

# FOIA MARKER

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4/5/95 Signing of HR 831 Washington, D.C. [1]

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Terry Edmonds, Speechwriting  
Office # 192

BOX 7

Signing of HR831  
Smoking  
Southern Governor's Mtng. Re: Church Burnings  
Special Olympics  
SOTU  
Sweatshops  
Mike Synar Memorial  
Summit  
Taylor City Hall Dedication  
Teacher of the Year, WH  
Technology Literacy  
Teen - DWI  
Statement on Teen Pregnancy  
Tobacco Regulations  
Train Trip Kickoff  
Turkey Presentation WH

~~ENCLOSURES FILED OVERSIZE ATTACHMENTS~~

10986

NAEX 8438

**STATEMENT**  
**PRESIDENT WILLIAM JEFFERSON CLINTON**  
**SIGNING OF H.R. 831**  
**WASHINGTON, DC**  
**APRIL 5, 1995**

I intend to sign H.R. 831 because it reinstates and expands a much needed law that allows 3.2 million self-employed Americans and their families to deduct 25 percent of the cost of their health insurance, increasing to 30 percent in 1995.

This legislation is good for the country. I included it as part of my health reform bill last year because it restores fairness and security to an important group of Americans who work hard and play by the rules. Absent my approval of this legislation, almost 3.2 million self-employed workers -- doctors, lawyers, farmers, artists, accountants -- would not be able to claim this deduction for health insurance premiums on their 1994 income tax returns. By making this deduction permanent, we are treating them more like other businesses and we are making them more competitive. And by making health care more affordable, we are shrinking the ranks of the uninsured and expanding coverage for more middle-class Americans.

Because this health care benefit is so important, I will sign this legislation. But, I am troubled by the fact that the conference committee took out a provision of law that simply would have required billionaires who made their money in this country to pay the taxes they owe. Instead, they decided to let them evade American income taxes by giving up their American citizenship. This is wrong. Billionaires who make their fortunes in this country ought to pay taxes here like everyone else. I am going to work to change this law in the future.

In addition, while this bill repeals all tax preferences for sales to minority broadcasters, it carves out a special exception for one pending deal. This is the kind of dealing that goes on all the time in Washington.

That's why we need a line-item veto that covers both spending and special tax provisions. When I get it I can assure you I will use it to weed out special interest loopholes like the one in this bill.

But, because of the important benefits of this legislation to our nation's self-employed and their families, I could not justify a veto. The economic and health care interests of 3.2 million Americans and their families are too important to be held hostage.

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(V)

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expands a much needed law that allows 3.2 m ~~that~~  
~~for~~ self-employed & their families to deduct 25%  
of the cost of their health ins, increasing to 30% in 1995.

DRAFT

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*In hand to*  
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Because this health care benefit is so important, I will sign this legislation. But, I am troubled by ~~the attempt of some to use this bill as a vehicle to promote a single issue benefit.~~ *In fact that*  
~~In this case,~~ the conference committee took out a provision of law that simply would have ~~raised~~ *required* billionaires who made their money in this country to pay the taxes they owe. Instead, they decided to let them evade American income taxes by giving up their American citizenship. This is wrong. Billionaires who make their fortunes in this country ought to pay taxes here like everyone else. I am going to work to change this law in the future.

In addition, while this bill repeals all tax preferences for sales to minority broadcasters, it carves out a special exception for one pending deal. This is ~~not~~ *not* the kind of ~~back door dealing~~ *that* the American people expect from Washington. ~~And we are going to put a stop to it.~~ *goes on*

That's why we need ~~the~~ *a* line-item veto. *That covers both spending & special tax provisions.* When I get it I can assure you I will use it to weed out special interest loopholes like the one ~~in~~ *in this bill.* *an entire in Washington*

But, because of the important benefits of this legislation to our nation's self-employed and their families, I could not justify a veto. ~~Health care is an issue too important to be held hostage to special interests and the politics of cynicism.~~ *on*  
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In addition, while this bill repeals all tax preferences for sales to minority broadcasters, it carves out a special exception for one pending deal. This is not the kind of back door dealing the American people expect from Washington. And we are going to put a stop to it.

That's why we need the line-item veto. When I get it I can assure you I will use it to weed out special interest loopholes like the ones in this bill.

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As you know, I had serious reservations about signing this legislation, for two reasons: first, it preempts the Administration's review of affirmative action programs by repealing the current tax treatment for the sale of radio and television broadcast facilities and cable television systems to minority-owned business, and secondly, because it includes a provision that essentially rewards billionaires for relinquishing their citizenship. But, after weighing the pros and cons, I could not justify vetoing a bill that expands health care coverage to millions of adults and children who would otherwise not have that coverage.

Before I talk about what's wrong with this bill, let me tell you what is right with it and why I decided to sign it into law.

*God req. for Country.*

This legislation rights a wrong that was created by the failure of Congress to enact health reform legislation last year. Absent my approval of this legislation, almost 3.2 million self-employed workers would not be able to claim this deduction for health insurance premiums on their 1994 income tax returns. By making this deduction permanent, we are treating them more like other employees. And by making health care more affordable, we are shrinking the ranks of the uninsured and expanding coverage for more middle-class Americans. We are reinstating fairness and security for Americans who work hard and play by the rules.

But again, I am troubled that issues un-related to health care have been tacked on to this legislation. First, the conference committee repealed the tax benefit that allows those who sell FCC-licensed broadcast properties to minority owners to defer taxes on gains realized in those sales.

As you know, my Administration has undertaken a comprehensive review of affirmative action. H.R. 831 preempts the Administration's ability to examine the current tax provisions in the context of this review. In addition, the repeal of this section will permit certain pending applicants to receive the existing benefits, while denying them to other pending applicants.

Second, the conference committee also took out a provision of law that simply would have asked billionaires who made their

*allcs - lawyers  
summer  
G. 1995  
Complete*

money in this country to pay the taxes they owe. Instead, they decided to let them evade American income taxes by giving up their American citizenship. This is wrong. American citizenship is precious. It is something we should all value -- especially those who have benefited the most from it. I am going to work to change this law in the future.

*People who make their*

This is an example of why we need the line-item veto. And when I get it I can assure you I will use it to weed out special interest loopholes like the ones in this bill.

*money  
here  
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pay  
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But, because of the important benefits of this legislation to our nation's self-employed and their families, I could not justify a veto. Health care is an issue too important to be held hostage to special interests and the politics of cynicism. On balance, this is a good bill. Thank you.

I am signing into law H.R. 831, a bill that will reinstate and extend health insurance tax deductions for 3.2 million self-employed Americans. This legislation reinstates the 25 percent health insurance tax deduction for self-employed people and their families that expired on December 31, 1993, and permanently increases it to 30 percent beginning in 1995. As you know, I had serious reservations about signing this legislation because of two reasons: first, it preempts the Administration's review of affirmative action programs by repealing the current tax treatment for the sale of radio and television broadcast facilities and cable television systems to minority-owned business, and secondly, because it includes a Republican provision that essentially rewards billionaires for relinquishing their citizenship. But, after weighing the pros and cons, I could not justify vetoing a bill that expands health care coverage to millions of adults and children who would otherwise not have that coverage.

Before I talk about what's wrong with this bill, let me tell you what is right with it and why I decided to sign it into law.

This legislation rights a wrong that was created by the failure of Congress to enact health reform legislation last year. Absent my approval of this legislation, almost 3.2 million self-employed workers would not be able to claim this deduction for health insurance premiums on their 1994 income tax returns. By making this deduction permanent, we are treating them more like other employees. And by making health care more affordable, we are shrinking the ranks of the uninsured and expanding coverage for more middle-class Americans. We are reinstating fairness and security for Americans who work hard and play by the rules.

But again, I am troubled at the growing tendency by some to use certain bills as vehicles to promote single-issue legislation. In this case, the conference committee repealed the section 1071 tax benefit that allows sellers of FCC-licensed broadcast properties to defer taxes on gains realized in a sale to minority owners.

As you know, my Administration has undertaken a comprehensive review of affirmative action programs to analyze how effectively the government's resources are being targeted to address the areas of greatest need. H.R. 831 preempts the Administration's ability to examine the current tax provisions in the context of this review. In addition, the repeal of section 1071 will permit certain pending applicants to receive the existing benefits, while denying them to other pending applicants.

The conference committee also took out a payment mechanism that simply would have asked billionaires who made their money in this country to pay the taxes they owe. Instead, they decided to let them evade American income taxes by giving up their American

citizenship now that they have it made. This is not only wrong, it's unAmerican, and I am going to work to change it in the future.

This is an example of why we need the line-item veto. And when I get it I can assure you I will use it to weed out special interest loopholes like the ones in this bill.

But, because of the important benefits of this legislation to our nation's self-employed and their families, I could not justify a veto. Health care is an issue too important to be held hostage to special interests and the politics of cynicism. On balance, this is a good bill. Thank you.

In approving H.R. 831, however, I must note that it contains a provision which raises serious concern. Specifically, section \_\_\_ of H.R. 831 repeals the current tax treatment for the sale of radio and television broadcast facilities and cable television systems to minority-owned businesses (the so-called "section 1071 benefits"). Section 1071 of the Internal Revenue Code allows sellers of Federal Communications Commission-licensed broadcast properties to defer taxes on gains realized in a sale to minority owners. H.R. 831 would repeal these tax benefits as of January 17, 1995.

My Administration has undertaken a comprehensive review of affirmative action programs, including certain aspects of the section 1071 benefits. The purpose of this review is to analyze how effectively the Government's resources are being targeted to address the areas of greatest need. I regret that H.R. 831 has preempted the Administration's ability to make improvements in the operation of section 1071 benefits program.

Because of the important benefits that this legislation will provide to our Nation's self-employed and their families, I am approving H.R. 831.

STATEMENT BY THE PRESIDENT

Today I am signing into law H.R. 831, a bill that would extend permanently the tax deductibility of health insurance premiums for the self-employed and their dependents.

The Tax Reform Act of 1986 (P.L. 99-514) provided a 25 percent tax deduction for health insurance premiums for the self-employed and their dependents. This deduction expired most recently on December 31, 1993, and was not extended in 1994 due to the lack of congressional action on health care reform. H.R. 831 would reinstate the 25 percent tax deduction for health insurance premiums for the self-employed for 1994 and permanently increase that deduction to 30 percent beginning in 1995.

Absent my approval of H.R. 831, almost 3.2 million self-employed individuals would not be able to claim this deduction for health insurance premiums on their 1994 income tax returns. By making the deduction for the self-employed permanent, we are treating them more like other employers. In addition, allowing the deduction for the self-employed will help to make health insurance more affordable for this segment of the population and will therefore contribute to expanded insurance coverage.

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Treasury - This is yesterday's. OMB is in middle of significantly reworking it & I will fax me new bootleg version in 20 minutes. This plus U. Post article may help you start & when I get new OMB draft, I'll

62702 send it over.

TRQ

and sent to President Clinton a bill repealing a tax incentive to encourage minority ownership of broadcast and cable companies, marking the opening skirmish in what could be a long fight over affirmative action programs on Capitol Hill.

The legislation was approved by voice vote, as it was last week by the House. Repeal of the broadcast provision, prompted by a deal that could have given Viacom Inc. a tax deferral of up to \$600 million for selling to a minority-controlled group, was included in widely supported legislation that would revive and extend a health insurance tax deduction for self-employed people.

Final passage of the measure came as Democrats in both houses complained angrily about House Republicans' scuttling of another provision, which would have ended a tax break that has allowed expatriate billionaires to renounce U.S. citizenship to avoid paying taxes on their profits.

The provision had been approved by the Senate with administration support but was dropped in a House-Senate conference at the insistence of House Republicans. Democrats vowed to continue pushing for taxation of wealthy expatriates, and Sen. Edward M. Kennedy (D-Mass.) planned to try to put the Senate on record later this week as favoring such action.

White House officials said Clinton was undecided about whether to sign the bill. An aide said Clinton likes the provisions for tax breaks to pay for health care, but is unhappy that the tax loophole for expatriates was not closed and has asked aides to study the Viacom provision.

Repealing the broadcast tax break and closing the expatriate loophole were among several revenue-raising moves that were proposed to offset the cost of the health insurance deduction, which Congress was rushing to pass before the April 17 deadline for filing income tax returns. A previous health care deduction for the self-employed expired in 1993.

The deduction for health insurance costs would be 25 percent for the 1994 tax year and 30 percent thereafter. About 3 million small-business owners and farmers would be eligible to take the deduction, which would cost the Treasury an estimated \$3.5 billion over five years.

Frank Washington. Critics charged that the program was more of a boon to powerful corporate interests than to struggling minority entrepreneurs.

Republicans also launched a review of affirmative action programs in general and advocated that some of them be revamped or eliminated.

Repeal of the FCC certificate process would be retroactive to Jan. 17, killing the Viacom tax deferral. Viacom has said it will abandon the sale if it cannot get the deferral. Ending the program is estimated to raise \$1.4 billion over five years.

The expatriate provision would also have raised an estimated \$1.4 billion over five years, by taxing the capital gains of wealthy Americans who renounce their citizenship. Officials estimated it would have affected about two dozen people a year.

Funds for financing the health-care deduction were also raised by making it harder for people with interest income, rents and royalties to qualify for an earned income tax credit, saving \$2 billion over five years.

Senate Majority Leader Robert J. Dole (R-Kan.) agreed to allow a vote on Kennedy's expatriate tax break amendment later, once the Senate has voted on a rider proposed by Sen. Alfonse M. D'Amato (R-N.Y.) that could have extensive impact on the U.S. financial package for Mexico. D'Amato wants to limit loans to any country from the Treasury's Exchange Stabilization Fund to \$5 billion in any 12-month period.

Senate Democrats seeking to protect key liberal programs from the budget ax yesterday took their stand behind an amendment to the recisions bill offered by Minority Leader Thomas A. Daschle (D-S.D.). It would restore \$1.3 billion for Head Start, education reform, drug-free schools and national service. Kennedy contrasted those cuts with the tax break for "billionaire" expatriates.

But Dole stuck with plans to press for a vote today on an amendment countering Daschle, by cutting an additional \$1.3 billion worth of spending commitments made earlier to public broadcasting, national service, legal services for the poor and other programs.

Staff writers Dan Morgan and John F. Harris contributed to this report.

\$3.2 million

STAFF DRAFTDiscussion

The primary purpose of H.R. 831 is to extend permanently the tax deductibility of health insurance premiums for the self-employed and their dependents. This deduction expired most recently on December 31, 1993, and was not extended in 1994 due to the lack of congressional action on health care reform. The enrolled bill also contains other provisions described below, to offset the cost of this provision.

Provisions of H.R. 831

Self-Employed Health Insurance Tax Deduction. The Tax Reform Act of 1986 (P.L. 99-514) provided a 25 percent tax deduction for health insurance premiums for the self-employed and their dependents. This deduction was extended numerous times, most recently through December 31, 1993. In last year's Health Security Act, the Administration proposed to extend the 25 percent tax deduction for 1994, followed by an eventual increase in the deduction to 100 percent. Because health care reform was not enacted in 1994, the tax deduction was not extended. According to the Treasury Department, almost 3.2 million self-employed individuals would claim the 25 percent deduction on their 1994 tax returns if it were made available to them.

H.R. 831 would extend permanently the tax deduction for health insurance premiums for the self-employed and their dependents. Specifically, it would authorize a 25 percent tax deduction for health insurance premiums for the self-employed retroactive for 1994. It would also permanently increase the tax deduction to 30 percent beginning in 1995. These provisions would cost \$3.648 billion during FYs 1995 through 2000.

Section 1071 Benefits. Section 1071 of the Internal Revenue Code, allows sellers of FCC-licensed broadcast properties (i.e., radio and television broadcast facilities and cable television systems) to defer taxes on gains realized in a sale to minority ownership. H.R. 831 would repeal these tax benefits retroactive to January 17, 1995. The January 17, 1995, effective date coincides with the date on which House Ways and Means Committee Chairman Archer announced his intention to review the FCC tax certificate program. The effective date would prevent Viacom from receiving Section 1071 tax benefits from its pending \$2.3 billion sale of certain cable systems to minority owners. The repeal of Section 1071 benefits would increase revenues by \$1.680 billion during FYs 1995 through 2000.

During conference action an amendment was added to H.R. 831 that would permit certain pending sales to go through. According to the FCC, it would permit the Chicago Tribune (owned by Rupert Murdoch) and Quincy Jones, a black entrepreneur, to buy an Atlanta TV station and a New Orleans station. The amendment would permit deals that make the sale price (but not

To: Terry Edmonds 65709

Fr: T. STEAN

4/5/95 Staff Draft

NOT FOR RELEASE

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The Tax Reform Act of 1986 (P.L. 99-514) provided a 25 percent tax deduction for health insurance premiums for the self-employed and their dependents. This deduction expired most recently on December 31, 1993. H.R. 831 reinstates the 25 percent tax deduction for health insurance premiums for 1994, and permanently increases that deduction to 30 percent beginning in 1995.

I strongly support the permanent extension of this deduction. This bill will permit 3.2 million self-employed individuals to claim this deduction for health insurance premiums on their 1994, and future, income tax returns. By making the deduction for the self-employed permanent, we are treating them more like other employers -- as they should be.

The increase in the deduction to 30 percent is a step in the right direction. Last year, in the Health Security Act, I proposed an increase in the deduction to 100 percent. Increasing the amount of the deduction will make health insurance somewhat more affordable for this segment of the population and will therefore contribute to expanded insurance coverage.

In approving H.R. 831, however, I must note my regret that the bill contains a provision which repeals, as of January 17, 1995, the current tax treatment for the sale of radio and television broadcast facilities and cable television systems to minority-owned businesses (so-called "section 1071 benefits").

My Administration has undertaken a comprehensive review of affirmative action programs, including certain aspects of the section 1071 benefits. H.R. 831 has preempted the Administration's ability to examine section 1071 in the context of this comprehensive review.

I am also compelled to point out that, in repealing section 1071 benefits, a highly objectionable provision was added to H.R. 831 in conference. This provision will permit certain pending applicants to receive section 1071 benefits, while denying them to other pending applicants. This is a perfect example of where a President could use line-item veto authority to weed out objectionable special interest provisions. I urge the Congress not to delay in sending me a bill providing the President with such authority.

Because of the important benefits that this legislation will provide to our Nation's self-employed and their families, I am approving H.R. 831.

[ President will restate & extend the law that allows  
3.2, <sup>including</sup> self-employed premiums <sup>of their families</sup> to deduct 25% of the cost of their  
health insurance. This law will concern that amount to 30%  
beginning in 1995. ]

Mr. WJC  
Signing of HR 831  
was OK  
9/5/95

Bills/Concerns

WJC

Today the

I am signing into law H.R. 831, a bill that will reinstate and extend health insurance tax deductions for 3.2 million self-employed Americans. This legislation reinstates the 25 percent health insurance tax deduction for self-employed people and their families that expired on December 31, 1993, and permanently increases it to 30 percent beginning in 1995. As you know, I had serious reservations about signing this legislation for two reasons: first, it preempts the Administration's review of affirmative action programs by repealing the current tax treatment for the sale of radio and television broadcast facilities and cable television systems to minority-owned business, and secondly, because it includes a ~~Republican~~ provision that essentially rewards billionaires for relinquishing their citizenship. But, after weighing the pros and cons, I could not justify vetoing a bill that expands health care coverage to millions of adults and children who would otherwise not have that coverage.

Before I talk about what's wrong with this bill, let me tell you what is right with it and why I decided to sign it into law.

This legislation rights a wrong that was created by the failure of Congress to enact health reform legislation last year. Absent my approval of this legislation, almost 3.2 million self-employed workers would not be able to claim this deduction for health insurance premiums on their 1994 income tax returns. By making this deduction permanent, we are treating them more like other employees. And by making health care more affordable, we are shrinking the ranks of the uninsured and expanding coverage for more middle-class Americans. We are reinstating fairness and security for Americans who work hard and play by the rules.

But again, I am troubled at the growing tendency by some to use certain bills as vehicles to promote single-issue legislation. <sup>that issues unrelated to health care have been</sup> ~~In this case,~~ the conference committee repealed the ~~section 1071~~ tax benefit that allows <sup>the repeal of</sup> ~~holders~~ of FCC-licensed broadcast properties to defer taxes on gains realized in a sale, <sup>that</sup> ~~to minority owners.~~

to be used  
with this  
legislation

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is something we all should value,  
spec \_\_\_\_\_

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fight for ed - fight for the dream

Expand middle class & shrink underclass  
grow

Cuts - recessions

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School lunch - school lunches -  
College loans -

Accomplishments - schools safe -

Education is the safety net for  
the middle class

Self employed tax

imp - h/c reform -  
Can't justify that saying  
troubled by billware part of  
concern - bills - vehicle for  
single interest leg - line - stan  
on balance

Chris Jennings out of C -  
press conference - billware  
newsweek Alan Fox

Previously 25 percent ded - self emp  
tax ded - health

expired -

Extended 100% - ~~no de~~ 3.2 million people affected

Controversy - Repubs pay by taking away  
minority bet - aside - we support  
extension

Jennifer Klein  
6-2599

signing statement  
from OMB  
call Todd Stern  
Staff Sec.  
signing statement

fact  
9  
Reinstates 25 percent for 1994 + permanently  
increases to 30 percent beg. in 1995 -  
repeals tax treatment for sale of radio  
& to broadcast to minority & makes changes

we direct joint Committee on tax to study  
& report by June '95

We would have closed loophole - for Patriot  
billionaires -

Laurie McHugh  
Director media  
affairs

STAFF DRAFT

the overall deal) contingent upon the receipt of an FCC tax certificate. Arrangements where the overall deal (not the sale price) is contingent upon receipt of an FCC tax certificate would be ineligible for the tax benefit.

During congressional consideration of H.R. 831, the Administration consistently opposed the outright repeal of Section 1071 benefits. The Administration, however, stated that it would be considering modifications to Section 1071 benefits during its ongoing review of affirmative action programs.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 4, 1995

PRESS CONFERENCE BY THE PRESIDENT  
AND PRIME MINISTER JOHN MAJOR

The East Room

2:53 P.M. EDT

THE PRESIDENT: Good afternoon. Please be seated. I am delighted to welcome Prime Minister Major back to the White House.

Throughout this century, the United States and the United Kingdom have stood together on the great issues that have confronted our people. Our common cause has been at the heart of our success in two world wars and, of course, in the Cold War. In just the last two years British-American cooperation has played an essential role in allowing us to reduce the threat of weapons of mass destruction, in promoting peace around the world, and certainly in expanding free trade.

Today we have continued working in that tradition. We've had excellent discussions. We've covered a broad range of issues. We have, as always, found much to agree about.

On security issues, we agreed that the inevitable process of NATO expansion must proceed smoothly, gradually, and openly, without any surprises. This is essential for extending stability, democracy and prosperity throughout Europe. We believe that, in parallel with the enlargement of NATO, the Alliance must develop and maintain close ties with Russia.

We affirmed our shared commitment to a political settlement in Bosnia, based on the Contact Group plan. The conflict is being prolonged because of Bosnian-Serb intransigence. Renewed fighting will not end the conflict, but only lead to more bloodshed and continued stalemate.

The Prime Minister and I also vowed to continue working together to contain the Iraqi threat to stability in the Persian Gulf region. We are deeply concerned that Saddam Hussein could be regaining the ability to build weapons of mass destruction. We are determined that Iraq must meet all its United Nations obligations. This is no time to relax sanctions.

The Iraqi people are suffering tremendously under Saddam's tyranny, and they do deserve the help of the international community. But easing up on a regime that oppresses people will not help them. So while there can be no compromise, the United States, the United Kingdom and Argentina have put forward new proposals in the United Nations to get food and medicine to the people of Iraq. We hope other nations will join these efforts and support our Security Council resolution and pressure Saddam Hussein to stop the needless suffering of his innocent citizens.

Prime Minister Major told me a great deal about his recent trip to the Middle East. We both strongly believe this is a hopeful moment for broadening the circle of peace. The United States and Europe must continue to fight the efforts to derail the peace process by those who prefer destruction to peace. It is clear that for peace to take root in the region, more economic assistance is vital. Peace and prosperity depend upon one another. I applaud the United Kingdom's investment program in the West Bank and Gaza, as well as its debt relief measures for Jordan. We must all continue to support those who take risks for peace.

Nowhere is this more true than in Northern Ireland. I salute the Prime Minister for the tremendous efforts he is making to bring an enduring peace to Northern Ireland. Today, Northern Ireland is closer to a just and lasting settlement than at any time in generation, thanks in large measure to the vision and courage of John Major. He and Prime Minister Bruton of Ireland together introduced the joint framework, which provides a landmark opportunity to move ahead toward a political settlement, one that will be backed by both of Northern Ireland's communities.

We also agreed that the paramilitaries of both sides must get rid of their weapons for good so that violence never returns to Northern Ireland. And we must work to increase economic opportunity in that area. Their prospects have been blighted by bloodshed for too long.

Next month our White House Conference on Trade and Investment in Ireland will help to expand the ties between the United States, Northern Ireland and Ireland's border counties. Building those kinds of bonds will help to lead to a better life for all the people of the region.

The Prime Minister and I discussed some other issues. We agreed on the need for an indefinite extension of the Nonproliferation Treaty at the review conference that begins this month. To further the cause of nonproliferation, the Prime Minister joins me in calling for full implementation of the framework agreement we negotiated with North Korea to end that country's nuclear program. And we discussed the need to adapt our international institutions to the challenges of the next century at the G-7 summit in Halifax.

I was particularly impressed by the thinking that the Prime Minister has done on this profoundly important issue. The United States and the United Kingdom, after all, helped to shape those institutions. They have served our interests for the last half century. With the extraordinary relationship between our two countries as important as ever, I am confident we can make the changes necessary and work together to advance our shared values and our common interests, to promote peace and democracy and prosperity in the years ahead and, of course, in the century ahead.

Finally, let me say, we discussed the ceremonies that will mark the 50th anniversary of the end of World War II. Because of my prior commitments, I've asked the Vice President to represent me and all Americans in London on May the 8th at services that will commemorate the great wartime bravery and sacrifice of so many Britons. And I look forward to seeing Prime Minister Major when we go together to Moscow on May 9th to pay our respect to the heroism of the Russian people in that conflict.

Mr. Prime Minister.

PRIME MINISTER MAJOR: Mr. President, thank you very much.

We've had the opportunity today for a good-humored, worthwhile, productive and very far-reaching series of exchanges on a whole range of matters. The President has said how much of the agenda we discussed, and I won't reiterate what the President said, except to say that in his remarks he spoke not just for the United States but for the United Kingdom as well. I share the views he expressed, and I won't reiterate them.

We spent some time looking forward at two separate matters which I think are of some importance to both our countries, and of wider importance as well. The first of them the President just touched on, and that was the review of the Bretton Woods institutions and the United Nations that we agreed with the other G-7 heads of government at Naples last year that we should undertake and return to at Halifax later this year.

We've given a great deal of discussion to that, and I think for a range of reasons the time is right to look at a fairly comprehensive reform of some of those institutions. And we exchanged some ideas today on precisely how we might do that, and agreed that we would exchange further ideas before we came to the G-7 summit. I think there is -- to rationalize some of the financial institutions.

We wish to look particularly, in addition to that, at the United Nations where there are a number of overlapping functions. I am a very strong supporter of the United Nations, and I wish to see the

United Nations a successful organization for the year 2000. It does seem that, looking at it, some of the areas of the U.N. could well do with updating, refreshing, to make sure that they are entirely applicable to the problems they will have to face in the late 1990s and beyond the turn of the century. And I hope very much that we will be able to get together with some more of our ideas and float those in greater detail when we get to the Halifax summit later on this year.

We also spent some time looking at the commonality of interests that exists between the United Kingdom and the United States. There are a huge range of areas where there is common interest, and not just those that were discussed -- the agreements that we have in terms of policy towards Russia, Iran, Iraq, the Middle East, Bosnia and a range of other areas.

But beyond that, I think there's a commonality of interest in the future security and prosperity of the Central and East European states, and also with two other matters: First, the further extension of free trade, to which I wish to return in just a second; and second, with looking together and combatting together some of the problems of instability, extremism and terrorism that we can begin to see in parts of North Africa, parts of the Levant, and parts of the Middle East. And we spent some time considering how we might address some of those problems in the future.

It was necessarily a discussion that dealt with problems that may arise, and dealt in some cases, frankly, with generalities. But it was an opportunity to look forward, rather than to just discuss the immediate topical problems that we face at the moment.

One area of growing importance that we touched on was the possibility of seeing how we can build on the Uruguay Round agreement of a year or so ago, and see how we can move forward to deal with much freer trade in financial services, for example, removing many of the non-tariff barriers that still exist between Western Europe and the United States, and seeing how, step by step, we can move forward to a much greater element of free trade between North America and the Western European nations. That is something that needs to be done. I think it's something that's of immense benefit, and I found our discussion on that immensely productive and it's one I know that we will both return to in the future.

So I found the discussion, not just on contemporary matters of views, but I found the sharing of ideas about how we deal with the development of the transatlantic relationship to deal with the problems that are going to arise in the future, and also the examination of the common transatlantic view on many of the international problems of the world to be a very worthwhile and a very refreshing discussion, and I'm delighted we were able to have it.

And I think the President and I will be happy to take any questions anyone may have.

Q Mr. President, I would like to ask you about two tax matters at home. Congress has sent you a bill that would allow -- that would provide health insurance tax deductions for self-employed people. But it also allows billionaires -- a handful of billionaires to avoid taxation by renouncing their citizenship. Will you sign or veto that measure? And secondly, the House tomorrow takes up the Republican tax bill that provides benefits to a range of businesses and also a \$500 child tax credit for families earning up to \$200,000 a year. I know you have your own approach, but can you live with the Republican approach?

THE PRESIDENT: Well, as to the first question, I strongly support restoring deductibility to self-employed people for the cost of their health insurance. I think it's unconscionable to have a different standard for them than for corporations. And that was a big part of my health care reform bill last year. So I'm on record strongly in favor of that. As a matter of fact, I'd like to see it expanded.

I am deeply troubled that the conference committee took out a payment mechanism by simply asking billionaires who made their money as Americans and largely made their money in the United States to pay the taxes they owe, and instead to let them evade American income taxes by giving up their citizenship now that they have it made. So I'm going to have to look at that very closely and examine whether there might be some other opportunities to achieve that objective. But it's just wrong for us to walk away from that. That's just wrong.

Now, on the second matter, you know what my views are on that. We have two objectives here. I support tax relief for the middle class. I support greater tax fairness. I think it should be much more focused on things that will raise incomes in the short-term and in the long-term, so I favor a sharp focus on educating people and raising children, on families and education. But we cannot afford a cut of that magnitude and do the right thing by the deficit. And we should not be cutting taxes in ways that benefit very wealthy Americans and require us in turn to cut education, which will weaken our country as a whole. Education is the middle class social safety net, if you will. It is the key to our economic future as well. So I think that's a big mistake. I think it's too big. I think it is -- we need to focus on the deficit and we don't need to be cutting education and investment in our future to give tax relief to people who don't really need it.

Q Could I just ask the President whether he accepts the British government's pronouncements that Sinn Fein has not yet gone quite far enough on decommissioning of arms to justify a ministerial talk? And, also, could I ask the Prime Minister whether he's satisfied with the administration on that issue?

THE PRESIDENT: Well, I think it's a decision entirely for the British government to make when in negotiations with Sinn Fein, when ministerial talks are appropriate. I will say this: I was very clear when the Adams' visa was granted with permission to fund-raise that there must be an agreement, a commitment in good faith to seriously and quickly discuss arms decommissioning. Without a serious approach to arms decommissioning, there will never be a resolution of this conflict.

And so I think that -- I would hope that there would be no difference in our position on that because I think the Prime Minister is right about that; we have to deal with this arms decommissioning issue. And I know that there is an attempt by the government to work with the paramilitaries on both sides to achieve that objective, and that's what I think should be done.

PRIME MINISTER MAJOR: Let me just add to that point. We've already started discussions at ministerial level with the loyalists paramilitaries on decommissioning, and those discussions are proceeding. What we're seeking to do is to have exactly the same discussions on exactly the same terms with Sinn Fein.

Now, if Mr. Adams is serious about moving towards peace -- and he has repeatedly spoken about it -- then he needs to discuss with the British government the question of the modalities of decommissioning the arms. We need to know how it can be done, when it can be done, what needs to be done, a whole series of details. That matter has to be discussed.

Now, I think it is right for that matter to be discussed at ministerial level with Sinn Fein. And we've made it perfectly clear that, providing they are providing they are prepared to discuss that matter -- and we've suggested what an agenda might be and we're in discussion with them about that -- then I think it is right for us to move to ministerial discussion on decommissioning of arms.

What is absolutely clear is that unless we are able to make progress on decommissioning of arms, there will be no possibility of Sinn Fein sitting down with the democratic political parties, the other democratic political parties in Northern Ireland. They simply won't be prepared to talk about meeting a settlement until there has been progress on decommissioning of arms. So I very much hope Mr. Adams will embark upon those discussions speedily.

Q Mr. President, I just wondered if you could elaborate on something you said in your opening remarks, about your concerns with Iraq and their apparent ability to build weapons of mass destruction.

THE PRESIDENT: I didn't say they had the apparent ability, I said they could be regaining it. And what I mean by that -- I want to be very specific about it -- what I mean by that is, unless Mr. Ekeus and the international inspectors can certify that they're in full compliance with all the relevant United Nations resolutions, then we have no assurance that they are not regaining the capacity to move forward with weapons of mass destruction. That is what I mean, but that is all I mean about it.

Q So you're saying you don't have evidence that they are actually --

THE PRESIDENT: That they are doing that now -- I do not. And I want to make clear -- that's why I used the word "could be regaining."

The United States position, which the United Kingdom has supported and for which I am very grateful, is that we should not relax these sanctions until there is full compliance with the resolutions. The resolutions were not passed in a careless way. They are carefully-worded resolutions designed to assure the international community that this cannot happen. And unless those resolutions are complied with, the international community cannot know that this cannot happen.

Q Mr. Prime Minister, do you share that view?

PRIME MINISTER MAJOR: I share that view, absolutely. I think we need to await Mr. Ekeus's report. From all I hear, it's not going to be satisfactory about the Iraq is behaving. We are concerned about the humanitarian aspect of people in Iraq. There is a Security Council resolution, which I trust is going to be passed, which will open up a better possibility for Saddam Hussein to sell oil in order to feed people in Iraq. It's an option that will be there. I very much he'll take that option.

But on the general relief of sanctions, until he has met the Security Council resolutions, met the Security Council resolutions in full, and we have see independent verification that he has met the Security Council resolutions in full, then we entirely agree that there could be no relief whatsoever from the sanctions that have been imposed.

Q Mr. President, having broken bread with Gerry Adams --

THE PRESIDENT: It's Mr. Major's turn.

Q Well, it's to both of you. Having broken bread with Gerry Adams, could you, person-to-person, man-to-man, recommend that he speak with Gerry Adams himself?

THE PRESIDENT: That's a decision for the Prime Minister to make in the context of the peace process. I have said -- I said on St. Patrick's Day, when I spoke then, I will say again, we are where we are today because of the risks that John Major has been willing to take for peace. And they have been considerable risks to himself, to his party, to his government, because he knows that this matter must be resolved. And I applaud that. The details of the decision-making must be made by the participants. And that is a decision for him to make.

Helen.

PRIME MINISTER MAJOR: I would -- sorry.

THE PRESIDENT: We didn't do a British --

PRIME MINISTER MAJOR: No, no, no -- go after Helen. Ladies first. Adam Bolton next. He will willingly wait, won't you, Adam?  
(Laughter.)

Q Mr. President, with all due respect, your nuclear policy is filled with inconsistencies, replete. You want to stop Russia from building a nuclear reactor in Iran. You want to ease sanctions against Pakistan, which we believe is developing nuclear weapons. You want Egypt to sign the nuclear Nonproliferation Treaty, and all other states in the area. And you never try to persuade Israel, which does have a nuclear arsenal, to sign the treaty. Can you explain?

THE PRESIDENT: Well, first of all, I'm trying to remember if I can remember all those three things -- (laughter).

The United States does not want Russia to give the capacity to Iran because we don't want that to be the beginning of their increased capacity to develop nuclear fuel and technology for other purposes. And given their conduct, I think that is the right policy and I don't have any problem with it.

With regard to Pakistan, the simple question there is whether the policy we have pursued in the last few years is achieving its objectives and whether we will be a stronger force for peace and reconciliation and ultimately for the defanging, in terms of weapons of mass destruction, in the area if we change our policy or if we stay with it. I think it's time for -- I think we should seriously review the policy.

If you look at the number of people in those countries in South Asia, the potential they represent for the future and the powder keg on which they sit because of their problems, the United States, it seems to me, has an obligation to do the very best we can to bring about the best results and the most peaceful result. And that's all we're doing.

Q -- producing weapons?

THE PRESIDENT: We don't support that. We want everybody to be a member of the nonproliferation regime. We want everybody to do that. And that's why I said what I did to President Mubarak of Egypt. Our position is that we want the largest number of people possible to participate in the nonproliferation regime and to go forward with its requirements. And we want to keep as many states non-nuclear as possible. And we are doing our best to reduce the nuclear threat by reducing the number of nuclear weapons that we have, in agreement with the Russians and with the other former states -- states of the former Soviet Union.

And I think that our policy is consistent if you look at what the objective is. The objective is to reduce the threat of nuclear war to the world in the future, and to reduce the threat of other weapons of mass destruction. There still is no more significant obligation I have to future generations, and that is the common thread running through all these policies.

Q -- and given that we understand Teddy Blair of Labor may be coming here soon, I wonder if I could ask you how important you think your personal relations are for the relations between our two countries.

THE PRESIDENT: Well, first of all, I think that in foreign policy, the differences are not easily discernible by party. We have, as you heard today, broad overlap, and indeed, in our country the differences among us here in America as Americans in foreign policy don't tend to break down along party lines. For example, the Speaker of the House and the Senate Majority Leader supported the position I took on debt relief for Mexico, which was opposed by a number of members of their party and a number of members of mine.

So I think there is -- at the end of the Cold War in this country, and I sense throughout Europe perhaps, there are forces arguing for kind of an inward-looking approach, a little bit more -- if not isolationist, disengaged approach. And there are others who believe we must still continue to broaden the frontiers of relationships, to expand trade, in order to support democracy and prosperity. I am in that latter group. Prime Minister Major's in that latter group. Last year at the G-7 meeting, we were the two strongest proponents of expanding opportunities for economic integration of the countries there. So I just don't believe that there is a necessary partisan breakdown to our common objectives in the world community.

Secondly, I think we've got a good personal relationship and I feel very comfortable about where it is. And I think it's honest and open. And it endures occasional disagreements, but the agreements are far more numerous, and over the long run, should be the shaping factors

of our relationship.

PRIME MINISTER MAJOR: The fact of the matter is that we know well enough -- we know one another well enough and the relationship is good enough to have those disagreements. And it doesn't affect the broad sway of agreement that exists between the two countries. I was fascinated to see that you referred to differences between parties and not within parties. And I think that's a great advance. (Laughter.) I'm delighted -- I'm delighted you put it that way.

Let me just make a broader point, really, about the Anglo-American relationship. At almost any time there's probably an issue -- be astonishing if there wasn't, if there wasn't some measure of difference on an issue between two sovereign governments, whether they happen to be Conservative or Labor in the United Kingdom, Democrat or Republican in the United States. But against that, I think you have to look at the huge range of things in which the instinctive outlook between the United Kingdom government and the United States government is exactly the same.

If you run down most of the great issues of the moment -- relationship with Russia, relationship with the Middle East, relationship on terrorism, relationship with Iran, relationship with Iraq -- you won't find a scintilla of difference -- present policy on Bosnia -- between the British government and the United States government. If you look at the two nations that were foremost in propounding a free trade agreement, the GATT agreement, and taking that forward, you'll find the same relationship, the British and the American government.

As for looking forward, I spoke a few moments ago of two areas where we've actually been looking forward today, together, of what we might actually do in the future. But as to whether the relation is good enough, perhaps I can just give you a practical example. If you were to spend a weekend, Adam, on one of our nuclear submarines, you would find a Trident missile on it. I'm not sure you could travel on anyone else's submarine and find a Trident missile on it. And I hope very soon in the future that you'll be able to see Tomahawk cruise missiles in the United Kingdom armory. And I'm not sure anybody will have those.

Now, they're practical illustrations of the extent of the closeness of the defense, of the security and other relationships between the United Kingdom and the United States. And the fact of the matter is, it is sufficiently close and has been sufficiently close for a large number of years to enable the President and I to have the occasional disagreement if we want without any harm coming of it.

Q If I could get back to the issue of Russia -- you said that you do not want the Russians to go forward with their plans to sell

a nuclear power plant to Iran. What, if anything, did you talk about in terms of putting some real pressure on them? Is there anything you can do at this point to stop it from going forward? And if they do go forward, will it put a damper on the Western relationship with Russia?

THE PRESIDENT: Well, we're continuing to have negotiations and discussions with them about it. And I think that's all I can really say at this time because we're in the midst of our conversations.

I thought Helen was going to ask me the question I think you asked me the last time, which is, are we trying to discourage Russia from selling to Iran the technology we're trying to finance in North Korea. The difference is, when I became President, I found a full-blown nuclear program in North Korea, which I'm trying to take down. And I don't want to leave some future President in the United States and the people of Britain with a program in Iran that they have to try to take down. I'm going to do the best I can to deal with it.

Q -- sir, are questioning whether or not the United States can really rely on Russia in any way --

THE PRESIDENT: Well, let's don't jump the gun here. We're having these serious discussions. We're working it through. We have a lot of interests in a democratic and a reformist Russia. And the Prime Minister and I talked about it at some length today. And I think that they have done better economically than either the Prime Minister or I thought they would a couple of years ago in terms of pursuing the path of reform. They have continued to honor their constitution and their electoral system and obligations to democracy. And we're going to have differences from time to time, but I wouldn't assume we can't work this one out. We're going to keep working hard on it.

Q Mr. Prime Minister, the President mentioned your ideas on the Bretton Woods institutions in the U.N. How much have you worked that up in detail and what would it actually involve? I mean, is it a fully -- a several-page plan, or what?

PRIME MINISTER MAJOR: It's developing rather than being developed. We agreed last year that we needed to look at some of the overlap there was in the Bretton Woods institutions and see how we could look at making the -- bringing the United Nations a little more up to date.

If I could just give you a couple of illustrations -- if you mean have we yet got a detailed, worked-out position between the United Kingdom and the United States, the answer is, no, we haven't. We've both been looking separately as we agreed we would do at the G-7 summit last year at the sort of ideas we might bring forward for discussion with partners at Halifax later on this year and the sort of things that

we're looking at in -- by "we" I now mean the United Kingdom -- in terms of the financial institutions. You'll be aware of the idea we've had in the past of selling some IMF gold to help some of the poorer nations. That's still on the agenda as far as we're concerned. Looking at, perhaps, a greater degree of rationalization of some of the activities of the IMF, OECD and the World Bank -- that's an area we're looking at.

We'd like to look at the way in which poverty is dealt with through the U.N. There seem to us to be a number of overlapping agencies, a certain amount of duplication, which could credibly be looked at. In terms of trade, we'd like to see what can be done to bed down the World Trade Organization satisfactorily. In terms of environment, I would suggest that there are some areas of overlap as well: The U.N. environment program and the Commission for Sustainable Development, there seem to be areas of overlap.

Now, they're just specimen samples of the sort of things we are looking at. I emphasize, we are in the early stages of that examination. We haven't reached any conclusions. But I think those are matters we must examine.

Other things I'd like to see us examine at the summit would be to look more comprehensively at crime, drugs and money laundering. We had a G-7 task force on money laundering sometime ago. That's been successful. I think we should revisit that, given the nature of the problem and given the problem that exists internationally with crime and drugs. And I think we'd like to look a little more carefully at what might be done in terms of conflict prevention.

Those are just broad headlines of some of the areas we're looking at. We shared them in general outline today. We will come to them in detail at the summit.

THE PRESIDENT: Thank you very much.

THE PRESS: . Thank you.