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Daily Press Guidance

**Tuesday
August 5, 1997**

(For internal use only.)

Press Guidance
Tuesday, August 5, 1997

Domestic

1. **D.C. Plan** DC Plan
2. **UPS Strike** - UPS strike
3. **INS** - Immigration
4. **Medicare** - Medicare
5. **Slavery Apology** - Race Relations

Events

1. **Black Leadership Forum Outreach Meeting** - Race Relations

Economic

1. **Composite Index** of leading indicators - unchanged - Economy

Foreign

1. Latin America
2. NYC Terrorism Incident
3. Guatemala
4. Lebanon
5. Middle East
6. Iran/Khatemi Inauguration
7. China
8. Northern Ireland
9. Fast Track
10. Canada Salmon
11. Trips and Visitors
12. Nazi Gold
13. Russia/NIS
14. Russian Mir Situation
15. Bosnia
16. Cambodia
17. Korea
18. Landmines

DRAFT

Talking Points

Administration Views on the D.C. Legislation and its Management Reforms

August 5, 1997

1 million ~~total~~
800,000 yr now funding
up to 1 million/per year
FY '93-'97 2002
4720 - Head Start

Overall

- The D.C. legislation -- most of it modeled on the President's plan -- will undoubtedly help the District by relieving some large financial burdens.
- With the Federal Government assuming major responsibilities from D.C., the District will come out ahead financially beginning in 1998, and will eventually come out further and further ahead as the years go by.

Management Reforms

- The President has been a strong supporter of "home rule" for the District.
-- In fact, his D.C. proposal was designed to strengthen home rule by relieving the District of major financial burdens, enabling D.C. to concentrate on police, schools, and other local functions.
- He also supports better management in the District to improve D.C.'s delivery of services to its residents.
- We did not propose, nor were we involved in negotiating, the management reforms that Congress adopted as part of the D.C. bill -- and we have some concerns about how they will work.
-- For instance, the provision that calls for department heads to report to both the Mayor and the Control Board may prove difficult in practice.
- But these reforms are now the law -- and we will reach out to the Mayor, City Council, Control Board, Delegate Norton, and others to ensure that we can make them work as well as possible.

UPS

Q: Why are you refusing to use your authority under the Taft-Hartley Act to stop the United Parcel Service strike?

A: Recent Presidents have only rarely invoked the Taft-Hartley Act (Labor Management Relations Act) to intervene in strikes. In fact, it has not been invoked in nearly two decades and only once in the last 25 years.

I think the reason is that the law establishes a very high barrier. The strike must be found to "imperil the national health or safety." We do not believe that this standard has been met at this time. We will certainly continue to monitor the economic impact.

We have also been monitoring the negotiations, and both sides as well as the Federal mediator have reported to Mr. Lindsey to let us know their views.

I want to make it very clear that the way to end this strike is by both sides working hard at the bargaining table to resolve their differences. The Federal Mediation and Conciliation Service has already been working with the two sides, and they will continue to be at the disposal of the two sides. But ultimately, labor and management must do the hard work of reaching an agreement.

Q: Can you envision any circumstances under which you would take action under Taft-Hartley?

A: We do not believe that the standard of the Taft-Hartley Act has been met. Labor and management need to take responsibility for resolving this strike. Our Federal Mediation and Conciliation Service will do what it can to help, but the two sides will ultimately settle this issue.

Q: You are refusing to act now, but you showed no such reluctance when pilots at American Airlines went on strike earlier this year. What's the difference now? Is it because this is the Teamsters and that was a union that does not belong to the AFL-CIO (ck)?

A: In fact, these are two entirely different circumstances governed by two entirely different laws. In the American Airlines strike, we acted under the Railway Labor Act, which requires only that the strike pose a substantial economic threat to interstate commerce and deprive a sector of the country necessary transportation support. That standard was clearly met by the American strike.

Only Taft-Hartley can be invoked in this strike, and Taft-Hartley requires a finding that the strike "imperil[s] the national health or safety." That is a far higher standard, and to date, it clearly has not been met.

GUIDANCE ON INS
AUGUST 5, 1997

(According to a New York Times story today, the Commission on Immigration Reform has decided to recommend breaking up the INS and having its various functions performed by the Justice, State, and Labor Departments. According to the Times story, the Commission was created by Congress in 1990. Eight members, four from each party, are appointed by Congress, and the President appoints the Chairman. Barbara Jordan was the first Chair. The current chair is Shirley Hufstедler. The Commission has released three reports in the past. This will be the fourth. According to the Times, the report is expected to be released by September.)

* As we understand it, the Commission has not formally made a report. In any event, we have not received its recommendations.

* We have spent four and a half years trying to reform government to reduce its cost and make it more efficient. So we are always interested in proposals for reforms in any agency.

* When we receive the Commission's recommendations, we will review them carefully.

Q: A spokesperson for the Justice Department has already said that Justice strongly opposes this proposal. Are you saying you may disagree with Justice?

A: What I am saying is that we have not had an opportunity to review the Commission's recommendations.

Q: Does that mean you would not rule out breaking up the INS, as the Commission is apparently prepared to recommend?

A: I don't think it would be appropriate for the White House to comment on a proposal that we have not had an opportunity to see.

TOIV

Press Guidance
August 5, 1997

MEDICARE

Are you concerned about the private fee for service option included in the final Medicare provisions of Balanced Budget Agreement? Do you support this new option?

As was reported today, we have consistently raised concerns about this provision. In fact, we successfully fought for critically important consumer protections. As a result, the final provision is quite different from the one that passed the Senate. There are now a number of consumer protections such as disclosure requirements and other measures that protect beneficiaries from being overcharged by physicians who may participate in this program. Specifically current law balance billing protections apply to doctors participating in this type of plan. Doctors will not be allowed to charge more than 15% over Medicare approved rates. It is worth noting that because of the new consumer protections and many other positive provisions in the Medicare reform, AARP did not raise objections to this option.

Chris Jennings, DPC

Slavery Points:

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

Q. So the President will not support the Hall resolution?

A. The Hall resolution is a congressional matter. As I've said, the President personally is not convinced this would be a productive step at this point.

THE WHITE HOUSE

Office of the Press Secretary

Internal Transcript

August 4, 1997

INTERVIEW OF THE PRESIDENT
BY BLACK ENTERTAINMENT TELEVISION

The Cabinet Room

5:28 P.M. EDT

Q Mr. President, thanks for joining us. I'm glad you could take some time to talk to us today.

THE PRESIDENT: Glad to do it.

Q Thank you. Let me start by asking you whether or not -- let me rephrase that. I know I'm preaching to the choir when I tell you that African Americans still lag far behind white Americans in every single leading economic indicator category. As you well know, some of your African American critics have accused you, so to speak, of talking the talk, but not walking the walk when it comes to your budget priorities. I'm wondering specifically what's in this budget that you're set to sign tomorrow, I suspect, specifically for African American families that will help them shrink that economic gap.

Q Well, there are several things. Let's look at a few of them. First of all, this budget has \$24 billion in it for health insurance for families, for children, for families of modest means -- disproportionately minority families. We're talking about people here who are working for a living, but don't make much money, don't get health insurance for their children at work, but aren't poor enough to be on Medicaid. And it's the biggest expansion of health care for needy people since Medicaid passed in 1965 -- the single, biggest one.

Second, the bill has a \$500-per-child tax credit that

goes even to working families that get the earned income tax credit -- that is, that make modest incomes. It may come to \$30,000 a year, which the vast majority of African American families have children in the home -- police officers, nurses, fire fighters, folks like that, they'll get \$500 a year per child.

Third, this bill has the biggest increase in spending for education from Head Start through college since 1965, in over 30 years; and the biggest increase in help for people to go to college since the G.I. Bill passed 50 years ago; the biggest increase in Pell Grants in over 20 years. And that's going to really help -- college tax credits; all kinds of other financial provisions to help people to go to college.

Fourth, the bill remedies everything I promised to fix in the welfare bill. It restores benefits to legal immigrants who are hurt through no fault of their own. It keeps children who are no longer classified as disabled eligible for Medicaid. It expands food stamp benefits to single men who are looking for work. It provides \$3 billion to the cities, to help the cities put people who are on welfare to work.

And, finally, the bill has a huge, broad array of economic incentives for people who invest in the inner cities. It

triples the number of empowerment zones. It more than doubles the funds for community development banks to loan money to people who start business in the inner cities. It provides tax incentives and other investments to clean up 14,000 so-called brownfield sites in urban areas that are otherwise attractive for development but have environmental problems.

So it's a stunning budget. It's been at least 30 years since a budget this good for working Americans, lower income Americans, and minority Americans has passed.

Q My time with you is limited and there is so much I want to talk to you about, but let me follow up very quickly if I can. Since you mentioned welfare, I suspect tomorrow around here at the White House there will be handshakes and smiles tomorrow as the Republicans and Democrats come together to watch you sign this bill. But I'm wondering what specifically you're going to do to follow up

on what the Republicans have already threatened to do; that is to say, they want to, on Wednesday, I suspect, come after you in terms of gutting the welfare provisions that you insisted be a part of this bill. They specifically do not want to pay minimum wage to welfare workers who you want to move from welfare to work. How are you going to deal with what their next strike is going to be? And they've already indicated what it is.

THE PRESIDENT: Well, they know -- I think some of them are upset because of the stories which indicate that we got about a hundred percent of what we were looking for out of this budget. But they got what they wanted -- they got a capital gains and the changes in the estate tax and things of that kind.

I believe that everybody who works ought to get the minimum wage. And I'm going to hang tough, and unless they can get enough votes to override a veto, then the people that go to work are going to get the minimum wage. I don't think there's a problem with that.

Now, to be fair, they say that the governors are saying that some employers, even community non-profits, which you might consider liberal employers, are reluctant to hire people off welfare who may be hard to place and may have -- take time to train, if they also have to pay all the accompanying costs of employment like the unemployment tax and Social Security tax and all of these other taxes. And they say they're looking for help on that. Well, I expect we'll have some dialogue about that, but I simply don't think that they ought to be able to take the minimum wage away from working people. I just don't.

Q You've said and you've, of course, undertaken -- put together a commission to undertake getting this country to have a conversation about race, the issue that you've called "America's constant curse." In the first public meeting of your Race Commission, a small dispute erupted in that the commission chairman, Dr. John Hope Franklin, and Commissioner Angela Oh, a Korean American commissioner from Los Angeles, had a dispute about what the focus, what the mission, the work of the commission ought to be. Dr. Franklin believes that the focus on the mission ought to be around the black-white conflict, which he sees as the nucleus for every other race problem this country has endured and continues to endure. Angela Oh, Commissioner Oh suggests that the work of the commission

really ought to be about multiracialism and multiculturalism.

As the leader, the President who put this commission together, what kind of leadership are you going to provide? How are you going to get them on the right track? If the commission can't have a clear-stated mandate, how do we talk about it as a country?

THE PRESIDENT: My sense is that the division was not as great as it appeared. First, I agree with John Hope Franklin that if you don't understand the black-white issue, you can never understand how race works in America. If you don't understand the history and if you don't know what the facts are now, you can never understand the rest. So I think -- and I think that's really the only point he was making, and I think that's important. I think we have to deal with our unfinished business, if you will.

There are some other issues. If you don't understand that Mexican Americans first came to this country, if you will, by annexation because of the war we had with Mexico, it's hard to understand the unique history of the United States with its Mexican American population. But there is something special about the whole legacy of slavery and all of that, and we have to understand that. So I agree with that.

On the other hand, I also believe that one of the most important things this commission can do when there is no riot in the cities, when there is no real social dislocation, when unemployment is coming down and incomes are finally going up again and we seem to be making some progress on crime and other issues, I think that it's time that we say, gosh, we're going to be in this new century in only three years, within five years California will have no majority race, within 30 to 40 years, the United States will have no majority race, what does that mean? What do we want America to look like in 35 years? How are we going to get along? How are we going to avoid these problems that have so bedeviled other countries when they didn't have a majority race -- these tribal fights in Africa or the religious based conflicts of the ethnic groups in Bosnia, or what's going on in the Middle East -- how are we going to get around that?

I think that if we think about it now and we sort of make it a part of our project as we start the new century and we kind of empower our young people especially to talk about it and work through it, my guess is that when we do become the first truly

multiethnic, multiracial democracy in the world, it will turn out to be a huge advantage for us, a huge advantage, because of the global society we're living in. As long as we say we respect, we even celebrate our differences, but we're still one America. I mean, that's the trick. And I think that ought to be the future focus of this.

Q You mentioned California. As you well know, you gave a race relations speech at UC-San Diego. And as you probably know, 200 African Americans have applied to med school in San Diego; none were accepted. In Texas, at the University of Texas, admissions of African American students are down 26 percent. It's an ugly picture, and I can make it uglier if I had more time, but I won't do that. But the question I do want to ask is --

THE PRESIDENT: They shouldn't have passed that 209.

Q I totally agree with you on that. The question I want to ask is, there is a bill that's pending in the Texas legislature that suggests that if scores, test scores, are going to be the sole criteria for all students being admitted to college, why not include athletes in that regard? I'm wondering how you feel about that. I actually think it may help the Razorbacks, because the kids that can't go to school in Texas may go up to Arkansas. (Laughter.)

THE PRESIDENT: What a low blow. (Laughter.)

Q Well, no, I just -- it may help the program. But what do you think about including athletes, though, seriously?

THE PRESIDENT: I think if you did it, people would bring back affirmative action. I mean, that would make the point. I couldn't help thinking when they explicitly excluded athletes that you could have, let's say an Hispanic young athlete who was a C student out of high school get in the best university in the state, and another young Hispanic who was an A-minus student in high school that wore Coke-bottle glasses and was an academic who couldn't get in. I mean, the whole thing is bizarre. It's all mixed up.

Q You think it ought to include athletes?

THE PRESIDENT: Well, I think universities ought to have

a right to develop their athletic programs, but I think that it is ridiculous to say that a great university needs to have different academic standards for athletics so you can have diversified athletics, but doesn't need a diversified student body when it comes to race and ethnicity. I think it's just an absurd argument. It is completely absurd, I think.

So I would say you've got to -- you can pick one, you can have it one way or the other, but you can't have it both ways. That's kind of what I -- it's like these people who put this together saying, well, if these folks can entertain us, we'll let them come to school. But if they're not entertaining to us, never mind that they're going to be a big part of our future, they can't come to school. I think it's a mistake.

Of course, I believe -- I don't think there was ever a constitutional problem with affirmative action in college admissions and professional school admissions, as long as no one who was unqualified -- that is, someone that clearly couldn't meet high standards and couldn't do the work -- was admitted, because there are measures other than test scores and grades which are pretty valid indicators of whether people can do good work in high-quality institutions. And you want the students themselves to have valid experiences when they're going through school.

And I personally believe, since we're going to live in a multiracial, multiethnic, multireligious society, if I were running a private university, I'd certainly want one to be like that. And I think it's a cruel irony that in some of these states they seem to be moving toward putting it all on the private universities to have a diverse student body, at least in the graduate level.

Now, Texas is trying to overcome this now with their so-called Ten Percent Solution -- you may know about that -- saying that anybody who graduates in the top 10 percent of any high school can go to any state university. The problem with that is it doesn't deal with the professional schools, number one; and number two, it might work for Texas because of the racial distribution of people throughout the state in high schools; it wouldn't necessarily work in other states. I think -- you know, my view is we need an effective constitutional affirmative action program.

Q Let me get to a couple of other quick areas before

my time runs out here. You recently recommended -- your administration recommended that the disparity between the crack and cocaine -- powder cocaine sentencing be reduced from 100 to one to 10 to one. I'm wondering, why not one to one? And, apparently, the CBC, the Congressional Black Caucus, was quite upset that they were not consulted before that decision was announced. Your thoughts.

THE PRESIDENT: On the second issue, I don't know about that, and I was surprised because I had just had a very long meeting with the Black Caucus in which we'd gone over a huge number of issues and we have given them good follow-up on everything. And I was personally stunned to understand that they had not been consulted on this. And I found that hard to believe. What I think happened was someone involved in this in one of those departments leaked the decision before it was ripe to be made and kind of cut off all the consultations before it got in the newspaper. That's not an excuse. We should have done better.

Now, on the merits let me say, we came to 10 to one for two reasons. One is all the senior people at the Justice Department and in the Office of Drug Control believed that there had to be some difference because of the difference in violent crime associated with powder and crack. None of them believe that the 100 to one was justifiable. They all thought it was totally unconscionable. And they all thought it ought to be reduce dramatically. So they recommended 10 to one.

Secondly, prison sentences are longer than ever now. And it was -- the conclusion was reached that if they recommended anything lower, what Congress would do in reaction would be to try to raise the minimums for everybody and leave everyone worse off. And so I think we need to take a hard look at that prison population anyway to see whether there are too many nonviolent offenders in there. And I think this should be viewed for just what it is -- a major step forward. Let's see -- hopefully, we'll be permitted to implement it, and if we are we'll see if it works.

Q Your challenge to America to have a conversation about race has certainly spun off a number of conversations, including conversations about slavery and reparations. And I'm wondering whether or not, since you've had more time to reflect, you think an apology to African Americans is warranted. And more specifically what do you think of at least having a commission to

study the feasibility of reparations, regardless to what your opinion is?

THE PRESIDENT: Well, I don't believe that -- what I think I should do now is let this advisory board do its work and see what they have to say about the apology issue and all the related issues. The one thing I did not want to do is to define the work of this commission, which I hope will be quite broad as I explained, in terms of any particular issue early on. I just don't think I should do that. So I'm going to let them have their hearings. I'm going to go to some of the hearings with them. We're going to around the country. I'm going to keep announcing special initiatives like our big scholarship fund to move teachers into the inner cities and pay for their college if they go back to inner cities and teach. I'm going to keep doing those things and just see how it comes out. And if the board wants to recommend that -- and Dr. Franklin, I think, is about as good a position to judge that as anybody in American -- I'll wait and see what they say.

Q Two last quick things and I'll let you go. I'm wondering whether or not you think that an apology to African Americans might reenergize this debate. I'm talking to some African Americans over the last few days who think that since your speech in San Diego, the conversation has kind of gotten quiet. You don't really hear a lot about this race discussion. Don't you think that apology might reenergize this debate?

THE PRESIDENT: Well, I don't know. I keep trying to do something about every two weeks to juice it up. Today I talked to -- I gave a speech to the Urban League in terms of what was in the budget for African Americans and minorities, just like I did with you a few moments ago. And I previously gave a speech saying that we were going to offer scholarships to people and pay their way through college if they'd go teach in distressed areas. I'll keep trying to do that. But I think there will be a lot of interest in it. It's hard to keep the media's interest all the time unless there's conflict. You know that. (Laughter.)

Q Absolutely. (Laughter.)

THE PRESIDENT: But I'll keep trying to find innovative.

ways to do it.

Q Let me ask you finally -- and I respect you and appreciate the time you've spent with us today -- let me ask you whether or not there's any truth to the rumors -- and I underscore the word rumors -- that you may, in fact, be heading to the continent of Africa at some point in the near future? Does the President care to confirm that or do you want to disabuse me of that notion?

THE PRESIDENT: No, no. I want to go to Africa next year. And I hope it won't be too long into next year. We're looking at the calendar now and I'll just -- and we'll have to pick. I've got -- I owe a number of visits. I'm trying to work out a lot of different conflicts next year, but I very much want to go to Africa next year. And I intend to go and if something doesn't happen I will go.

Q Mr. President, thanks for taking the time to talk to us.

THE PRESIDENT: Thank you.

END

5:45 P.M. EDT

Meeting with the Black Leadership Forum

Date: August 5, 1997
Location: Cabinet Room
Time: 5:45p.m. - 6:45p.m.
From: Maria Echaveste
Ben Johnson

I. PURPOSE

This is an opportunity for you to talk directly with African American leadership about issues of particular concern to the African American community.

II. BACKGROUND

The Black Leadership Forum (BLF) was organized in 1977 as a non-partisan association of African American organizations created to strengthen black leadership and to provide a forum for cooperation and collaboration among national civil rights and service organizations. Established with eleven founding organizations, the BLF now consists of twenty-one organizational members.

The BLF has requested a meeting with you to discuss the following issues: race and racism (police brutality and the Black community and sentencing for crack and powdered cocaine); urban policy and cities (petition for a White House Summit on Cities and a petition for funding from budget agreement for community - based banks and community development banks); Education (your National Standards Test); Agricultural Policies (Black Farmers); Dr. Martin Luther King's Assassination (a national observance of its 30th Anniversary and an update on the Justice Department Initiatives); the Budget Agreement (your view on how it affects the poor); and your reaction to CBC issues (raised previously with you and most recently with the Vice President last Tuesday, July 29, 1997.)

Headed by current Chairman Dr. Joseph E. Lowery, President, The Southern Christian Leadership Conference (SCLC), the membership roster includes the following organizations:

- The A. Philip Randolph Institute, President, Norman Hill

- Congressional Black Caucus, Chairwoman, The Honorable Maxine Waters
- The Martin Luther King, Jr. Center for Nonviolent Social Change, President & CEO, Dexter King,
- The Coalition of Black Trade Unionists, President, William Lucy
- The Joint Center for Political and Economic Studies, President, Eddie Williams
- The National Association for the Advancement of Colored People, President & CEO, Kweisi Mfume
- The NAACP Legal Defense Fund, Inc., Director - Counsel, Elaine R. Jones
- The National Black Caucus of Local Elected Officials, The Honorable Mary Pinkett
- The National Council of Negro Women, Inc., President & CEO, Dr. Dorothy Height
- The National Newspaper Publishers Association, President, Dorothy R. Leavell
- National Urban League, Inc., President & CEO, Hugh Price
- The National Pan-Hellenic Council, President, Daisy M. Wood
- Opportunities Industrialization Centers of America, Inc., President & CEO, Herman Art Taylor
- Rainbow/PUSH Coalition, President & CEO, Rev. Jesse L. Jackson, Sr.
- The Southern Christian Leadership Conference, Inc., President, Dr. Joseph E. Lowery
- The National Conference of Black Mayors, Inc., President, The Honorable Emmanuel Cleaver II
- The National Urban Coalition, President, Dr. Ramona Edelin
- Congress of National Black Churches, Chairman, Bishop Roy L.H. Winbush
- Blacks in Government, President & CEO, Oscar Eason, Jr.
- National Black Caucus of State Legislators, President, The Honorable Lois DeBerry
- National Political Congress of Black Women, Chairwoman, Dr. C. DeLores Tucker

III. PARTICIPANTS

Pre-Brief Participants:

Ben Johnson
 Minyon Moore
 Maria Echaveste
 Jena Roscoe
 Sylvia Matthews
 Ann Walker

Event Participants:

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

August 5, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL

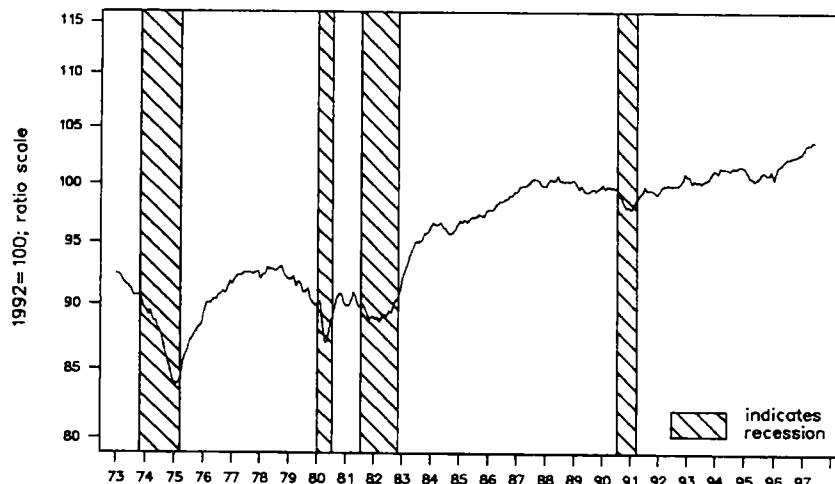


SUBJECT: June Index of Leading Indicators, Conference Board
Release, Tuesday, 10:00 a.m.

The composite index of leading indicators was unchanged in June. Markets had expected a slight increase. Over the first half of 1997, the index has risen 1.1 percent.

- Five of the 10 leading indicators rose in June. Stock prices provided the largest positive contribution.
- Five of the leading indicators fell in June. The most significant negative contributors were (from the most negative to the least): average weekly initial claims for state unemployment insurance, average factory workweek, and the spread between the 10-year Treasury bond yield and the Federal funds rate.

INDEX OF LEADING INDICATORS



Q: Does this mean you've decided to sell fighter aircraft to Chile?

A: In principle, yes.

As you know, the Chilean Government is engaged in a process of soliciting bids for advanced fighter aircraft. While the policy review was ongoing, we informed Chile that we could provide technical data but that we had not made a decision whether we were prepared to approve the transfer of U.S.-origin advanced fighters to Chile.

We have now decided that, in principle, yes we would approve such a transfer, although the exact nature of what we will be prepared to offer Chile will need to be worked out by the State-chaired interagency committee as the consideration of this case goes forward.

Q: Some believe the sale of high-tech arms by USG to Latin America will start an unwanted arms race. What specific steps is the United States taking to prevent an arms race?

A: The United States has taken a leading role in the hemisphere in encouraging the adoption of confidence-building measures that would help avoid an arms race. For example, this June, at our urging, the Organization of American States (OAS) adopted a resolution in support of negotiating a legal framework on advance notification of major arms acquisitions by governments in the region. We hope such a legal framework will be ready for adoption at the Summit of the Americas in Santiago next April.

In support of the OAS Declaration of Santiago on Confidence Building Measures, the United States has taken the initiative to provide advance notification to all the democracies of the region of major arms acquisitions covered by the United Nations Register of Conventional Arms. It also provides governments in the hemisphere advance notice of joint military exercises planned in the region and annually presents its defense policy and budget as a confidence-building measure. Many governments in the region, including Chile, Argentina and Brazil, have also adopted confidence-building measures that are helping to create a climate of trust among once-hostile neighbors.

Q: Former President Jimmy Carter, Nobel Peace Prize winner Oscar Arias and other hemispheric leaders have proposed the adoption of a two-year moratorium on the purchase of advanced fighter aircraft. What is USG position on this proposal?

A: The United States would certainly respect such a moratorium, and would seek to persuade other suppliers to do likewise, if it arose from the leaders of the region itself.

Q: Does this decision mean the U.S. is no longer imposing a ban on high-tech arms transfers to Latin America?

A: A ban is "no" under any circumstances, which was never the case in our policy toward Latin America. Rather, there was a presumption against such transfers, given

circumstances in the region. In the case of advanced fighter aircraft, the United States did approve the sale of a squadron of F-16s to Venezuela in 1985.

We have now decided to move to case-by-case consideration of requests for advanced arms subject to a policy of restraint, meaning we will be very careful and cautious, so as to ensure that a sale will serve our overall goals for individual countries and the region as a whole.

Q: Does this new policy mean you will sell advanced arms to Peru or Ecuador?

A: Case-by-case means just that, that each case must be reviewed on its merits and in light of its own special circumstances. In this case, those circumstances include the 1995 border conflict between Peru and Ecuador, and our role as a Guarantor of the Rio Protocol and as an active participant in the peacekeeping force along the disputed border. In this capacity, we have urged both Peru and Ecuador to restrain their purchases of weapons that could destabilize the talks currently underway and continue to encourage them to reach a definitive solution to the problem. We have advised both governments against the acquisition of advanced arms, and have no plans to sell such equipment to either. We have made the same points to potential suppliers.

Q: Given the absence of any serious security threats that would require advanced fighters in the region, isn't this decision really all about keeping US defense contractors in business?

A: We recognize that some governments in the region wish to modernize their force structure and equipment, which in many cases is reaching their useful lives. This decision was driven by our national security interests in working with those governments as they modernize their forces. The scope of their requirements, however, is unlikely to have a significant impact on US defense contractors

NYC TERRORISM INCIDENT

August 1, 1997

- This matter is being handled by an interagency terrorism task force in New York comprised of federal, state, and local law enforcement officials, 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: There is an on-going investigation about who these people in New York are, what connections they may or may not have.

As of now we have no reason to believe there is a further, imminent threat.

As of now we do not have a link between those arrested in New York and any other group or action....but it is early in an investigation of this kind.

GUATEMALA
August 5, 1997

Q: Is the U.S. releasing all the material it should to Guatemala's Historical Clarification Commission?

A: The Administration has made an extraordinary effort to expedite declassification of government documents related to human rights abuses in Guatemala. In May 1996, the State Department released over 5,800 documents related to cases from 1984 to the present. In June 1996, nearly 900 more were released. In May of this year, another 400 were released and are now in the public domain.

As a result of these expedited declassification reviews, we have now reviewed and released over 7,000 documents related to human rights cases in Guatemala from 1954 to the present.

All these documents are being made available to Guatemala's Historical Clarification Commission.

Q: Is there a disagreement between Secretary Albright and the Attorney General on the lifting of the passport restrictions?

A: Last week, the Secretary of State did not renew the passport restrictions which were imposed in 1987 as a safety measure for U.S. citizens and have been reviewed every six months since 1994. At the same time, the Secretary cautioned that Lebanon is not considered truly safe for American travelers.

Apart from that decision, the Lebanese government needs to be more helpful with U.S. law enforcement agencies in helping bring to justice those who have perpetrated attacks against Americans in the past, and to cooperate more closely to help threats to U.S. interests and citizens in the future. That will be among the issues discussed when a delegation comes to Washington from Lebanon soon.

The Secretary of State and Attorney General agree on the broader U.S. policy goal with regards to Lebanon, even if they may have different views on tactics to best achieve it. Beyond that, it's not appropriate for me to comment.

MIDDLE EAST PEACE PROCESS

August 5, 1997

Q: There are reports out of Cairo that Arafat is calling on the President to intervene to save the peace process – he says that this would be the only way out of this crisis. Will the President go?

A: We are involved in support of the peace process every day.

We always need to make judgments about how best to make a difference. We need results, not drama.

The focus now needs to be on security cooperation so we can create an environment in which the process can move forward.

The President is sending Dennis Ross to the region this week to pursue this.

Q: The President and the Administration have been criticized for not being personally involved in the peace process – is this fair?

A: There is no issue on which the President has been more actively and continuously involved, from 1993 on. (This year: Hebron, visits of leaders to Washington in Feb-Mar, sent Ross to region two times, continuing contacts with leaders)

This is not an easy problem with a simple solution. From the beginning this process has had ups and downs – triumphs and tragedies. We are in this for the long haul.

We constantly make judgments about what will be the most effective. The immediate focus is security cooperation so that we can propel the parties back to negotiations.

The objective is not theatrics, but results.

Q: What is the purpose of Dennis Ross' trip to the region next week?

A: The President is sending him to the region to meet with the leaders there to discuss how to reenergize security cooperation. Clearly, this must be our most immediate focus, but we will be talking to the parties about all the issues.

Q: So he won't be carrying the same proposals for restarting the process that he was prepared to take when his trip was postponed?

A: There is an immediate need for the Palestinians to take more active security measures, and for Palestinians and Israelis to restore a productive cooperation on security.

That's in everybody's interests – and it's needed to propel the peace process forward. The terrorists who savaged Jerusalem hurt Palestinians as well as Israelis because only through the peace process can the parties achieve their aspirations.

Q: Will the President send Secretary Albright to the region?

A: As the President have said, he will send Madeleine Albright to the region at the appropriate time. His judgment as to when it would be appropriate for the Secretary to travel will depend to a large extent on the results of Dennis Ross' trip.

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

A: The Palestinian Authority must do all it can in meeting its responsibilities on security. We believe that Chairman Arafat is against terror – but we have not seen a sustained and systematic effort to stop it.

There must be a mindset of partnership. On meeting the threat of terror, no one can guarantee 100% success, but there must be 100% effort.

This is in the interests of Palestinians as well as Israelis. Terrorists are the common enemy.

Q: What is your reaction to the Israelis' suspension of its reimbursements to the PA?

A: The Israelis have a legitimate concern about their security now, and it's up to the Palestinians to make an all out effort to put an end to terrorism.

At the same time, we've asked Israel to ease measures that undermine the credibility of the Palestinian Authority.

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

A: No. We totally and thoroughly reject that proposition. It's not the end for two reasons – one, most Israelis, most Palestinians, most Arabs want the peace process to go forward, want it to succeed. And as long as that is true, it won't die. And second, the alternative is unthinkable. We have seen the alternative this week in Jerusalem. It's death and carnage. That is unacceptable to the Israelis, it's unacceptable to the Palestinians, it's not good for the region, it's not good for the United States. We will not let this process die. There is no acceptable alternative to peace. The process has had many ups and downs. We will persevere.

Q: Is there a relationship between the raid last week in Brooklyn and the bombing in Jerusalem?

A: We have drawn no conclusions to that effect, but there is an intensive on-going investigation involving the efforts of the NY Police Department, the FBI, the State

Department and others from the intelligence community, so I'm not going to comment.

Q: One of those arrested in the Brooklyn raid had been detained three times while trying to enter the U.S. without proper documentation, and then he requested political asylum saying he'd face persecution in Israel where he was regarded as a terrorist. How could he have remained in the United States with apparent impunity?

A: The facts are under review – so I don't want to comment further on that.

Q: Newt Gingrich has said that the U.S. should be tougher on terrorism. Do you think you have done enough?

A: We believe fighting terrorism is a priority of increasing importance, and the President has worked to step up our efforts against terrorism.

Last year he submitted a supplemental budget request for \$1.2 billion to fund counter-terrorism efforts in police departments, the FBI and the Secret Service.

He has also introduced anti-terrorism legislation to give us better tools to combat terrorist organizations. The Anti-Terrorism Act of 1996 makes it unlawful to contribute funds to organizations designated as terrorist organizations, and it sets up new, expedited provisions for the removal of those thought to be terrorists.

Q: Does the Administration support the Saxton bill that would cut off our assistance to the Palestinians if they can't curb terrorism?

A: We will address the proposed legislation next month when Congress reconvenes.

However, the bulk of our assistance is for projects which directly affect the Palestinian people, and for projects which advance good governance and the rule of law —important objectives which the Congress strongly supports.

IRAN/KHATAMI INAUGURATION

August 4, 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 Khatami's inauguration?

A: At the time of Mr. Khatami's election, President Clinton stated that he found the results of the election to be an interesting and potentially hopeful development.

The President also stated, however, that we still have serious 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 actions by Iran threaten not only the interest of the U.S., but also of our friends in the region and the international community as a whole.

We hope that Mr. Khatami's assumption of his responsibilities as President will represent an opportunity for Iran to turn the current policy of that government in a positive direction.

Background

The Administration has taken the position from the onset of these negotiations that China's accession to the WTO must be on the basis of solid commercial terms that open its market to the rest of the world. Fundamentally, the pace of China's accession will depend upon its willingness to undertake substantial economic reforms.

Q: Why is the Administration now saying China's offers are insufficient?

A: We have said all along that China must undertake comprehensive reforms in areas ranging from market access to subsidy practices. Whether China now comes forward with substantial meaningful reforms is the key issue. We have recently concluded a round of bilateral negotiations with China and a round of multi-party talks at the WTO. China has indicated that they intend to put forward a new round of offers in early September. We will evaluate their proposals when they come forward.

Q: Does the current round of investigative hearings have an impact on the talks?

A: Our objectives in seeking fundamental economic reforms in China have been consistent and clear from the beginning of this process. Our trade negotiators approach this issue from the question of how to accelerate reform and bring China into the international trading system with all of its multi-lateral trade rules. A comprehensive reform package will sell itself on its own merits.

Q: Do you concede that there will not be any new developments on China's WTO accession at the leaders meeting in October?

A: The answer to this question will be determined by the actions China chooses to take. There is no question that we have limited time in front of us, but the pace of the negotiations will be determined on the basis of whether China comes forward with new substantive reform proposals.

Q: If you can't even get the Chinese to do what they need to do to get into the WTO, what do you hope to accomplish with the Jiang visit later this year?

A: First of all, need to make clear that our commitment to bringing China into the WTO is unchanged. Working diligently with Beijing through regular negotiations to bring that about under what we call "commercially viable" conditions. That has two important aspects: compliance with the international trade rules that are accepted by all WTO members; and bilateral arrangements that provide for improved market access for U.S. products in China.

Complex negotiations that involve difficult decisions for China as it continues transformation from command to market economy. Important progress has been made

since we intensified these negotiations last year, and hope it will continue. Both sides need to be flexible and creative as we work toward acceptable agreement.

Visit of President Jiang not a "WTO summit." Have many issues to discuss, most importantly being the regularization and normalization of strategic dialogue at the highest levels.

The U.S.-China relationship one of the most important foreign ties that we have; its development will have a profound impact on the world we live in in the 21st century. President Jiang and I will be discussing that relationship in all its complexity, including economic and trade issues, non-proliferation, environmental cooperation, human rights and global and regional issues of importance to both sides.

NORTHERN IRELAND

July 29, 1997

Q: (IF ASKED ONLY) Are we giving Adams a visa? Will he be allowed to engage in fundraising? Was this part of a deal cooked-up to get them to declare a cease-fire?

A: Sinn Fein President Gerry Adams has not applied for a visa waiver. When and if he does, we will give it all due consideration.

Mr. Adams visa waivers in past years were granted in the context of the previous IRA cease-fire. Adams was permitted to participate in fundraising events for Sinn Fein during that cease-fire.

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: 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 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 used last week'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.

CANADA SALMON

August 4, 1997

Q: Now that Bill Ruckelshaus and Canadian David Strangway have been named to find a way to reinvigorate the stakeholders process and resolve the salmon issue with Canada, what is Ruckelshaus doing?

He will be briefed by officials from State and Interior who handle the salmon issue and then embark on a round of intensive consultations with U.S. stakeholders preparatory to meetings with Strangway.

Expect to see period of intensive activity between now and end of year.

Q: What was accomplished in the meeting 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.

TRIPS AND VISITORS

July 28, 1997

- 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?

A: 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

Russian Revaluation of Ruble

- News reports indicate Russian government taking measured, logical steps -- in response to continued good news on low inflation rates -- to revalue ruble, in orderly way.

Aliyev Visit

- Friendly, cordial discussions between Presidents Clinton and Aliyev on August 1. Covered broad range of issues -- progress of reform in Azerbaijan and peace in Nagorno-Karabakh as well as development of Caspian energy resources.
- With regard to reform in Azerbaijan, President Clinton raised importance of democratization and human rights to development of U.S.-Azeri bilateral relationship.
- Extensive discussions on Nagorno-Karabakh. President Clinton underlined U.S. commitment to work with Russia and France in OSCE Minsk Group for resolution of conflict.
- Aliyev stated his commitment to direct talks among all parties to conflict in context of Minsk Group process, and signaled Azerbaijan's willingness to open all communication links with Armenia in context of Armenian withdrawal from six occupied provinces of Azerbaijan.
- Presidents discussed issues related to Caspian energy development. They acknowledged importance of cooperation in energy field and welcomed signing of four new oil contracts between Amoco, Chevron, Exxon and Mobil and the State Oil Company of Azerbaijan.

(See also August 1 joint statement)

General

NATO-Russia

- NATO-Russia Founding Act lays basis for partnership between NATO and Russia. See Russia as partner of NATO in shaping more secure, stable and undivided Europe. Good for United States, Russia and Europe.
- Task now is to give real substance to Founding Act. NATO-Russia Permanent Joint Council to meet 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

August 5, 1997

Background

News media have reported that Mir's Elektron oxygen generator is not working, and that remaining oxygen supplies are limited. This has been the case for about a week, and it is not clear why this has suddenly become newsworthy. The Mir crew is relying on oxygen-generating canisters, and there is a supply sufficient for about 70 days on board. In addition, another Elektron generator in one of the powered-down modules could be used to supply repair parts for the one that is not working. Mir's other major systems are operating well at this time.

Launch of the Soyuz spacecraft carrying the two Russian replacement crew members is scheduled for 11:35 AM EDT today, August 5.

Talking Points

- We have been monitoring Mir's oxygen situation for some time and do not consider it to be an immediate problem. Highly reliable backups are in use, and work to restore the primary oxygen-generating system continues.
- 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: Is NASA still planning to send David Wolf to replace Michael Foale?

A. At this time, Wolf is scheduled to replace Foale aboard Mir in September. The final decision on whether he will stay aboard will depend on restoration of power from the damaged module and on the results of NASA's internal and external reviews of Mir safety.

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

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.

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.

(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 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 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? How does his "expulsion" from FUNCINPEC by Ranariddh affect our policy?

A: 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.

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.

Q: Should Secretary Albright have met with Cambodian representatives during her recent trip to Kuala Lumpur for meetings with ASEAN countries.?

A: The Secretary made repeated efforts to arrange a meeting in early July 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. Cambodia was represented at the meetings in Kuala Lumpur which the Secretary attended; she did not meet separately with Cambodian officials.

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: Do you support ASEAN's mediation role with Phnom Penh?

A: We strongly support the efforts of ASEAN to mediate with Hun Sen in an effort to restore implementation of the Paris Accords. We and ASEAN share the objectives of stopping the violence, maintaining the coalition government and ensuring the May 1998 elections are free and fair. We will remain in regular and close contact with ASEAN over the coming days.

Background for Four Party Preparatory Talks:

The Chinese, North Korean and South Korean delegations will be led by a vice or deputy minister of Foreign Affairs. The U.S. delegation will be headed by Chuck Kartman, Principle Deputy Assistant Secretary of State. The U.S. delegation will have representatives from the NSC, JCS, OSD, and State Department. The tentative schedule calls for the U.S. delegation to have bilateral consultations with South Korea and China on Monday, with the four party preparatory talks beginning Tuesday, August 5, at Columbia University. The purpose of the talks is to reach agreement on a venue, date and broad category agenda topics (1. discussion of a new, permanent peace mechanism to replace the Armistice, 2. Tension-reduction and confidence building measures).

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..

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.

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.