the SecState?

A: The US has been intensely involved in trying to get the process back on track for the last four months, including very deep personal involvement of the President.

This week there were signs of some progress in the process. the PA and Israel announced resumption of the interim status talks dealing with the airport and harbor in Gaza and safe passage to the West Bank. Ambassador Ross' planned trip was intended to build on that progress.

Q: How does the US view PA efforts to combat terrorism?

A: The United States continuously reminds the Palestinian Authority of its security obligations under the Oslo agreement.

We press Chairman Arafat to give maximum security cooperation to Israeli authorities. He has assured us that he takes seriously, and is actively pursuing, Israeli concerns about possible involvement of Palestinian security officials in attacks on Israelis.

We are not in a position to say whether or not the Palestinian Authority should have been able to prevent this incident.

But we emphasize that security is not just a some-time thing; it is a constant, every-day obligation for the Palestinians.

It's not just expressing condolences, it's about condemning such actions as harmful to the Palestinian people. And it's not just saying the right thing, it means showing by clear, public steps that Palestinian security officials are serious about tracking and capturing terrorists.

Q: Do you see the bombing as aimed against the US and Ross' trip, or against the resumption of the interim status talks?

A: I can't speculate on the motives.

Q: If the situation is more critical, why isn't Dennis Ross going now?

A: As the President said, Israel is in a period of mourning. It would be inappropriate to do business as usual. (Ross' trip is postponed, not cancelled.)

Q: What is the US position on the announcement by the City of Jerusalem to grant more building permits for Jewish Housing in the East Jerusalem neighborhood of Ras al-Amoud?

(NOTE FOR BRIEFER: The Jerusalem municipality has granted permission to Jewish American businessman Irving Moscowitz, to build housing for Jews on a plot of land in Arab East Jerusalem. PM Netanyahu has publicly voiced his opposition to this proposal)

A: We are concerned at reports of pending construction at Ras Al-Amoud. We have emphasized the importance of Israel not taking unilateral moves on permanent status issues that have the effect of increasing mistrust between the sides.

In this regard, we note with satisfaction PM Netanyahu's opposition to this project.

Q: This looks like a struggle between Jerusalem Mayor Olmert and the PM. Are you certain that the PM's view will prevail?

A: We have made our views clear. I will not speculate on internal Israeli political issues.

Q: Is the US pushing for a settlement and Har Homa freeze? What is your view of moving quickly to permanent status talks?

A: I just said that I am not going to go into details on these or any other issues.

Q: Any comment on the meeting between Arafat and Levy in Brussels?

A: We welcome the meeting in Brussels between Chairman Arafat and FM Levy. High-Level contacts between the Israelis and the Palestinians are an important component of rebuilding confidence between the parties.

Q: Was this a useful meeting? What occurred?

A: As you know, we were not a party to the meeting. You will have to address that question to the parties who attended the meeting.

Q: Have you been debriefed? Has Moratinos spoken with Dennis?

A: They have been in regular contact. We appreciate Mr. Moratinos efforts.

Q: Why are you ceding the initiative to the EU? Are you working in tandem?

A: There are several parties interested in helping advance the peace process, including, importantly, the EU and Egypt. We stay in close touch with both.

I would characterize all of our efforts as complementary and mutually reinforcing. We all share a common goal in our dealings with the parties in the region; that is, to help them return to the negotiating table.

In this sense, any activities -- like the EU brokered Arafat-Levy meeting in Brussels -- that help to rebuild confidence between the parties are welcome.

IRAN/KHATEMI INAUGURATION

July 28, 1997

Q: Does the U.S. decision not to oppose the construction of a pipeline in Iran represent a change in policy?

A: There has been no change in policy, or any signal regarding our policy toward Iran.

It is US law (ILSA) and policy to seek to deny Iran the resources it needs to pursue terrorism and weapons of mass destruction by means of deterring investment in Iran's oil and gas sectors.

We are applying that law diligently.

Turkey has decided to buy gas from Turkmenistan instead of from Iran. That arrangement with Turkmenistan is not sanctionable under ILSA.

The bottom line is that Turkey is not going to buy gas from Iran under this deal.

Under ILSA we are continuing to monitor these and a variety of other deals that may involve significant investment in Iran's oil and gas sectors, including pipelines.

Q: **Any comment on Khatemi's inauguration?**

A: **We note the broad participation of the Iranian people in last May's regularly scheduled election. We respect the voice of the people of Iran in electing Mohammed Khatemi President of the Islamic Republic of Iran.**

At the time of the election, President Clinton stated that he found the results of the election to be an interesting, important, indeed, a hopeful development.

The President also stated, however, that we still have concerns about Iranian behavior, including its attempts to acquire weapons of mass destruction and their means of delivery, its support for terrorism and its support for violent opposition to the peace process.

These types of Iranian behavior have been the cause of the estrangement which exists not just between the United States and Iran, but more broadly between Iran and the international community.

Mr. Khatemi's assumption of his responsibilities as President may represent an opportunity for Mr. Khatemi and others in the government to begin to turn the situation in a positive direction.

We will be watching carefully for signs of such a development.

Tibet

Q: Today's Washington Times reports that Secretary Albright will name a special coordinator for Tibet.

A: Secretary Albright has agreed to appoint a Special Coordinator for Tibetan Issues. This individual will coordinate U.S. Government activities that affect Tibet and ensure that they receive appropriate attention. A central objective of this position will be to promote substantive dialogue between the Government of the People's Republic of China and the Dalai Lama or his representatives. The Special Coordinator will also vigorously promote American policy of seeking to protect the unique religious, cultural, and linguistic heritage of Tibet and press for improved respect for human rights. We anticipate that the Special Coordinator will continue our policy of maintaining close contact with religious and cultural leaders of the Tibetan people.

Because the United States regards Tibet as part of China, however, the Special Coordinator's contacts with Tibetan cultural and religious leaders will not constitute any form of diplomatic recognition of a Tibetan government in exile or promote the independence or secession of Tibet from China. Like every other country in the world, the United States regards Tibet as part of China. This has been our position since at least 1942, and it has not changed.

Q: Is this a reflection of worsening U.S. concerns about the human rights situation in Tibet?

A: We have expressed many times our concerns about the human rights situation in Tibet. For further information, I would refer you to our human rights report.

Q: Who will be appointed to the position of Special Coordinator for Tibet?

A: The Secretary has not yet designated the coordinator.

Q: When will the Special Coordinator be named? Will it be prior to the state visit of Jiang Zemin? Will it be before November 1?

A: We expect the coordinator will be named in the near future.

Q: Have you informed the Chinese of this decision? What was their reaction? What effect will this have on U.S.-China relations?

A: We informed the Chinese of this decision. I would refer you to the Chinese Embassy for their reaction.

We do not believe this decision should affect U.S.-China relations. The appointment of a Special Coordinator for Tibetan Issues is consistent with our long-standing policy of seeking to protect the unique religious, cultural and linguistic heritage of Tibet and of

pressing for improved respect for human rights. As such, we see no reason why it should damage U.S.-PRC relations.

01/31/91 11:04 0202 647 1350 EAP/FRONT OFFICE

THE SECRETARY OF STATE
WASHINGTON

Dear Mr. Chairman:

I wish to advise you of my intention to designate within the Department of State a Special Coordinator for Tibetan Issues. This individual will coordinate U.S. Government activities and programs which affect Tibet and ensure that they receive appropriate attention.

A central objective of this position will be to promote substantive dialogue between the Government of the People's Republic of China and the Dalai Lama or his representatives. The Special Coordinator will also vigorously promote the U.S. policy of seeking to protect the unique religious, cultural and linguistic heritage of Tibet, and pressing for improved respect for human rights.

We anticipate that the Coordinator will maintain close contact with religious and cultural leaders of the Tibetan people, including travel to Tibet. Since the United States regards Tibet as part of China, however, these contacts will not constitute any form of diplomatic recognition of a Tibetan government-in-exile or promote the independence or secession of Tibet from China.

In view of this decision, we believe it is unnecessary for the Foreign Relations Authorization Act for fiscal years 1998 and 1999 to include a provision mandating the appointment of a Special Envoy for Tibet.

The Honorable
Jesse Helms, Chairman,
Committee on Foreign Relations,
United States Senate.

01/31/91

11:05

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I hope that this step will advance our common interest in obtaining greater respect for the human rights of the people of Tibet. I look forward to working constructively with you and your committee toward this goal.

Sincerely,

Madeleine K. Albright

Expiration of the Passport Restriction

Q: Why has the Administration decided not to renew the Lebanon passport restriction?

A: The Passport restriction on travel to Lebanon has been received by the Secretary of State every six months since 1994 in light of the evolving security situation in that country.

The passport restriction was imposed in 1987 to ensure the safety of American citizens, which is our paramount concern.

We now believe we can address our security concerns through our travel information system and the Department of Transportation's restriction on air service to Beirut International Airport.

Q: If it is so dangerous, why did we lift the passport restriction?

A: We remain strongly concerned about the safety of Americans in Lebanon, but recognize that some Americans have compelling reasons to accept the risks. Americans who travel to Lebanon should understand the risks as explained in the Travel Warning.

The expiration of the passport restriction should not in any way be construed as a determination by the Administration that it is safe for Americans to travel to Lebanon. The Administration will keep the situation under close review and will issue additional warnings and take any other appropriate steps that may be required.

Travel warnings are used to warn against travel to many dangerous countries in the world. We rarely use travel restrictions to deter travel to them. As of August 1, 1997 restrictions will remain in place on travel to Iraq and Libya.

Q: Is it true that thousands of Americans have traveled to Lebanon in the past years in defiance of the passport restriction?

A: It is important to recall that this was not a travel ban, but rather a restriction on the use of the U.S. Passport.

Many of those who have been traveling to Lebanon are dual nationals who may have used other travel documents.

Q: What is your advice for U.S. citizens traveling to Lebanon?

A: The State Department recommends Americans not travel to Lebanon. For that reason, we have a strong travel warning.

U.S. citizens who chose to travel to Lebanon are advised through the Travel Warning to take necessary precautions to ensure their safety.

The consular information sheet for Lebanon provides more specifics on the current security situation and recommends that U.S. citizens who travel to Lebanon register with the Embassy.

Q: Has the security situation in Lebanon improved?

A: Yes, but it remains a dangerous place.

Q: Are there any other U.S. government restrictions for Lebanon?

A: The U.S. has no trade sanctions and no special export-licensing requirements for Lebanon.

The Department of Transportation continues to have restrictions on ticketing, as well as on air cargo originating in Lebanon and on landing rights in the US by Middle East Airlines. I would refer you to the Department of Transportation for questions on those restrictions.

Q: How many passports has the U.S. government been validating for travel to Lebanon annually?

A: The State Department received over 1200 requests for passport validation in Fiscal Year 1996. Of these 1200, about half were granted, mostly for humanitarian situations involving ill close relatives.

NORTHERN IRELAND

July 29, 1997

Q: Is it true that a visa waiver has been granted to a Sinn Fein official, Joe Cahill?

A: Yes, Cahill has been issued a waiver for a visit here in early august. He received several visas during the earlier ceasefire.

If asked: We understand Cahill is not going to engage in fundraising activities.

Q: Will you grant Adams a visa? What about fundraising?

A: Hasn't applied but note that Adams was granted visa waivers during earlier ceasefire.

If asked: Adams was permitted to participate in fundraising events for Sinn Fein during previous ceasefire. A monitoring system was and remains in effect that allows FBI to be sure funds used for Sinn Fein political activities.

Q: What did the President and Prime Minister Blair have to say about Northern Ireland in their July 27 phone conversation?

(Note: The British have released the fact of the call and that it dealt with Northern Ireland, the Middle East, and scheduling Blair's visit here.)

A: President and Blair spoke on Sunday for 25 minutes – topics were Northern Ireland, Middle East and scheduling an official visit for the Prime Minister.

On Northern Ireland, President expressed support for British government's efforts – together with Irish government—to bring about negotiated settlement, made clear his commitment to process and readiness to support it.

If asked: Talks expected to adjourn today, resume in fall. Pleased that UUP decided to stay in the talks rather than walking out.

Q: What will happen to the peace process now that the UUP has voted against the decommissioning proposal at the Belfast talks today?

British and Irish governments have expressed commitment to process, to negotiated settlement. Do not see negative vote as in any way end of process but how they take it forward is up to them, to Senator Mitchell and his colleagues and the parties involved.

Q: What is Senator Mitchell's role?

Senator Mitchell is chairing the talks in Belfast.

Q: What is your reaction to the IRA ceasefire declaration?

President has issued statement welcoming declaration. If implemented unequivocally and permanently, opens prospect of achieving just and lasting settlement.

Q: Did the U.S. play a role in getting the ceasefire restored? Has the President been in touch with any of the parties?

As you know, Administration has been in close touch with British and Irish governments and with the political parties, including Sinn Fein, in effort to get ceasefire restored and peace process moving again.

Credit belongs to British and Irish governments and to Northern Ireland's political leaders; hope our efforts were helpful to them.

If pressed: Not going to reveal who we talked to or when, but assure you that Administration fully engaged in peace process at this critical time, as we have been for several years.

Goal of peace process is democratically negotiated settlement. Will continue to work with governments and parties to support the negotiations chaired by Senator Mitchell.

Q: Are you concerned that IRA did not use the word "permanent" in the ceasefire declaration?

We expect it to be unequivocal and permanent.

Q: Did the President speak with the Irish Prime Minister?

A: POTUS called to talk to Prime Minister Ahern, establish personal contact on Northern Ireland peace process, as he had with Prime Minister Bruton.

POTUS and Ahern had exchanged letters since Ahern came to power June 26 but this is first call. They did meet in Dublin in 1995.

President keeps in touch with both Irish and British leaders to support their efforts to achieve a negotiated settlement in Northern Ireland. That was subject of this call.

Discussed Irish and British efforts to move talks into substantive negotiations; ideally with Sinn Fein participation on basis of unequivocal ceasefire.

Agreed this is critical period for peace process; President reiterated offer to do whatever he can to help.

Q: Any response to the press conference by members of Congress last week?

- A: President deeply concerned about Northern Ireland -- remains actively engaged. Discussed it on numerous occasions Prime Minister Blair recently; kept in touch with former Irish Prime Minister Bruton, as he plans to do with new Prime Minister, Bertie Ahern.

BELFAST TALKS

- Belfast peace talks chaired by Senator Mitchell, which will reconvene in September, offer only way to achieve just and lasting settlement to conflict. Change can only come through dialogue and negotiation, not violence.
- If asked: Senator Mitchell has said he will stay on as talks chairman until either a result is achieved or he becomes convinced that no progress is possible.

CONTACT WITH SINN FEIN

- The U.S. maintains contact with all parties to reinforce this message and to support the two governments' efforts to move the process forward.
- Also keep in direct, frequent touch with British and Irish officials.

We do not go into detail on our diplomatic contacts in support of the peace process..

WELD
July 30, 1997

Q: Any updates on Weld's schedule?

A: He will make a number of courtesy calls on the Hill. He already has meetings scheduled with State Department officials

A. Background

General Fogleman today submitted to the Secretary of the Air Force a request to retire on September 1, 1997. He has been Chief of Staff of the Air Force since October 1994.

B. Points to be Made

General Fogleman is a dedicated patriot who has served his country in peace and war for 34 years. He has been an eloquent and forceful advocate of air and space power whose judgment and advice will be missed by the President.

C. Questions and Answers

Q. Did the President ask for General Fogleman's retirement?

A. No. The decision was General Fogleman's.

Q. Did the President ask General Fogleman stay on and not retire?

A. No. The decision to approve General Fogleman's request was made by the Secretary of the Air Force.

Q. Doesn't an early retirement like this imply that General Fogleman is departing under a black cloud or out of favor with the President and Secretary of Defense?

A. Certainly not. General Fogleman has served honorably for 34 years and has been an outstanding Chief of Staff whose judgment and advice are valued by the President. His record stands on its merits.

Q. Is General Fogleman's retirement linked to the DoD review of the Khobar Towers bombing?

A. The Secretary of Defense has not issued his conclusions on the Khobar Towers bombing and has not yet briefed the President on them.

Q. But isn't this a protest of DoD criticism of the Air Force over the Khobar Towers bombing, or the last straw after the Kelly Flinn case?

A. You will have to refer those questions to General Fogleman.

Q. Does the President agree with the findings of the DoD review of the Khobar Towers bombing?

A. The President has not been briefed on those findings. He will be after the Secretary of Defense has reached his conclusions. I expect the briefing will be in the near future.

Q. Has the President decided on a nominee to be the next Chief of Staff of the Air Force?

A. No. The Secretary of Defense has not recommended a nominee to the President.

Q. The Clinton Administration seems to have had trouble with its senior military leadership, much more so than previous administrations. Admiral Boorda, General Ralston, and now General Fogleman have had their careers cut short. Is there a problem between the President and the military leadership?

A. No. The President has excellent relations based on mutual trust and open communications with the uniformed leadership of the military. The cases you mentioned are unrelated. As I said before, the President did not intervene in General Fogleman's decision to request retirement or Secretary Widnall's decision to accept his request.

Q. Isn't an early retirement like this extremely unusual?

A. Uncommon but not unprecedented. I want to emphasize that unlike some past instances in which a Service Chief did not serve four years, the President did not ask General Fogleman to step down. The decision to retire was General Fogleman's.

Q: What is the purpose of the President's meeting with members of Congress?

A: The President expressed the need for fast track to ensure U.S. competitiveness in the global economy. Fast Track is about expanding opportunities for U.S. exports and making sure the U.S. sets the rules and conditions for trade that are advantageous to U.S. workers and businesses. The Administration's trade agenda is focused on exactly those areas where the U.S. is most competitive -- telecommunications, technology, professional services, agriculture, biotechnology, and critical manufacturing sectors.

Q: Why does the Administration keep meeting with Members without presenting a proposal?

A: The only way to succeed in securing fast track authority is to build the broadest consensus possible before we head into the fall. It is important for Congress to have a clear understanding of why we need fast track, and the President will use today's meeting as an opportunity to do that.

Q: Why did the President meet with these particular Members?

A: Amb. Barshefsky and other members of the Administration have met with over 170 members over the last few months. The President's meeting today is part of an effort to personally address questions from those Members about trade and the need for fast track. This meeting is one of a number of meetings the President will have with Members in the coming months.

Q: What are the chances of the Administration securing fast track authority?

A: We realize this will be a divisive battle, but the more Congress understands that fast track is necessary for U.S. competitiveness in the global economy, we believe they will support renewed fast track authority for the President. We can not afford to have the rest of the world march on by while we pass up opportunities for U.S. workers and companies.

There are three fast track related activities taking place this week at the White House:

1. President will officially nominate Jay Berman and Vicki Radd to head the Administration's fast track effort.

[Jay has had a long and distinguished career in Washington as the Chairman and CEO of the Recording Industry Association of America and has been particularly active on ensuring that US intellectual property rights are protected around the world. Vicki has been an Chief of Staff to Erskine Bowles most notably coordinating the Summit of the Eight in Denver. She will be working with Jay on coordinating this priority.]

2. Erskine briefed the Cabinet on the President's commitment to fast track on Wednesday afternoon and has asked that the Cabinet be available to speak out and work on this issue in the future.
3. On Thursday, the President will meet with congressional members to talk about why fast track authority is in the national interest.

General Points:

- The President is clearly committed to securing fast track authority this fall. This will be one of the Administration's top priorities and the President and his Cabinet will work hard on articulating both to the American people and the Congress why fast track authority is vital to the nation's long term economic prosperity.
- Fast track is at the heart of the President's effort to prepare the American people for the challenges of the 21st century. A central pillar of the President's economic strategy has been aggressively creating opportunities to advance America's job growth, productivity and overseas trade.
- And it has worked: longest sustained period of growth of all our G-7 partners (25% of which was driven by exports), 12 million new jobs, unemployment under 5%--a 25 year low and sustained low inflation.
- Securing fast track authority is critical to continue this economic expansion and maintain America's leadership position in the world.

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.

Q: What can you tell us about the current negotiations between the IMF and Thailand about an assistance package?

A: We welcome the decision by the Thais to negotiate with the International Monetary Fund as a constructive step. The Treasury Department will continue to follow the talks between Thailand and the IMF closely.

(If asked about the size of the IMF program)

While various numbers regarding the size of a program have been bantered about, it would be a mistake to speculate on the appropriate size of a program until there has been a clear identification of the needs based upon an analysis of the relevant data.

(If asked regarding a possible U.S. financial contribution)

We have an important role to play and interests to safeguard in the resolution of Thailand's difficulties. As the largest shareholder in the IMF and World Bank, the U.S. will have an important role in setting the parameters for an assistance package and ensuring that the required Thai policy reforms are strong and credible.

Background

In Mid-May, Thailand experienced significant exchange rate pressures and responded by imposing capital controls. After a prolonged attempt to defend the baht, Thai authorities allowed the baht to float on July 2. The baht has since depreciated by 22%. News that Thailand is finally seeking an IMF assistance package was greeted favorably by the market. However, failure to reach agreement with the IMF could lead to further turbulence in Thai markets. The disturbances surrounding the baht have spilled over into the region; however, the effects have not been as pronounced as in Thailand.

GULF WAR ILLNESSES

July 30, 1997

Q: What is your response to the allegations that DOD is suppressing a report that contradicts reports released by DOD's special assistant for Gulf War Illnesses?

A: Our understanding is that the report referred to during the PAC hearings in Buffalo is a draft report, and that it has not yet been cleared for release by DOD. DOD has shared drafts with the PAC to assist them with their oversight responsibilities.

The President has said he will leave no stone unturned in the quest for answers as to why Gulf War veterans are sick. Our expectation is that DOD will release the report when it has cleared appropriate internal reviews, and has had appropriate declassification procedures performed. It would be premature for us to have any further comment on a draft report.

Q: What is the significance of the UN announcement before the PAC about a second nerve gas exposure incident in the Gulf War?

A: The UN Special Commission (UNSCOM) briefed the PAC on the results of their survey of a chemical weapons storage site in the Kuwaiti theater known as Ukhaydir (U KI DIR). The existence of chemical weapons at the site was made known to the UN only last year.

CIA and DOD monitor reports of the UN surveys and have already done some preliminary modeling of the nerve agent release possible from the air campaign bombing of Ukhaydir. Thus far, none of the modeling has shown that the agent reached U.S. troops.

CIA and DOD have recently completed work on a sophisticated suite of models which was used to determine the extent of possible exposures at Khamisiyah. They will apply that approach to the Ukhaydir event. It will be publicly briefed when the work is completed. (DOD and CIA have not yet given us an estimated completion date.)

The President is committed to uncovering all the facts that can be known about the War that may be useful to determining why veterans are ill. The teams working for the DOD and CIA special assistants for Gulf War illnesses have done an excellent job of researching each event and making their work public. We expect they will do the same with this event.

Q: What is the White House reaction to GAO/FDA allegations that there were problems with DoD's use of investigational products and waiver of informed consent during the Gulf War?

A: The Presidential Advisory Committee highlighted this problem in its Final Report. DOD has acknowledged on numerous occasions that implementation of their programs for use of the investigational products pyridostigmine bromide and botulinum toxoid vaccine had deficiencies during the Gulf War. DOD is committed to improving its programs for the use of investigational products during deployments and combat operations.

Q: Is it true that there have been difficulties with executing the program to use tickborne encephalitis vaccine as an investigational product in Bosnia?

A: DOD has acknowledged the accuracy of the Government Accounting Office reports which indicates there have been improvements since the Gulf War, but that much work remains to be done. The Surgeon General of the Army is committed to resolving these difficulties in Bosnia and for future use of investigation products.

Q: What is DoD doing to review, correct and improve its programs for sue of investigation products?

A: DOD has directed that the investigational new drug (IND) process, as determined by the Food and Drug Administration, be followed in Bosnia and future deployments.

The Deputy Secretary of Defense has requested an extensive review of DoD's current and future programs to protect the force during deployments to potentially hazardous environments. The use of investigational products for force protection will be part of the review.

The Special Assistant for Gulf War Illnesses and ASD(HA) have commissioned the RAND Corporation to conduct an assessment of DoD's processes for developing, deciding to use, and using investigation products especially during deployments.

Q: What is your comment on today's report that nearly 100,000 U.S. troops were exposed to low levels of poisonous sarin gas when soldiers detonated rockets at Khamisiyah?

A: From the beginning of his Administration, the President has been committed to getting out all the facts related to Gulf War illnesses. So, the President is pleased to see the results of the extensive efforts that DOD and CIA have expended to sort out the uncertainties of this particular event at Khamisiyah.

While this new information will be studied carefully in the weeks ahead, it should be remembered that the 98,980 troops were exposed to very low levels for a short period. The President is extremely supportive of the DOD and VA effort to notify the soldiers under the plume, and supports the aggressive research effort that is underway to find out what is making Gulf War veterans sick.

The Presidential Advisory Committee on Gulf War Veterans' Illnesses (PAC) was commissioned by the President to help us understand the various risk factors associated with Gulf War Illnesses, and to tell us where we were doing well and where we needed

improvement. The President credits the PAC for asking the right questions and serving as a catalyst to improve CIA/DOD investigations. We should also give credit to DOD and CIA for the extensive efforts behind today's announcement which underline the President's commitment to get all of the facts out.

Q: What does low-level exposure mean? What should veteran's do?

A: The answer to what veterans should do now is the same as it has always been; if a veteran is sick -- whether shown as exposed or not -- medical care is available.

It is important to note that we're talking about very low levels of exposure, and current medical knowledge does not provide conclusive evidence suggesting the long-term impact is significant. However, there are still unanswered questions about low-level exposure as there is not much research in this area. DOD/VA/HHS have a research plan in place to look into this, as well as other risk factors. This research program will incorporate any new information to try to answer the fundamental question of why veterans are sick.

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

A: Will not be satisfied until we have all the answers possible, all the facts available. If evaluation of the GAO report -- not yet released -- indicates that any shift in emphasis or additional research needed, these decisions will be taken.

We welcome the GAO's contribution to the other efforts currently underway to increase our understanding of Gulf War veterans' illnesses and provide them with the most effective care and treatment possible.

We plan on carefully reviewing the report and getting the reactions of the Presidential Advisory Committee and the agencies concerned. Any new findings and recommendations will be carefully considered for incorporation into the ongoing research and medical care programs.

I think it is important to note that the PAC has played a critical role in initiating and overseeing this process, and that many of the efforts currently underway were a direct response to PAC recommendations.

From the day I took office I have been committed doing the right thing to help our veterans. I view the GAO report in the same spirit: as another opportunity to shed light on the best possible program to help our veterans. My hope is that this new report will be helpful to further improve our ability to help the veterans who served their country in the Persian Gulf.

Q: Recent developments suggest that GAO, DOD and the PAC have significant differences of opinion on the causes of Gulf War illnesses. What does this mean to veterans?

A: First and foremost, I support all efforts -- by the agencies involved, by the PAC, and by Congress -- that may contribute to improving current programs for our Gulf War veterans.

In terms of any differences of opinion at this stage, remember that Gulf War illness causation issues are numerous and complex, and the research available to date is limited - which is why the ongoing government research program encompasses more than 106 projects.

Finally, once, the agencies and the PAC are in a position to comment more specifically on its conclusions and recommendations, any new findings will be carefully factored in to the ongoing research and medical care programs.

Q: Rep. Bernie Sanders of Vermont released a letter signed by 86 members of the House calling for the Presidential Advisory Committee on Gulf War Illnesses to reassess its conclusion that the illnesses reported by Gulf War veterans were likely caused by war-related stress in the face of "clear" evidence that exposure to a wide variety of chemicals in the Persian Gulf may be a significant factor in Persian Gulf illness. Has this Congressional request undermined the PAC's ability to provide credible oversight to the government's efforts relating to Gulf War illnesses?

A: We appreciate Rep. Sanders' and Congress' interest in getting to the bottom of the difficult question of Gulf War illnesses. As you know, the President had consistently pledged to leave no stone unturned in helping affected veterans.

The Presidential Advisory Commission's conclusion that stress was a likely cause of illnesses reported by Gulf War veterans was based on a thorough review of the scientific literature available at the time, and was accompanied by a call for a substantial new research program looking into a number of other risk factors in addition to stress, including low-level exposure to chemical warfare agents, multiple chemical sensitivities, and infectious diseases, among others. Such a program -- encompassing over 106 projects between DoD, VA and HHS -- is now underway, and the PAC deserves a great deal of credit for providing its impetus.

As the new research and more thorough investigative efforts by the various agencies produce results, the PAC will continue to play a critical role as an independent guarantor that the overall program meets rigorous standards of scientific and clinical effectiveness.

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

- A. 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 of the nearly 580,000 active duty military members who served in the Persian Gulf with those of a parallel group of 700,000 military personnel who were not deployed to the Gulf. The results should reassure all Persian Gulf veterans, whether or not they 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 health concerns in a thorough and credible manner remains in progress, and we look forward to communicating future results to Persian Gulf veterans as soon as they become available.

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

- A. The PAC has a critical role to play -- we are relying on their expertise and independent assessments to enhance program quality across the full spectrum of government programs.

Discussion of PAC extension would be premature at this juncture given the many initiatives still underway and length of time remaining in the initial extension (31 OCT 97).

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

- A. Overall, to date -- (1) DOD & VA toll-free help lines; (2) 80,000+ free medical exams; (3) care for all Gulf War veterans who are sick (whether or not a diagnosis has been possible); (4) 26,000+ compensation claims approved; (5) special legislation paying disability for Gulf veterans with undiagnosed illnesses, with an extension of the presumptive period for undiagnosed illness compensation forthcoming soon; (6) thousands of pages declassified; and (7) 90+ federally-sponsored research projects completed or underway.

CANADA SALMON
July 29, 1997

Q: What is Canadian Fisheries Minister Anderson doing here?

A: Minister Anderson is here for consultations with Administration and members of Congress on salmon issue. Refer you to Canadian Embassy for details.

Q: What was accomplished in the meeting last week between Foreign Minister Axworthy and Acting Secretary Talbott?

U.S. and Canada have decided to appoint two prominent citizens who will report to President and Secretary of State and to Prime Minister and Minister of Foreign Affairs, to find, through consultations, most effective way to reinvigorate stakeholders process. (Note: Stakeholders talks broke down in May.)

Goal of stakeholders process is to resolve differences over implementation of Pacific Salmon Treaty.

Two representatives will act as resources to stakeholders and report periodically on progress; objective is to move quickly enough make difference for 1998 salmon fishing season.

Also agreed to set up channel to provide early warning of operational problems between respective fishing interests.

If asked whether our representative will be Bill Ruckelshaus: He would be an excellent choice; we are talking with Canada on the details of the process and working out administrative arrangements. (Note: He is our candidate but we cannot announce that until Ottawa has come up with theirs.)

Q: What is Foreign Minister Axworthy doing here?

Foreign Minister Axworthy flew in to discuss salmon issue with Acting Secretary Talbott, Under Secretary Wirth.

U.S. will certainly express strong unhappiness over blockade of Alaskan ferry over weekend.

Purpose of visit is to discuss how to get process going that will facilitate restoration of stakeholder talks, lead to resolution of salmon issue.

DOLPHIN PROTECTION

July 22, 1997

Q: Any comment on the Tuna-Dolphin bill?

A: We are very pleased that a compromise has been reached that is acceptable to all parties. This compromise will protect dolphins and other marine life in the Eastern Tropical Pacific.

Legislation has been introduced in both the House and Senate to implement the dolphin protection program of the Inter-American Tropical Tuna Commission (IATTC) which is among the best international conservation regimes in the world.

The "Panama Declaration" -- an international declaration adopted in Panama on October 4, 1996 - strengthens this program further. This legislation is supported by the Administration, the U.S. fishing industry and major environmental groups, including Greenpeace, Center for Marine Conservation, Environmental Defense Fund, National Wildlife Federation, and World Wildlife Fund. The Countries which have signed on to this declaration are Belize, Columbia, Costa Rica, Ecuador, France, Honduras, Mexico, Panama, Spain, the United States, Vanuatu, and Venezuela.

This international program will ensure that dolphin mortalities in the tuna fishery never exceed 5,000. Not long ago these numbers were in the hundreds of thousands. The nations involved have made a commitment to work toward a goal of eliminating all dolphin mortalities.

With over 9.5 million dolphins in the region, this level is five one-hundredths of one percent of the population. This level of mortality is significantly lower than the mortality limits established in the Marine Mammal Protection Act for fisheries in U. S. waters. Because the tuna fishery is conducted almost entirely by foreign vessels on the high seas or in their own waters, it can be regulated only by international agreement.

This program also protects the ecosystem as a whole. It avoids alternative fishing methods, such as setting on logs, which produce a high bycatch of juvenile tunas, billfish, sharks, endangered sea turtles, and other species, all of which tend to congregate around ocean debris. New information on bycatches during the 1996 fishing season reinforces the negative consequences of these alternative fishing methods.

The program is the most strictly enforced international conservation regime in the world. An internationally trained observer works on every boat.

For this international program to take effect, the United States needs to lift the tuna embargoes and define dolphin-safe tuna as tuna caught without killing any dolphins.

To ensure consumer confidence in the label and avoid confusion in the marketplace, other labels would not be allowed. This would mean that only tuna caught without killing any dolphins could be labeled as dolphin safe.

Currently, the House has passed H.R. 408 by a vote of 262-166 on May 21st. In June, the Senate Commerce Committee passed S.39, and it is now for Senate floor action.

If the legislation does not pass, we are likely to lose this valuable international program.

TRIPS AND VISITORS

July 28, 1997

- President Aliyev of Azerbaijan meets with POTUS August 1.
- President's visits to Brazil, Argentina and Venezuela rescheduled to October 12-17.
- APEC Summit in Vancouver November 24-25.

Q: Press reports have mentioned October 28 as a possible arrival date for PRC President Jiang Zemin's State visit to the U.S. What can you tell us about plans for the visit?

A: President Clinton and President Jiang earlier agreed to an exchange of state visits. Our two governments are discussing plans for President Jiang to visit the U.S. before the end of this year.

Q: Do you agree with Senator D'Amato that action should be taken against the Union Bank of Switzerland unless it apologizes to former guard Meili?

In our view, absurd to consider prosecuting Meili for violating bank secrecy under these circumstances. In any case, now he is in U.S.; President has signed private bill that allows him to stay. Wish him well here.

If pressed: At this time, we are not in favor of restrictions on our normal commercial relations with Switzerland. Swiss are making serious efforts to uncover truth about Nazi assets and fund efforts to for victim relief. UBS itself has contributed to the "Special Fund" for Holocaust victims, now valued at 265 million Swiss francs

Q: Any comment on the list of dormant accounts the Swiss banks have now published? Doesn't it prove they did not live up to their postwar agreement?

By publishing names attached to dormant accounts and expediting claims procedures, Swiss have simplified search for legitimate heirs to unclaimed accounts. Vital that this process move forward quickly. Hope this development will be foundation for further progress this year.

Paul Volcker and members of his committee and Swiss Bankers Association deserve credit for this initiative.

Refer to USG report published in May for more detail on the postwar agreement with the Swiss on dormant accounts.

Q: What do we know about the Vatican storing Ustashi (Croatian) gold?

A: Treasury document appears to be first reference to Vatican's role in safeguarding looted gold. State, other agencies working to determine if more information is available.

Committed to full historical review of Nazi gold issue. UK and U.S. have agreed to work together to hold an international conference of historians this fall in London.

Many of neutral countries have established commissions to study Nazi gold issue and many have expressed interest in attending such a conference.

U.S. urges Vatican, along with all affected countries, to open historical records and share relevant findings.

Current

Aliyev Visit

- Azeri President Aliyev in Washington July 29-August 1; will see President August 1.
- U.S.-Azeri relations have broadened over last few years. Presidents Clinton and Aliyev will address this, prospects for future growth in relationship. Expect Presidents will also discuss:
 - how political and economic reform in Azerbaijan is progressing;
 - prospects for Nagorno-Karabakh settlement, including U.S.-Russian-French efforts, as co-chairs of Minsk Group process, to promote peace, which is key to regional stability, prosperity and cooperation;
 - development of Caspian energy -- in which U.S. companies have large and growing stake -- and which can help meet growing world energy demand and provide resources to fuel economic development of Caspian countries; and
 - security issues and Azerbaijan's integration into European institutions, such as Euro-Atlantic Partnership Council.
- Vice President will join President's discussions with Aliyev. Aliyev will also see Albright, Rubin, Cohen, Pena and Daley.

Aliyev to Sign Oil Contracts at White House?

- Understand a number of American companies have worked very intensively with Azerbaijanis to complete contracts for oil development in Caspian. Strongly support this commercial cooperation.
- Hope these contracts will be signed as part of Aliyev's visit to White House. We are working with Azerbaijanis to finalize arrangements.

Why Meet ex-KGB, Authoritarian Aliyev?

- Aliyev is President of Azerbaijan. In U.S. national interest to engage former Soviet republics, encourage them to develop into stable market democracies. Direct dialogue also important to promote peace in Nagorno-Karabakh, regional cooperation in Caucasus and development of Caspian energy resources.

Administration Considering Removing Section 907 Restrictions by Executive Order?

- Strongly support repeal of Section 907, which undercuts U.S. leverage and complicates our ability to play honest broker. Also makes it impossible to provide Azerbaijan assistance in areas such as elections and economic reform which are in our interest.

Controversy in Russia over Syazinvest Privatization

- Not in position to comment on details. Russian government auctioned 25 percent of largest Russian telecommunications firm and promised to award contract to highest bidder. Support principle of setting clear guidelines for privatization and sticking to them. Russia appears to be moving in this direction, and we encourage that.

General

Yeltsin Rejection of Law on Religion

- Yeltsin rejected draft law on religion; said action motivated by concern that law violated Russian constitution, argued there could be no democratic society in Russia if minority interests "are not protected."
- Right decision for religious freedom and democracy in Russia; Yeltsin stood up for principle against political expediency, as when he vetoed similar legislation in 1993.

NATO-Russia

- Founding Act signed by NATO leaders and Yeltsin in Paris May 27 milestone agreement -- lays basis for robust and growing partnership between NATO and Russia.
- See Russia as partner of NATO in shaping more secure, stable and undivided Europe. That is good for United States, Russia and Europe. Now will work with Russia to give real substance to Founding Act.
- First meeting of Permanent Joint Council held at ambassadorial level on July 18; agreed to ministerial level meetings in September and December.

Prospects for START II Ratification by Russian Duma

- Believe Yeltsin committed to START II ratification by Duma.
- 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 essential prerequisite to begin START III.

RUSSIAN MIR SITUATION
July 31, 1997

Background

Aside from its damaged module and its diminished power capability, Mir is operating normally. Michael Foale continues to conduct scientific research in Mir's core module.

Talking Points

- **NASA, in consultation with the Russians, has designated David Wolf, and not Wendy Lawrence, to be the replacement crew member for Michael Foale aboard Mir. (Wolf had originally been scheduled to replace Lawrence at the conclusion of her mission in early 1998.)**
- **Lawrence, who is too small to effectively operate the Russian spacesuits to be used in the repair spacewalks, will still fly as a member of the Shuttle crew on the mission that will deliver Wolf to Mir. However, she will return with the Shuttle.**
- **The Shuttle mission may be delayed by up to 10 days to give Wolf additional time to train as a backup participant in the Mir repair spacewalks.**
- **The final decision to send Wolf still depends on restoration of the power from the damaged module and on the results of NASA's internal and external review of Mir safety.**
- The current schedule for crew replacement and repair is as follows:
 - o August 5 Replacement crew (2 Russians) launched to Mir
 - o August 7-8 Replacement crew arrives at Mir
 - o August 14 Current Russian crew returns to Earth. (Foale to remain aboard Mir.)
 - o August 20 Internal spacewalk to reconnect power cables from damaged module. (Foale to remain in Soyuz capsule.)
 - o Sept. 3 External spacewalk to inspect -- but not repair -- damaged module and solar arrays. (Foale to remain in Soyuz capsule.)
 - o **Late Sept.** (pending NASA review) Launch of Shuttle with U.S. astronaut **David Wolf** to replace Michael Foale. Shuttle could carry parts needed for repair of Mir.
- The President is being kept fully informed of the situation by his Science Advisor, Dr. Jack Gibbons.

Q: Was Lawrence replaced because she was a woman?

A: Absolutely not. Lawrence simply is too small to effectively operate the Russian spacesuits that will be used during the repair spacewalks. (Her original mission had not been expected to include any spacewalks.) Although the U.S. astronaut is not currently expected to participate in the repairs, NASA concluded it was necessary for the U.S. astronaut to be able to substitute for one of the Russians, should the need arise.

Q: Isn't it time to seriously reconsider our overall space cooperation with Russia?

A: The Shuttle/Mir program is only one facet of our space cooperation with Russia. We also work with the Russians in space science, earth observations, aeronautics and life sciences. We remain committed to the International Space Station and to Russia's participation in it. President Yeltsin has given President Clinton his personal commitment to continue Russia's role in the program. This incident has not altered our plans for future cooperation.

Q: Has the President approved Senator Glenn's request to fly on the Space Shuttle?

A: The President has a great deal of respect for Senator Glenn and we are aware of his interest in flying again in space. NASA is currently evaluating the Senator's proposal in light of the specific safety issues involved and the science requirements that could be met if he were to fly. This is not a process that will be run out of the White House; the decision will be based on NASA's recommendation.

Holbrooke Trip

- Ambassador Holbrooke has agreed to accompany Ambassador Gelbard (Special representative of the President and the Secretary of State for Implementation of the Dayton Accord) on a visit to the Balkans next week.
- As part of our across-the-board re-energized effort on Bosnia, Ambassador Holbrooke's knowledge of the players and the issues will provide invaluable continuity.
- Holbrooke and Gelbard will carry the same message articulated at Sintra (PIC Ministerial Steering Board), Denver, and Madrid, by the U.S. together with its allies and partners:
 - We expect concrete action by each of the Parties to fully implement their commitments under the Dayton Accord
 - All assistance, every benefit will be conditioned on each party's performance; we will actively seek to penalize those who fail to honor their commitments.

New Policy towards police?

- **Dayton provides the latitude for SFOR to take whatever action it deems necessary to protect its troops.**

(if asked about specific plan to act against Bosnian Serb Special Police)

Naturally, we are not going to respond to hypotheticals that might concern military operations.

Q: Any comment SFOR's efforts on helping refugees?

A: Helping refugees is an essential element to the successful implementation of the Dayton Agreement.

We are pleased to see that SFOR troops continue to make a difference on the ground, creating a secure environment for refugees to return home.

(If asked about June 98):

As we've said before, the present operation will have run its course by then. We should be discussing in the meantime what, if any, involvement the United States should have after than.

Recent Attacks on SFOR

- We take seriously the spate of incidents aimed at SFOR and other parts of the international community in Bosnia.
- Any effort to intimidate the international community is unacceptable.
- Together with our NATO partners, we are making it clear to appropriate authorities that this must cease.
- (if asked) We are not going to discuss hypothetical consequences.

Milosevic Named FRY President?

- The July 16 action by the Serbian Parliament to name Slobodan Milosevic as the new FRY President comes as no surprise and will not change our relationship with Belgrade. It remains that Serbian authorities must do more on a variety of issues before we can make progress with our relationship.
- These issues include facilitating Bosnian Serb compliance with Dayton, cooperating with the International War Crimes Tribunal, and recognizing the rights of the Kosovar minority in Albania.
- Until we see progress in these areas, there will be little if any improvement in the relationship and Serbia will remain isolated from a prosperous and free Europe.

RS Power Struggle/Plavsic Expulsion from SDS

- We continue to monitor the political developments in Republika Srpska and the situation involving Republika Srpska President Plavsic and the Pale hardliners. The challenge to the authority of the elected president is clearly an attempt to avoid implementing Dayton.
- We are not surprised that the SDS and President Plavsic have parted ways. This does not in anyway change to powers or authorities of President Plavsic. We hope and expect this can help foster the start of a genuine democratic process in Republika Srpska and a viable opposition to the hard-line nationalist leadership of the SDS.
- We support the rights of the legitimate democratically elected authorities to exercise their appropriate powers. The OSCE and the High Representative, among other experts, have concluded that Mrs. Plavsic's actions are legitimate and authoritative. We fully accept that judgment. We note that thousands of Bosnian Serbs have taken to the streets of different cities in Republika Srpska in support of President Plavsic.
- The legitimate authorities and institutions of Republika Srpska must be respected and that Radovan Karadzic should be handed over for trial in the Hague.
- We are calling for a diffusion of tensions and demanding that President Plavsic have full access to media in Bosnia; for the Special Police to stand-down from the current crisis; and

for all police to cooperate fully with the International Police Task Force in restructuring and reform. We have told the RS authorities to end their media campaign of propaganda and disinformation that is exacerbating tensions in the RS.

- The international community will not tolerate the use of force or violence as a course of action in the current situation.
- In response to the uncertainty, SFOR has increased its alertness and presence in the Banja Luka area in order to better maintain security and stability.

Force Protection/Risk of Bosnian Serb Reprisals

- Protection for our troops is always a priority. Our security posture is appropriate to the situation on the ground. We are constantly evaluating it and will adjust it if we need to. I am not going to discuss the specifics of our security precautions.
- Tensions remain in some areas of Republika Srpska. We have clearly communicated to the RS leadership our expectation that they must calm their people and get on with the business of implementing Dayton, including handing over war criminals.
- We are concerned about the a recent string of incidents of violence or harassment. There have been a number of explosions targeted at international organizations, including the OSCE, IPTF and SFOR. We are grateful no one has been seriously injured. There is no evidence that the central RS authorities are directing these attacks.
- All the parties must understand that they should not challenge SFOR. We will hold the Parties' leadership responsible for keeping their people under control.
- They should know we would deal very effectively, very swiftly with a forceful response. We'll do what we have to do to protect our troops.

Has the policy changed on SFOR ending its mission in June 1998?

- The President has repeatedly said that the SFOR mission will end in June 1998.
- The critical question is what we do between now and then. We have to focus our energy on assisting the parties with full implementation: common institutions, refugees, economics, war criminals and police training.
- What role, if any, NATO plays, in or out of Bosnia, after June 1998 has not been decided — let alone what role we would play.

If asked whether we absolutely ruling out United States troops in Bosnia after June 1998

- SFOR's mission should end on schedule in June 1998. US political and economic engagement will continue well beyond that.

- It is too soon to speculate as to what, if any, role there may be for NATO following the completion of SFOR's mission. Our focus is on intensifying civilian implementation across the board so that parties themselves can assume greater responsibility for their own future after SFOR's mission is completed.

Is SFOR is planning to detain Karadzic or Mladic or other indictees?
(Dole/Lieberman Press Conference)

- We continue to remain deeply concerned with the presence of war criminals in Bosnia, including Karadzic. We remain concerned about his potential influence -- in violation of agreements that he not be involved in political life -- and will not be satisfied until he is brought to justice in the Hague.
- The recent action by SFOR is an important step toward justice in Bosnia, a key ingredient to long-term peace. We will not be satisfied, however, until all indicted war criminals stand trial at the Hague.
- SFOR is authorized to detain war criminals encountered in the course of its regular duties and if the tactical situation permits. SFOR has no plans to hunt war criminals.
- The recent SFOR operation conformed to what is described above. These indicted war criminals had been encountered in the course of SFOR's regular duties. Of course, any indicted war criminals would be subject to detention in such circumstances.
- It is the Parties who bear the responsibility for turning over war criminals. We continue to press the Parties to live up to these obligations.

French Objected to Second War Criminals Operation? (NYT)

- The SFOR action was conducted under existing NATO authority that had been approved by all NATO allies. Having encountered these individuals in the course of their regular duties, SFOR concluded they should detain these individuals; NATO political authorities agreed with that view.
- That was the extent of this operation and it is concluded. Of course, any indicted war criminal is subject to detention under these procedures (if encountered in the course of regular duties and the tactical situation permits). All participating SFOR forces operate under these procedures.
- All allies are committed to seeing that indicted war criminals are brought to justice. We have enjoyed close cooperation with the French on all aspects of our shared efforts in Bosnia.

(if pressed, cannot comment on possible future operations)

Amendments for Date Certain Withdrawal from Bosnia

- President's senior advisors have recommended a veto if such a measure were to remain in the Authorization bill after the House-Senate Conference. Even though we have no plans to extend the SFOR mandate past June 1998, requiring a withdrawal from Bosnia by a date certain interferes with the President's foreign policy prerogatives and is counterproductive.
- A withdrawal by a date certain – with no regard for the situation on the ground and progress to be made on civilian implementation – would call into question our commitment to implementation of the Dayton Accords, our reliability as a NATO ally, and our commitment to peace and stability in Europe. To our troops on the ground and those who have served in Bosnia, this legislation would question the purpose and value of their service and sacrifice.

As the President has emphasized, our focus should be on the hard work that needs to be done in the next year on civilian implementation. U.S. political and economic engagement in Bosnia will remain essential after SFOR's mission is done, and we can only succeed if the parties and the international community remain assured of U.S. leadership and commitment

Q: Can you comment on Secretary Albright's statements in Singapore about Pol Pot and his recent show trial by the Khmer Rouge?

A: The United States continues to attach great importance to bringing Pol Pot and other Khmer Rouge leaders to justice for their atrocities against the Cambodian people.

We regard the recent show trial of Pol Pot and three of his Generals, and Pol Pot's sentence of life under house arrest, to be a complete legal farce.

We are continuing actively to explore with our friends and allies in the international community, including at the United Nations, various options for bringing Pol Pot and his henchmen to justice before some form of international tribunal should he be delivered into the custody of responsible authorities.

Given the current confused state of affairs in Cambodia, it would be premature and imprudent to speculate publicly on what might be the best type of forum for such procedures. But no one in Cambodia should be under the illusion that our determination to pursue those options is diminished because of the Khmer Rouge show trial of Pol Pot.

Q: Does the Khmer Rouge trial of Pol Pot raise a defense of double jeopardy for Pol Pot and the three generals?

A: No. In our view the show trial clearly does not invoke the principle of double jeopardy, both because of the show trial's obvious flaws and because it has no effect whatsoever on an international prosecution of Pol Pot and Khmer Rouge leaders.

Q: Does the United States support the establishment of an international criminal court?

A: Yes. The President has long expressed his support for the establishment of a permanent international criminal court that meets our requirements for effectiveness, due process, and broad participation by countries across the globe. The United States is actively engaged in U.N. negotiations currently underway. We are working very hard to finalize the text of a statute for such a permanent court and moving on to a diplomatic conference.

Note to Briefer : A permanent court would not have retrospective jurisdiction, and thus could not prosecute Pol Pot for atrocities of the 1970's.

Q: How does the announcement that Cambodian Foreign Minister Ung Huot is the new FUNCINPEC candidate for First Prime Minister affect U.S. policy?

A: The announcement has little affect on U.S. relations with Cambodia. We consider Norodom Ranariddh to be still the official First Prime Minister until he has been replaced

through the procedures set out in the Cambodian constitution -- i.e. that the First Prime Minister is chosen democratically by the party that won the most recent (1993) election -- FUNCINPEC -- through proper procedures and free of coercion and intimidation; and that he is approved by the King. We urge the Cambodian Government to respect these procedures. We have worked with Ung Huot (PRON: OONG WHOT) in his capacity as Foreign Minister and respect him.

Q: Other countries seem to believe this appointment will "legitimize" Hun Sen. Does the U.S. agree?

A: We remain deeply concerned at both the way a democratically-elected government was destroyed by military force, and outraged by a series of executions and arrests of FUNCINPEC supporters in the aftermath of the fighting. While we are gratified that the party that won the 1993 election will retain some positions, we urge that the appropriate democratic procedures be followed. As we have said, the imposition of a dictatorship in the guise of a coalition is not an acceptable outcome, nor is it consistent with the Paris Accords.

Background: Yesterday, those members of FUNCINPEC who remain in Cambodia chose Foreign Minister Ung Huot as their candidate to replace Ranariddh as First Prime Minister in Cambodia. That may be confirmed at a FUNCINPEC party meeting later this month. . There also are reports that Ranariddh is preparing to appoint a successor.

Q: What is the status of events in Cambodia?

A: The situation in Phnom Penh remains calm. Sporadic, low-level violence continues in the northwest. The majority of those Americans wishing to leave Cambodia have already done so. The U.S. Embassy will be down to its reduced staff level by July 20. The State Department task force on Cambodia has been disbanded.

[IF ASKED ONLY about US forces at Utapao] U.S. forces in Thailand brought in to assist in case of a need for emergency evacuation are being redeployed.

Q: Should Secretary Albright have met with Hun Sen and Ranariddh during her recent trip, in order to counsel against violence?

A: The Secretary made repeated efforts to arrange a meeting with the two co-Prime Ministers in conditions that were acceptably secure. We were well aware of the deteriorating security situation in Phnom Penh. In the end, Ranariddh and Hun Sen refused to meet with her, indicating that they both were more focused on their internal struggle than on accepting advice from the international community.

Q: Will U.S. continue to provide economic aid to the Hun Sen government?

A: We have suspended most of our aid programs for 30 days while we conduct an intensive review of all our programs. Some basic human needs programs are still being funded.

We are consulting with other donors about their programs of assistance. At the end of the 30 days (August 9), depending on the circumstances at that time, we would anticipate resumption of those programs that provide humanitarian, people-to-people support. We do not intend to resume a full aid program until our five principles are met (end to fighting that overturned democracy; FUNCINPEC free to operate; free and fair elections in 1998; maintain Paris Accords; no Khmer Rouge in the government).

Q: What about reports of executions and illegal arrests of opposition members?

A: Although many of these reports are vague, we nonetheless are very concerned about this, and have made clear to senior Cambodian leaders that this is unacceptable. We are also concerned about reports of intimidation of Cambodians who have been working to build a civil society, labor organizers and journalists.

Q: Will you support Ranariddh in mounting an armed opposition the Cambodian government?

A: Officially, we still recognize Ranariddh as First Prime Minister, and treated him as such in meetings with senior State Department officials last week. We continue to urge both sides to reconcile differences peacefully, avoid violence, maintain the Paris Accords, and continue plans for democratic elections in 1998. We also remain opposed to any role for the Khmer Rouge in Cambodia's government.

Q: Did the North Koreans use the Nunn-Laney visit to send a message to the U.S. or South Korean governments? How would you characterized their discussions?

A: Following their trip to North Korea, Sen Nunn and Ambassador Laney provided both the U.S. and South Korean governments a brief overview of their discussions and observations. As their press statement released in Seoul indicates, they had frank and useful discussions with both Ministry of Foreign Affairs and Korean Peoples Army officials about promoting peace and stability on the Korean peninsula. We note that Sen Nunn and Ambassador Laney emphasized the value of four party talks and the need for the North to undertake economic and agricultural reforms to solve its long-term difficulties. We look forward to a more complete report of their discussions after they return to the United States.

Q: What is your reaction to recent statements by international groups that the famine in North Korea is worsening?

A: The food shortages in North Korea inflict a horrible cost on the North Korean people who already are suffering from impoverishment. The international community has responded generously to calls for emergency humanitarian assistance, and the United States has contributed some \$50 million to the UN World Food Program appeals.

We are participating in the current WFP food appeal through the contribution of 100,000 tons of food. But the long term answer is not short-term food aid; the North's prospects for agricultural production sufficient to feed itself will only improve through structural economic and agricultural reform. That reform can be greatly assisted through the four party peace talks, which we hope to launch in August.

Q: What is the significance and status of the preparatory talks that were announced in New York?

A: The agreement by North Korea to participate in preparatory talks 5 August in New York is the first real step toward realizing President Clinton and President Kim's offer of peace talks that will lead to a permanent peace on the Korean peninsula. China will join the preparatory talks during which we will establish the venue, timing, procedures and agenda for the plenary session of the four party peace talks. We have made final site arrangements at the working level among all four participating countries and anticipate the August 5 preparatory talks will begin as scheduled.

Q: How long will the preparatory talks last and when do you anticipate the start of the plenary session of the four party talks?

A: We do not have a specific time limit on the preparatory talks. We anticipate each of the four nations involved will come to the talks prepared to work toward the earliest date for the start of the plenary session.

If Asked:

Q: What is China's reaction to the announcement by the United States, South Korea and North Korea that four-party preparatory talks involving China will start August 5, in New York? Has China agreed to participate?

A: China previously endorsed the four-party process and recently has issued a statement welcoming the agreement reached June 30.. In its statement China agrees to participate in the four-party talks and continue to cooperate and play a constructive role in the process of establishing a peace mechanism for the Korean peninsula. We welcome China's positive statement and look forward to the contribution it will make in the talks.

Q: Has the U.S. interviewed the North Korean defector Hwang? What is your assessment of his information?

A: The U.S. routinely is given access to North Korean defectors by the South Korean government. Trained U.S. intelligence professionals conduct interviews of the defectors. In the case of Hwang, we recently sent a team to Seoul to interview him. We are in the process of evaluating the information Hwang has provided. It would be inappropriate to comment on the substance of Hwang's comments before that evaluation is complete.

THOMPSON HEARINGS

July 24, 1997

Q: What about Senator Thompson's allegation that White House officials not only knew about possible PRC involvement in campaign funding from an FBI briefing of NSC officials, but knew or should have known from other sources or indicators as well?

A: The issue raised by Senator Thompson concerning the FBI briefing of two NSC officials about China's alleged attempt to fund U.S. political campaigns has already been thoroughly reviewed.

The contemporaneous notes of one of the NSC participants, a career FBI special agent, clearly reflect that the NSC officials were asked not to disseminate this material. The decision not to disseminate, however, was made without reference to the FBI request. Hindsight would have obviously yielded a different decision.

As to the Senator's remarks that the White House had independent access by other means to the FBI-briefed allegations of possible illegal activity, we can find nothing to substantiate his assertion.

Q: What about the Senator's assertion that the PRC has undertaken efforts to influence U.S. elections in violation of U.S. law?

A: As the President said before it would be a very serious matter for the United States if any country were to attempt to funnel funds to one of our political parties for any reason. The Vice President and the Secretary of State brought this issue to the specific attention of the government of China during their visits this spring.

The Department of Justice has an ongoing investigation on these issues; I understand they have drawn no conclusions.

Q.: Did Huang meet with Sandy Kristoff in September '94 on APEC?

A.: At the time, Sandy Kristoff was working for the NEC on APEC issues. In the fall of '94, in preparation for the Jakarta APEC Leaders Meeting, Ms. Kristoff's office handled the logistical arrangements for a number of inter-agency meetings to prepare for the President's trip to Jakarta. These meetings were sometimes chaired by Ms. Kristoff, sometimes by others, e.g. those responsible for scheduling. It is likely that Mr. Huang was cleared into the White House under Ms. Kristoff's name for one of these meetings.

Ms. Kristoff has no recollection of ever having met with Mr. Huang; he played no role in the policy issues that she worked on.

LATIN AMERICA

July 10, 1997

If asked about Washington Times story saying we are close to lifting our Latin America arms embargo:

- Our policy remains under review.
- No decisions have been made.

Latin American arms transfer policy

Q: Has the President decided to permit the sale of advanced fighter aircraft to Chile?

A: The President has decided to authorize the state department to issue marketing licenses in order to allow companies who wish to compete for Chile's prospective purchase of advanced fighter aircraft to participate in the process. A decision has not yet been made, however, on whether to permit such sales to Chile.

Q: Does this mean the policy on arms transfers to Latin America is still under review?

A: Yes. In light of the changes underway in Latin America, the administration has been taking a very careful look at its policy on advanced arms transfers to Latin America and whether it should move to a case-by-case review of requests to transfer advanced arms to Latin America. That policy remains under review. However, Chile's process for deciding which fighter aircraft to purchase has already begun. In order not to prejudice U.S. companies from competing for the sale while the policy review continues, the president decided to authorize companies to at least participate in the current technical stage of the bidding process.

Q: What were the president's reasons for this decision and how does it fit in the administration's overall policy toward Latin America?

A: For many years, the united states has exercised a policy of restraint related to arms transfers to Latin America, particularly of advanced weapons systems. This policy of restraint was imposed at a time when military governments dominated Latin America and when there was considerable tension between some Latin American states. The policy reflected U.S. desire to reduce conflict and avoid an arms race in the region.

Now democracy is taking hold in all but one country in the hemisphere, a remarkable achievement, and economic integration and political cooperation are making great advances. As a result, tensions have diminished and the risk of inter-state conflict among neighbors is lower than it has been in decades.

Our main goals in Latin America are to promote and strengthen these democracies, to support the economic and social development of the hemisphere's citizens, to encourage growth, expand trade and assure access for American exports, and to cooperate on counternarcotics and other fields. We are also committed to promoting restraint in arms purchases, confidence-building and transparency measures among countries in the region.

Q: When will the president make a decision on whether US companies can actually sell fighter aircraft to Chile?

A: The administration will continue reviewing the matter and will ultimately make a decision based on several factors, including the sale's impact on regional stability and restraint and consolidation of democracy.

July 31, 1997

(Note to Briefer : Do not use before meeting has occurred)

Q: Did the President get briefed on Secretary Cohen's conclusions regarding Khobar Towers?

A: Secretary Cohen briefed the President this morning.

The President is satisfied with the thorough manner in which Secretary Cohen and his staff reviewed the various reports done following the bombing and supports the conclusions and actions that Secretary Cohen has taken.

Q: So the President supports Cohen's decision to deny the Air Force general his second star?

A: The President supports Secretary Cohen's continued efforts to ensure that there is proper accountability up and down the military chain of command.

Secretary Cohen will brief at the Pentagon shortly about his conclusions. I'm not going to get into any specifics.

Q: What's the status on the Khobar Towers investigation?

The investigation by the Saudi government and the FBI continues.

Q: What does the White House think about Sayegh's decision to change his plea?

A: In entering a not guilty plea in U.S. District Court for the District of Columbia. Al-Sayegh indicated that he would not longer abide by the terms of the plea agreement. Because the plea agreement remains under seal, we are not at liberty to discuss its contents.

The defendant stands indicted for a conspiracy during 1994-95 to kill U.S. nationals residing in Saudi Arabia. That conspiracy is not related to the Khobar Towers bombing and was not carried out. The U.S. will now focus its attention on obtaining from overseas the necessary witnesses and evidence to proceed to trial in this case. Additionally, we continue to pursue aggressively all avenues of investigation relating to the Khobar Towers bombings.

The judge has scheduled dates for filings and proceedings in this case. Since the case is ongoing, no further comment is appropriate at this time.

HAITI
July 31, 1997

Q: What is your reaction to UNSC vote to extend the UN presence in Haiti until November 30? What comes next? Will the US have a bilateral presence?

We are pleased with the Security Council's unanimous vote in favor of a four-month extension of the UN's Mission in Haiti. The UN Transitional Mission in Haiti (UNTMIH) will help provide the security environment needed to continue developing a professional civilian police force and strengthening the rule of law.

This work, part of our overall effort to support Haiti's return to democratic rule, is a long-term proposition. Our commitment to Haiti is therefore long-term, but we have made no judgments about the appropriate role for the international community in Haiti after November. This will depend in part on the situation on the ground at that time.

B-2 FUNDING
July 30, 1997

Q: What is the Administration's position on B-2 funding in the House DoD Authorization Bill?

A: The additional B-2 funding contained in both the DOD Authorization bill and the DOD Approps bill in the House (it is not funded in either Senate counterpart bill) has elicited an Admin response in SAPs that declares that senior advisors to the President would advise the President to veto those bills if the additional \$ 331 Million were to make it through the respective Conference Committees and be presented to the President for his signature.

The potential funding tail created by this relatively modest investment would be over \$ 20 Billion to complete the construction, delivery and maintenance of a mere 9 aircraft. Both the DOD's QDR and Deep Attack Weapons Mix Study explicitly examined this option and found it to be lacking in merit and military utility. In fact, these studies propounded that the procurement of additional B-2s could weaken the the ability of the Air Force to procure other, higher priority systems that would provide more combat capability.

LANDMINES
July 29, 1997

Q: Human Rights Watch released a report on Landmines. Any response?

A: Remain fully committed to a global ban on the use, production, stockpiling and transfer of anti-personnel landmines.

Want to achieve this goal as soon as possible.

Must end the worldwide suffering caused by these hidden killers.

[If needed:]

We welcome the Ottawa Process. Believe the work underway there and the work underway in the Conference on Disarmament reinforce each other.

Q: What happened at the July 16 meeting on landmines?

A: In January, when the President announced that the U.S. would pursue a ban on anti-personnel landmines through the Conference on Disarmament, he also decided that we would assess our progress after the second part of the CD session had ended on June 28.

We are now in the process of taking stock. At the July 16 meeting senior officials exchanged views on the state of play with respect to negotiating a ban on anti-personnel landmines and prospects for achieving our goal of a comprehensive, global ban on anti-personnel landmines.

No conclusions or decisions have been reached.

The Administration will continue to review the issue.

Leahy Legislation

Q: Senator Leahy has announced that he is introducing legislation further curbing U.S. use of anti-personnel landmines. What is the Administration's position on this new legislation?

A: The President has committed the United States to aggressively pursue an international agreement to ban use, stockpiling, production and transfer of APL, with a view to completing the negotiation as soon as possible.

We are pursuing that goal in the Conference on Disarmament (CD) in Geneva, working to establish a negotiating mandate as soon as possible.

The CD offers the most practical alternative for achieving a global ban. Its membership is broad and geographically representative. It has a proven track record. The CD includes most of the countries which are historically the world's landmines producers. It is precisely these countries which need to be part of a ban to ensure the ban will be effective.

The proposed legislation would prohibit funding for new U.S. deployment of anti-personnel landmines (APL) beginning January 1, 2000.

This would be inconsistent with U.S. APL policy, which seeks a global agreement to ban APL and reserves the option for the U.S. to use self-destructing/self-deactivating APL in military hostilities to safeguard American lives and hasten the end of fighting.

The United States views the security situation on the Korean Peninsula as a unique case and in the negotiation of a global APL ban will protect our right to use APL there until alternatives become available or the risk of aggression has been removed.

We note that the legislation does take into consideration a key element of U.S. APL policy in allowing for the possibility of an exception for U.S. deployment of APL on the Korean Peninsula, provided the President submits an annual report to Congress certifying that new deployments are "indispensable to the defense" of South Korea.

However, this recognition of our security requirement in Korea does not outweigh the disadvantages of the proposed legislation, especially in undermining our strategy of seeking negotiated global ban rather than a unilateral measure.

Q: How significant is the decision yesterday at the Conference on Disarmament?

On June 26 in Geneva the 61 nations of the Conference on Disarmament agreed to set up a special coordinator on anti-personnel landmines. Ambassador Campbell of Australia will serve in this role.

The special coordinator will act as a facilitator to develop a mandate for next steps in negotiations on anti-personnel landmines.

This agreement is an important step forward toward the establishment of negotiations on anti-personnel landmines in the CD.

We look forward to early progress in the next CD session beginning on July 28.

Q: What is your position on the Canadian-led "Ottawa Process"?

A: We welcome the Ottawa Process as providing important momentum toward the common goal of a ban on anti-personnel landmines.

During the visit here of Prime Minister Chretien, this issue was discussed. We and the Canadians agreed to meet to see if we could "narrow our differences."

Pursuant to this agreement, experts met in Ottawa in mid-June. These meetings were a good first step.

A U.S. delegation was present as observers at this week's "Ottawa Process" conference in Brussels. Negotiations on the Ottawa Process treaty text will begin in Oslo in September.

Between now and September we will continue our close consultations with the Canadians and others.

No decision has been made on whether we will participate in the Oslo meeting.

Q: Is there a policy review underway?

A: Now that the first six months of this year's CD session has concluded we are taking stock of our progress there. We are also taking stock of progress in the Ottawa Process.

We want to ensure we remain on the most effective path for achieving the goal the President set forth last year -- achieving a comprehensive ban on anti-personnel landmines that is worldwide.

Q: When will this "stock-taking" exercise be concluded?

A: This assessment will be conducted over the course of the summer.

Q: Has there been any further progress in the CD?

A: The third part of the 1997 CD session just opened today, July 28.

A key activity this session will be the work of the special coordinator. He will pursue consultations on a possible mandate for negotiations on a ban on anti-personnel landmines.

We look forward to early progress.

This CD session lasts until September 10.