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THE WHITE HOUSE  
Office of the Press Secretary

Internal Transcript

March 8, 1993

INTERVIEW OF HILLARY RODHAM CLINTON  
BY RON FOURNIER OF ASSOCIATED PRESS

The Residence

(In progress)

MRS. CLINTON: I mean, there's a lot that's similar in terms of the kinds of things that Bill's doing and that I'm involved in and all this. It's just different. It was so much easier to have a normal life and to get out and to actually see people and to have a sense about what was going on. It's real important to me. I don't want to get cut off from the real world.

Q Do you feel like you're in a bubble sometimes?

MRS. CLINTON: Yes. Yes, sure. I mean, it's hard not to. But I mean, this house, you can wander around here -- I mean, I'm still discovering things. There are just so many things, so many stories, so many wonderful pieces of American history. So I feel like every day --

Q You're living in the greatest piece of American history. This is a museum.

MRS. CLINTON: That's exactly right. And every time I walk -- I don't know anything about that mirror, so I'll have to find out about that mirror. You just have so many --

Q It must kind of help you keep everything -- keep in mind how important everything is you're doing when you're in a room like this --

MRS. CLINTON: I know. It's a little overwhelming. But parts of it have been really enjoyable so far and there's still a lot of adjusting to do. Well, anytime you move and getting settled in takes a lot of effort and time.

Q (Inaudible.)

MRS. CLINTON: Pretty good. But I'm still not quite feeling that I'm at the sort of level of familiarity and routine. And it's hard because you think to yourself, well, where's the best bookstore and how do I get there? That's the kind of thing. We have gone out to dinner a few times.

Q If it were me, I could pick up the phone and call someone at work and say, now, where is the closest bookstore; I can hop in the car and do it. You have to take an entourage with you and call the pool if you're going with your husband.

MRS. CLINTON: Yes. It's tough -- different.

Q Well, I came here to talk about health care.

MRS. CLINTON: Okay.

Q Lisa, please feel free when we're running out of time to give me about five or 10-minute head's up.

MORE

I had a hard time getting ready for this interview because -- and I can just imagine with all the tasks you're going through. This is such an ungainly process and the idea of trying to get you to -- I had a hard time even deciding where to get you to start talking about all of this. Why don't we just take it from the most basic -- is the goal here still to have universal access to health care?

MRS. CLINTON: Yes. The goal of this process is to create a piece of legislation that the President will introduce that will represent his views on this subject. He believes you have to contain costs in our health care system. Otherwise we will be eaten alive, both as individuals in our own personal family income and as a country with the uncontrolled escalation of health care costs.

He also believes you have to have universal access to a quality health care system for all Americans -- not just because it's the right thing to do, but because it is part of containing costs. So all of it to him is part of a whole. And as I have gotten into this in the last five weeks, I have understood more clearly what he has told me over the years, starting with his work as Governor and with the National Governors Association, about how complex the issues were, but how interrelated they were to everything else we're doing in the country. So this whole process is designed to deliver to him a piece of legislation that will represent what he believes has to be done to reform health care.

Q When did health care become a right? It's not mentioned in the founding papers of this country. It's not something even in our most liberal time in our country that was considered a right. Other people tried to make it a right and it failed. Why all of a sudden is this an inalienable right?

MRS. CLINTON: Well, I don't know that it's viewed so much as a right as it is a part of the social contract that citizens have with this country that probably predates Social Security but certainly became more understandable within the context of Social Security.

America is founded on a very strong set of values about life, liberty and the pursuit of happiness. And although we are principally dependent for our national success on individual effort and individual responsibility, as the country has evolved and grown over the last 200-plus years we have understood that there are certain activities that have a community impact and a national impact that aren't just solely the province of the individual.

You can go back to the 19th century with the creation of asylums and charity hospitals to find the roots of a recognition that providing health care in some form to people was necessary for us to maintain a coherent social contract among all of us. And then as our world has gotten more and more complex and as we have looked at how other developed countries deal with health care more efficiently than us, we have recognized that our marginal efforts to provide health care to people have not succeeded. We have provided health care to certain segments of our population, but because we have failed to come up with a coherent system we have watched costs continue to climb, quality decline for many while it remained high for others, and the net result is that we have a belief in the importance of health care -- eventually, everybody in this country gets it in some form or another, oftentimes too late and too expensively.

So part of what the President's argument is, is that we already are providing health care to Americans now. How much smarter we would be if we provided, for example, prenatal care to pregnant women instead of emergency room deliveries to those who don't receive it.

When I was in New Orleans last week, I was told that 50 percent of the obstetric patients at the charity hospital in New Orleans received no prenatal care before they arrived at the door.

Q I wonder how that percentage would have fallen if 90 percent of the women had gotten prenatal care.

MRS. CLINTON: Yes. And when I think about how much we are spending to ensure health care as we are now defining it, it's troubling to me because we could provide health care more efficiently and certainly more cost-effectively if we had a system instead of the kind of gerrymandered patchwork that we now have.

So I don't know if I would think about it in terms of a right so much as it is something we're already doing but we're not doing it in a rational manner.

Q Are you still wedded to the broad principles that the President outlined in the campaign which, if I'm reading all this right, would eventually lead to some sort of blend of competition and controls that in the long run would restrict choice for people who already have health care and provide it for the millions who don't?

MRS. CLINTON: Well, I don't think that's a fair description of what the President believes. He does believe in a competitive system because that's what we have now in this country. That is a real strength if properly managed to ensure continuing quality and technological development in the other hallmarks of the best of American health care.

He also believes strongly in choice -- that there has to be consumer choice available so that individuals have a range of options to choose from within a competitive system. But he also believes that universal coverage is necessary. So he thinks that understanding the arguments from those who come at the system from that point of view are also critical to designing an American health care system that really responds to the needs that Americans have and Americans' expectations about health care.

So the broad framework that he has put forth that all of us are now trying to flesh out the details for and to draw from different points of view to make sure we're not missing anything would be a competitive framework that guarantees choice and quality and controls costs while providing universal coverage.

Q To do that, though, isn't it a given that when we put together these packages through these consortiums or whatever you're going to call them, that what is going to be offered to a lot of people like myself who are lucky enough to have insurance will be less as far as my choices that I have now? I understand there might be options for me to buy up, right, but there are going to be some people who are going to have less choice than they have now so that the millions of people who don't have health care can get it -- isn't there a little give-and-take, isn't there a little sacrifice --

MRS. CLINTON: I don't know that that's true yet. Part of what we're working very hard on in this process is to come up with a guaranteed core package of benefits that will be comparable with what most Americans now expect. There may be instances where it doesn't include something that that is already included under an insurance policy, but there also will be instances, particularly when it comes to primary and preventive health care where options are included that are not now part of insurance policies.

Q My policy doesn't have preventive health care.

MRS. CLINTON: Yes. For example, if you have a typical insurance policy you probably don't cover mammograms or cover Pap

Smears or cover enough well-child visits. So that I think you will find a tradeoff as we divide the core benefit package that will be acceptable to the American people. Even though there might be some particular procedures that might not be covered -- although at this moment I couldn't tell you what because we're costing all these -- there will be others, particularly in the primary preventive health care area that will be included.

Q Do you think that most of the families out there, the 85 percent who are lucky enough right now to have health insurance, are going to be willing to pay higher taxes for health care or to accept, like we just discussed, less options or different options than their plan? Will it be a tough sell because of that?

MRS. CLINTON: No, I really don't think so. I think we have to wait to see what all of the factors are that go into making up the plan -- and the work that's being done is unprecedented. There's never been work like this done as far as I've been able to determine, where so many people are involved, where so many options are being examined, where, as one example, for the first time ever the different parts of the federal government that have anything to do with health care have been brought together in the same room.

And I believe that the result of all this work will be a package that most Americans will feel is not only fair, but better than they thought it would be.

Q What do you say, though, to the American who has health insurance now and is going to have to pay higher taxes to provide --

MRS. CLINTON: Well, I don't know that he is going to have to pay higher taxes. I don't believe at this point, based on what we know today, there will be any necessity for a middle class income tax increase to fund the health care proposal that the President makes. There may be --

Q You don't believe there --

MRS. CLINTON: I don't believe there will be -- that's right.

Q Is that including -- are you excluding the sin taxes from that?

MRS. CLINTON: Yes, that excludes that because those are health related. We can demonstrate conclusively that certain behaviors have put cost burdens on our whole system that are just unacceptable, and smoking is the clearest -- I mean, I hate to -- I hesitate to use an exact figure if I don't have it in my head at the moment, but literally hundreds of millions of dollars of our health care system's expenditures can be traced directly to smoking. So there's a different argument there -- that certain kinds of behaviors, if they are taxed are being taxed not only to raise revenues to make the system work, but, frankly, to discourage behavior that is putting expenses on the system.

If people continue to smoke, for example, then if there were a way that you and I who don't smoke could get them to sign a paper which is you and I will not spend one penny to help them if they contract a smoking-related disease, then, fine, we could give cigarettes away on the street. But that's not the way our system works.

I would want them to get care when they show up at the emergency room or when they go for their lung cancer operation. But it costs me. Their behavior costs me. It also makes it difficult for our health care system to turn around and fund public health

clinics that immunize children against preventable diseases, for example, because we're spending so much money on the back end trying to take care of problems that could have been prevented if behaviors had been changed. So those kinds of taxes the President views, as he has said, differently.

But in terms of any broad, general middle-class tax increase, it's just not going to happen. It is not going to be necessary if the plan the President proposes that he is currently thinking about and asking everybody to work on, comes out the way he expects it to.

Q I know we don't have it nailed down how we're going to pay for this, but can you give me some guidance -- we're talking about a lot of money, obviously. Have you got a more general idea than \$30 million to \$90 million? What is the --

MRS. CLINTON: Let me start by saying that we now spend over \$900 billion.

Q Oh, I thought it was around \$800 billion.

MRS. CLINTON: It's up to \$900 billion now. The last statistic -- I mean, it's so close to \$900 billion and the others that it's give or take now; it's real money. Say \$900 billion. And it will soon be at a trillion if we don't do something about this.

Q A billion here, a billion there.

MRS. CLINTON: Yes, a billion -- and will soon be into trillion if we don't do something about this. Of the money that we're now spending, the best estimates that I have seen which I think are accurate is that maybe as much as \$200 billion is not being spent in an efficient way, and can be redeployed in both the public and the private sector to take care of a lot of the expansion of coverage and the other features that this new system will have.

One example: If we standardize reporting forms so that doctors and hospitals no longer have to spend a substantial portion of their incomes in filling out forms, we have not only freed up money that can be used for everything from doctors' incomes to providing better health care, we have also freed up health care workers. Because many nurses will tell you, they now spend a third to a half of their time filling out forms.

Q My pediatrician was just complaining about that.

MRS. CLINTON: Your pediatrician is symbolic.

Q Ten bucks of my fee is for those.

MRS. CLINTON: That's right. And although doctors' incomes went up in the 1980s -- and The Wall Street Journal reported last week they went up, they doubled, mean income doubled -- an increasing percentage of that doubling went to paperwork, so that by standardizing forms, we will solve the problem that was so vividly illustrated to me in Boston.

Were you in Boston with me?

Q No.

MRS. CLINTON: I went to a forum, a community college, and there were a number of excellent presenters. But the one who sticks in my mind was a practicing physician who came with his stack of forms, he pulled out and he said, I want to show you this form. It's the government form for me to get reimbursement if I take care of a patient that can be paid for by government money. It's on 8

1/2" by 11" paper, it's in red ink. It says HICFA Form 1500 on top of it. Now, let me show you a form from a private insurance company. It is on the same size paper and the same color ink, but it has the name of the insurer on top. I cannot just send the HICFA 1500 form to the insurer, I have to fill out a whole second form. And, he said, that is just the tip of the iceberg.

When you think of the amount of money that is being wasted in our health care system, by that kind of duplication of effort and paperwork and bureaucracy, you get a sense of what's out there that can be recaptured, to be turned back into actually delivering care; having nurses at the bedside instead of behind the typewriter.

Q Well, even with recapturing that money, though, how much are we talking about in new money that we're going to have to come up with to pay for --

MRS. CLINTON: That, I can't be any more specific to you about that right now, because we are now getting cost estimates done by all of the various groups in the government that have never been done before. And I'm not going to talk -- I mean, there's been so much loose talk about cost in the last years, I don't want to talk about cost until we have a consensus on cost.

We held the first meeting that brought all the government actuaries together in the same room. They had never met before. They operate on different models. We sent benefit packages to be costed. Within the same department, we got back different cost figures, because they used different models to cost.

It is unbelievable to me that in the last 12 years, with the health care crisis escalating the way it has been, there was not any businesslike effort undertaken to rationalize the systems that were used by the government itself to figure out how much procedures and how much systems cost that cut across government lines. I mean, you could go into any department, you could go over to HICFA at HHS, or you could go over to the V.A., or you could go over to the Labor Department with ARISA, or you could go over the Defense Department, or you could go over to the Treasury Department, and you could get a very precise and comprehensive response to a question. But, then, when you ran from department to department, you would get different takes on the same set of issues.

So we have pulled together everybody who has anything to do with that, and we will have good cost estimates. Until we get the standard benefit package costed, we're not going to really know how much new money we might need immediately, but I would reiterate we are not going to ask for any kind of middle class tax increase. We will look for other alternatives, either a slightly longer phase-in, or quicker cost containment before we do that. Because, as the President has said repeatedly, he is not going to be in the position where we're already spending hundreds of billions of dollars on health care, where many people in this country have watched their health insurance escalate out of sight when we've got 100,000 Americans losing their health insurance every month, and turn around and say we'll pay for more of the same -- we're not going to do that.

Q You say longer phase-in. What was the plan to have this done by?

MRS. CLINTON: Well, there wasn't any set time. I mean, as soon as possible is the time frame. The definition of possible is what we're trying to work out now.

Q When you said "a possible, longer phase," I'm trying to figure, you know, what does that mean in real terms.

MRS. CLINTON: Well, ideally --

Q Because I can remember us saying we would have universal health care by date X, anyhow.

MRS. CLINTON: Well, there hasn't been a date X set, but ideally we would do it within the next year or two, assuming we get the legislation passed. Because the sooner we get everybody into the system, the sooner we get it rationalized, we save money. Because what happens now is, everybody who is out of the system, when they go and get the care, it is usually the most expensive kind of care because they postponed going. And then, we all pay for it, the cost has shifted on us, so my premiums go up anyway.

Q Right.

MRS. CLINTON: So it is in our interest to reach universal coverage as soon as possible. I mean, I had another example of that in New Orleans. I mean, the woman who told me she didn't have insurance and, yet, she tries to take care of herself so she goes for a yearly checkup every year, so she saves and affords that, well, if she had a mammogram which found a mass in her chest and she was referred to a surgeon, the surgeon said, well, I would do a biopsy, but since you don't have insurance, we'll just watch it.

Do you know how much cheaper a biopsy is than a mastectomy? So it makes no sense.

Q It's flipping a coin and --

MRS. CLINTON: That's right.

Q -- and if it falls down one way it's going to ruin her life and cost us more money.

MRS. CLINTON: That's right.

Q Again, just to make sure I understand the definition so I don't get anything twisted, quicker cost controls -- had it been a given that there would be some kind of cost controls, are you talking about the global budget concept that's --

MRS. CLINTON: Right. We're talking about a variety of options that are being looked at, none of which the President has even seen in full development yet. So it's not at all near a decision. But here's our problem: Every year we wait on getting this system under control, costs rise. And because of the public sector's obligations on health care, the deficit rises. Because of the private sector's obligations on health care, either under contract or because businesses choose to act in what they view as a positive way toward their employees, investment gets squeezed out.

So, for example, you've got the car companies spending now about \$600 a car to take care of health care, which puts them at an immediate competitive disadvantage, if that \$600 were instead used to develop new models or different kinds of features, we'd be more competitive.

Q Isn't also part of that money, in effect, you could look at it as almost a tax on employees? That's money that could go in your salaries.

MRS. CLINTON: You know, Ron, that's something --

Q Is that a possible sales pitch?

MRS. CLINTON: Well, and you have it figured out, and a lot of people don't. What has happened with wages and standard of



living for our workers -- when I say "workers," I really mean everybody making an income except the very richest -- is that they have stayed steady or declined in large measure because health care costs have robbed increases in income away from the paycheck and put them into benefits where benefits were available.

And so you're absolutely right, that in effect, we're all paying more and more and more every year. So if we don't stem that escalation and come up with a reasonable system soon, then all the deficit reduction that the President's economic proposals suggest, and even anybody in the Congress who thinks they can do deficit reduction without solving health care will be way off base. So that we might have -- we'll have some good years with good, positive deficit declines and the kind of growth that the President is hoping to see; then we'll be right back where we were after 1997 because health care will explode again.

So how do we, in effect, stabilize the patient until we get the whole system in place? And those are some things that are being analyzed right now.

Q Back on that, when we say costs control, is there a possibility of actually putting limits on what providers can charge for services?

MRS. CLINTON: Well, I use the words cost containment instead of controls because we're not sure what it could be. There are all kinds of options being looked at.

Q -- global budget fit into that?

MRS. CLINTON: The global budget fits into it. The budget with caps for individual providers fits into it. Some kind of fee schedule -- there's a million different options of looking at that.

Q Is it a given yet that we will have some kind of cost --

MRS. CLINTON: No, it is not a given. But it is very hard to understand how we get to where we want to get without taking care of the immediate economic drain and upward pressure that we face.

Q Back on my point about the fringe benefits -- health benefits, actually, taken away from your salary is one thing. And reading Paul Starr's work that really came through. It almost makes an argument for the viability of one way to raise revenues is by taxing those fringe benefits because they are, in effect -- they would have been your salary if health care didn't cost so much.

You were quoted by a source as saying to the effect that that would be political suicide. Were you misquoted?

MRS. CLINTON: I don't recall saying that, but I do believe that it is unfair to come up with any solution that imposes more burden on people who have paid the price during the '80s until we know what all the options are that could avoid that. And the President is intent upon avoiding that.

Q So you would see taxing health care benefits as a burden on the middle class?

MRS. CLINTON: Yes. At this point in time until we get a system that works, so that they can have some assurance that their health care benefits are not going to continue to explode, which is depressing their wages, I don't see how you can do that to people.

Q How do we then -- what is the laundry list of options we have for raising money if we're not going to have a broad-based tax on middle class and taxing health care benefits, which could raise a substantial amount of money, what options do we have?

MRS. CLINTON: We've got a whole range of them -- mostly aimed at the parts of the system that will benefit from a rational cost control -- I mean, cost containment impact. So that, for example, if you -- going back to my paperwork example. You standardize reporting forms so that you eliminate the paperwork and therefore, the clerical time that is required to fill out those forms, you have given a windfall to a lot of members of the health care provider community because you have freed up a lot of their resources that would have otherwise been spent on paperwork.

That's just one example. There is money in there that then has to be recaptured to be applied to making this new system work. Now, the details of that I can't go into any further because they are all being worked out. But there are dozens of examples like that which are out there.

Q Let me make sure I understood. Are you talking about some kind of -- besides the immediate benefit you're going to get by standardizing forms, is there then a justification for having some kind of tax increase or some kind of revenue increase on the people who are benefiting from the less paperwork --

MRS. CLINTON: Right. And that would go back into the system. I mean, it would be recycled.

Q It would be a double -- you would get the savings immediately from them not duplicating all this paperwork, but also have justification then for getting more revenue out of it.

MRS. CLINTON: Right. And that revenue would be used for the health care system. The revenue wouldn't go to build roads, it would go back into the health care system so that, in effect, they could then see more patients. They could then free up nurses to actually take care of patients who were paying patients. You would eliminate the problem of uncompensated care.

Q Kind of like the same broad concept of raising taxes on providers in Arkansas -- something providers wanted because they were going to get more money from the federal government --

MRS. CLINTON: Right. But that was -- because that was on the margins, because that was only with the Medicaid system it had the danger of distorting the whole system. But this way it's everybody in the system so that you're in a sense recycling the health care funding, you will get more coverage and more actual health care dollars available for taking care of people.

I'll give you another example.

Q Will insurance companies save money --

MRS. CLINTON: Oh, yes. Insurance companies will save money. If we do away with some of the underwriting practices like preexisting condition, you eliminate a whole bunch of insurance company expenses that are related to those underwriting practices.

Q Do you intend to do away with preexisting conditions?

MRS. CLINTON: That is one of the President's commitments, that no American should be denied access to health care because of a preexisting condition.

Q Again, that would be justification then for having some kind of -- I'm really going to try to nail you down here -- but that would be -- that explains why of a list of options we have seen a tax on premiums --

MRS. CLINTON: Right, right.

Q -- that would fall under the burden of the health insurance company.

MRS. CLINTON: Right, something like that, yes.

Q Is there an option that I should focus on that is --

MRS. CLINTON: No. I'll give you another example. There are so many pieces of the system -- part of the reason we adopted the process we did was to literally get everything on the table. And I have been surprised at how many things impact costs. And I'll give you another example I never would have thought of before four or five weeks ago.

The antitrust laws in this country prohibit hospitals in a community from sharing technology and from cooperating. It's against the antitrust laws. That means then that in a lot of communities every hospital feels compelled to go out and buy its own MRI, which it then has to amortize by raising costs to you and me whether we use the MRI or not -- we've got that big piece of equipment so somebody's got to pay for it, which means we all pay for it.

By looking at the antitrust laws and changing them so that cooperation among health care providers to provide the necessary number of equipment or kinds of equipment --

Q And not too much.

MRS. CLINTON: -- and not too much, will save big dollars.

Q In other words, right now hospital X can't talk to hospital Y and say we'll take the MRI if you --

MRS. CLINTON: If you take the CAT-Scan.

Q -- you take the CAT-Scan.

MRS. CLINTON: And we'll send our patients over there and you send your patients over here. That way our MRI is not busy all the time, but we need it for our patients. We've got access to yours.

Q We don't have two MRIs -- so what they're doing is accepting patients who don't really need an MRI to give the MRIs so they can pay for it.

MRS. CLINTON: Well, you churn the numbers so that you maybe have more tests than you need to have. But just the very fact that you bought it and made that big capital investment means that you have to charge more in order to pay off that equipment.

Q Or give unnecessary tests.

MRS. CLINTON: Yes.

Q I didn't realize that right now there are some antitrust problems with hospitals being -- I guess it's a matter of commons sense.

MRS. CLINTON: I had no idea. Well, here, I'll give you another example. You've got anticompetitive provisions in some states that prohibit nurses from doing things that they're permitted to do in other states. That means that a nurse might not be able to do the very same test that she could do in state X in state Y unless a doctor's present.

Well, if the doctor shows up it's a more expensive test. And how do we rationalize that? So that we free up that money, we free up that time. That doctor could be out doing something much more important for a patient that is within his area of expertise, and the nurse could be doing what's very important for a patient which is within that nurse's expertise. So we get double the bang for the buck instead of what we're doing now in some states.

I cannot tell you -- there are hundreds of little things like that, Ron, that nobody has ever looked at comprehensively. I'll give you another example. Under our Medicare system we currently subsidize certain specialties in medicine. Now, that might have been a good idea at one time, but we now have an oversupply. We have 70 percent of our physicians are specialists, 30 percent of our physicians are generalists. That is out balance for the population and particularly for providing primary preventive health care.

So we've spent all this money creating a system that costs us more money.

Q Do you know how much money we put in these subsidies?

MRS. CLINTON: I don't know the exact figure. Somebody I'm sure does. But I don't.

Q It's safe to say that's something you would like to eliminate?

MRS. CLINTON: We have to look -- I mean, I had the dean of the Tulane Medical School stand up at my meeting in New Orleans; he said, I'm in a medical school. We've been part of creating the subspecialties. We have got to reverse it. And he's exactly right. That's what I hear --

Q But his school is given money to do it.

MRS. CLINTON: That's right. And so you follow the financial incentives in the system. If you follow the financial incentives you will find out why we have the kind of health care system that we currently have.

Q Getting back to my original question which to me is going to be the key here -- how are you going to be able to sell this to the 85 percent of the people who have health care? Do you think this is the kind of thing that is going to make a lot of sense to them? And how do you -- you can't sit down and talk with them all one on one to hear you. How do you guys plan to say, hey, it's stupid, we have two MRIs --

MRS. CLINTON: Well, there's two things. One is that even Americans with health care are scared to death because 100,000 Americans a month lose their health care insurance -- 100,000. With what is going on in industry right now, with businesses reneging on their promises to their retirees, with businesses that provide insurance cutting back on what they offer, with copayments and deductibles climbing as they are, I don't think there are very many

Americans who feel good about their own insurance right now. At least that's what they're telling me.

Even if they still have it they're paying more for it, it's giving them less in many instances and they're not sure it's going to be there next year. So we're not just talking about the people who don't have any, we're talking about everybody benefiting from this system.

Secondly, I think the American people are ahead of a lot of the decision-makers about what needs to be done. I go out to the country and feel great because I talk to people in factories and in small businesses, on the street who are providers, who are patients - they know what's wrong with the system. They only ask two things: they say, look, I want to be secure. I want my family to be secure. I do not want to risk financial ruin if I have to take care of an illness or accident in my family. I don't want to be this vulnerable anymore. And I don't want to be put at risk when I think that I should be able to count on what I pay for and what should be there for me next year.

And secondly, people say, I want a system that I can relate to, that looks like what I'm used to. I want to be able to have choice in my doctors. I want to be able to have choice in the plans that I can choose from. I want the quality to stay like it should be.

Q Will you be able to do that?

MRS. CLINTON: Absolutely.

Q Will there be choice --

MRS. CLINTON: Absolutely, there will be choice and quality. You can't have an American system without that.

Q How do you provide choice in a plan where you're going to have an overall -- you're going to have a core package, how do you build from there -- a core package in some sort of global budget, either at the state level or national level -- how do you go from there to providing choice?

MRS. CLINTON: The way it's proposed is that qualified health providers would be part of networks of care so that if you lived in a rural area, you'd have access. If you lived in inner city area, you'd have access, where as now those two population groups are often effectively denied access. And if you were among the majority of us who live in suburban or better off, more populated areas, we continue to enjoy access. You would be able to choose from among different approaches. You might choose from among a plan that is like an HMO, particularly the kind that is more common in California than is the rest of the country, where you've got all kinds of health care providers who have joined together and they're all available to you. And it's a cost-effective, comprehensive approach.

You might choose from a plan where it's fee for service, like what you're used to, where the doctor you want is in that plan, and that's where you go, and you pay him on a fee for service basis. But he is part of a group where they are told here is the constraints in which you operate. So it becomes to that doctor's benefit not to do so much unnecessary testing but to do more primary and preventive health care.

Q At the risk of oversimplifying it, is it pay-per-fee?

MRS. CLINTON: Fee for service.

Q Fee for service doctor but your group can only spend \$3.5 million this year?

MRS. CLINTON: Right. Something like that. That's a crude way and I'm not sure that's going to be the final way we describe it but it is something like that. And what will happen based on what we believe because any system in the world that works right now whether it's a German system like the one they have where you've got a private-public system more like ours, whether it's a Canadian system with a single-payer system, every system in the world that does a better job, and I want to stress this, does a better job for the vast majority of their citizens in providing access to primary and preventive health care and where the citizen's health on balance seems to be as good or better in some instances than ours, they live as long or longer, they don't have as many of the certain kinds of disease and the like, they all do it within some kind of negotiated budget of some sort.

Now, the states have to have a major role in this because each state has a different take on it. I don't think anybody could argue that the people in Louisiana and Maine have exactly the same health problems or attitudes, so we want to give the states authority and flexibility to design these systems in ways that will take account of what their populations will require. But we want to maintain as much individual choice as we possibly can so that's what kind of framework that was laid.

Q I keep hearing people talk about a core. Is there going to be a core plan and then each state is going to be able to work from that to have a smaller subset of selections of an HMO plan and a feeder service plan?

MRS. CLINTON: The way it's envisioned is that there would be a national set of core benefits that every American would be entitled to.

Q Would that include catastrophic care?

MRS. CLINTON: Yes. It would include, you know, the kind -- it would have to include major hospitalization. The kind of things that insurance policies provide now.

Q It would be a national core benefit?

MRS. CLINTON: National core benefit that would have to be available to every American. And then there would be at each state level, and the details on this are not worked out completely that's in the process, but as the President said in many speeches and conversations in the past, there would be at the state level a group that would have responsibility for overseeing the implementation of the health care plan and would negotiate with providers who wish to be available to you as a consumer. So, that you wouldn't have just anybody showing up and say, you know, I'm a qualified health plan and here I am. You would have some sense of who was qualified and whether they could provide the range of services.

And then based either on population or region or some way of defining what the service area was, you would have the consumer then say given the option within this raw base plan, here are five or 10 ways you can choose. It's a given that you get the core benefit package, but you may get it in an HMO or you may get it in a fee for service or you may get it in a PPO or you may get it in something we haven't got a name for yet.

Q Is there going to be some kind of overall cost constraint in like either a national global budget or state by state?

MRS. CLINTON: That's what they're working on now. That's what they're getting all these cost figures that, you know, I told you about that everybody's working on.

Q Do you know, in general -- is it going to be a national global budget or would it be broken down by region?

MRS. CLINTON: I don't know yet. The goal is to make sure that the core benefit package that is given to every American is good enough that all Americans feel comfortable but affordable. And until we really decide what we think that should be it's hard to give you an answer as to how the budget's going to be fed and how much there will be.

Q So is it a given that there will be some kind of overall cost containment as far as somewhere there will be -- we can only spend this much money.

MRS. CLINTON: At this point it's hard to imagine how else you can run a cost-effective system. We have seen the results of not having that. If I were sitting here and looking at the cost figures that we had explode on us but I was also looking at everybody in America covered, infant mortality declining, other kinds of health industries getting better, I might say, you know, we're spending 14 percent of gross domestic product as the economists say but you know it might be worth it. We're getting healthier, people are able to be more productive, we don't have to have to many days of lost time at work, we don't have these horrible situations in some of our inner cities, we can't even keep our children alive until their first birthday, et cetera, et cetera.

Q If your health care system is healthy your GNP --

MRS. CLINTON: Right. There is a direct correlation. Well, we don't have that. So, what we've got to do is figure out to take the money we're spending because the President has said over and over again we're already spending enough money we're just spending it wrong. And we've got to figure out how to spend it right in the short-term and in the long-term.

Q One thing that interests me -- I have something I want to reemphasize -- in reading about Paul Starr, the booklet, he mentioned having separate plans -- I don't know if he recommends it or just said this might be a good idea, separate plans for children, which would mean, for the first time you will actually have people competing to put together a program that's best for kids, which I would assume would be emphasized, preventive care. Is that something that you're taking serious?

MRS. CLINTON: It's something that is being looked at, yes. It might be, for example, you as the parent of small children the plan you would want would be the plan that emphasized care of small children.

Q Laurie and I are relatively healthy, our kids are always sick.

MRS. CLINTON: It would still cover you, too. You would be covered but you would have a special emphasis on well-child care. As the mother now of a teenager I am just appalled that the most under-served age group medically in the country are adolescents.

Q Really.

MRS. CLINTON: A lot of parents don't feel the need to bring in their teenagers for, you know, yearly check-ups or when they snuffle and the way we do when we have little babies. You don't find pediatricians who take care of -- lots of time equipped to take care

of older teenagers so sometimes they fall in the cracks of the medical system. Do they go to a pediatrician or do they go to an adult doctor, and it's kind of a hassle so they kind of go to neither. You have problems with doctors not getting reimbursed for the kind of consulting time it sometimes takes to figure out what's going on with a teenager.

I had a physician who runs the adolescent medical department at a huge hospital in California tell me that the presenting symptoms for most teenagers are in some way affected by emotional or psychological issues. You know, you're a teenager, you've got all kinds of things going on. And in today's world they're exacerbated.

Well, you might, as the mother of an adolescent I might really demand that any health care system I opt into provide well-child care for my child until she's like 18 or 20. Not just when she, you know, breaks a bone or has a serious illness so that on a yearly basis I can be sure she goes in and gets a good workup with an appropriate physicians who know how to deal with adolescents. You know, that might be something I would demand.

There will be, we hope, in these plans a lot of consumer input, because we think that will be the best way of making sure that whatever money is out there is spent well, by hearing from consumers so that they can keep an eye on how it's being spent.

Q And that would probably be something that would come from the state level --

MRS. CLINTON: Right.

Q It would be something that state or regional -- so you'll have more grassroots.

MRS. CLINTON: Right.

Q If you could talk a little bit about the sales job involved here. Some of the memos that have been leaked; there's even been mention of infomercial. You're doing some traveling in the next couple weeks. There's some talk about some focus groups -- I understand in Greenberg and --; might be involved in some kind of polling. Can you hit on all those aspects as far as -- I mean, even the Governor, even the President, excuse me -- one of the reasons you guys have been successful and at least in Arkansas, it wasn't just that you came up with good ideas, but you knew how to sell them. I don't see that as a negative or -- how do you plan to sell this thing?

MRS. CLINTON: I think that health care is on everybody's mind. There's been a lot of good work done in the Congress and elsewhere about trying to solve this. But we still have lacked until now a focus for pulling it all together, which the President gives, as he did in his address to Congress.

And there's, I don't think any doubt, that in order to present this effectively to the American people, it's going to be very important to spend an enormous amount of time communicating about it and soliciting reaction, so that it can be shepherded through the Congress and enacted this year.

I don't know yet all the pieces that will be part of that job of presentation. But I view this as a campaign. I mean, and I view it very seriously as a campaign for the future of America. I do not believe that our country will be prosperous and productive and healthy if we don't deal with health care now because for every year we wait we get further behind.



Q Will we see some campaign techniques like polling and --

MRS. CLINTON: Well, there's a lot of groups that have already done a lot of polling. I mean, I've reviewed polls from -- I get dozens of groups. There are insurance companies that poll, medical groups that poll, citizens groups that poll -- there's a ton of polling out there. And I'm sure that they'll be polling all along and I'll be reading it and trying to figure out what it all means.

Q If you don't mind, there's one critical question I need to ask and I should have really -- actually two. One is, if you don't mind, a colleague of mine is doing a feature on Ira Magaziner -- if you could say, you know, something nice about him. The second one is what is your role in this? Are you going to be more than the gatherer of information and the sales person? Will you be making -- helping your husband decide just what we're going to do?

MRS. CLINTON: Let me start with the last first. My husband, as you know, solicits information from everybody. If he runs into you in the hall, Ron, he's going to ask you what you think I ought to do. And he will take it all in. What I have tried to do is to bring as many people into this process as we possibly can, so that we get the benefit of a lot of good thinking and practical experience to be able to present to the President the best possible information. And he will then decide. There will be many people whose opinions he will solicit, but ultimately, as he does with everything, he will make the decision.

Q Beginning tomorrow, will you start narrowing down options, if you go by the timetable that's set up. Will you be involved in, you know, throwing some things away and deciding this is what we bring to the President?

MRS. CLINTON: Not very much, because I leave that to most of the people who are involved in this process because they know a lot more about it than I do. I react to anything that they ask me but I have not done the ground work that many of them have done for decades to really understand these problems.

I kind of view myself, in some ways, as a citizen representative. I mean, if it doesn't make sense to me, then how is it going to make sense to my mother and my father or my brothers or my friends? So they have to convince me with all of their proposals that this is a good system for Americans and that all of us can understand it and it will all be better for us. And if they can't persuade me of that, then I don't know that they can persuade anybody. So I kind of keep -- that's kind of my contribution to this enormous amount of work that's done.

I'd like to say one more thing before I say something about Ira. I want to say something about the process because some people have criticized the process and I think it's important --

Q -- (inaudible.)

MRS. CLINTON: Yes. I think it's important for the American public to understand what we're really doing, as opposed to the way it gets characterized sometimes by people who have another agenda.

Q For instance.

MRS. CLINTON: I don't think there's ever been a process like this. I don't know of any administration, ever, that has tried to run as open and inclusive a process for legislative drafting as this one. I would be very hard pressed to think of anything at all comparable. So unlike the way it's being characterized, in effect,

it is probably the most open process that any president has ever engaged in.

Q Are we missing the forest for the trees by harping on why aren't the meetings open?

MRS. CLINTON: Yes, I think so. I mean, that might take on it. I mean, usually legislation, whether it's drafted on the Hill or drafted in the administration, it's drafted by very few people -- too frequently in the past by special interests who got in there with the government officials and did that. And we have over 400 people -- nearly 500 people -- on a regular basis, from all walks of life, involved in this. We have over 100 health care providers, you know, more than 60 doctors and 20 nurses and social workers and people who have direct hands-on experience. The majority of people who are involved come from the federal government but come from different points of views that have never been all in one room together before. And we have got extensive consultations going with the Hill so that we have the points of view on both sides of the aisle from all different perspectives represented as well.

In addition, we have this huge intake process where we have received, at last count I was told, 30,000 letters, postcards, phone calls, all of which are being seriously analyzed. We've received something on the order -- and you may know this better or not -- something on the order of 5,000 -- no, 500 really serious health care proposals unsolicited from citizens ranging from very thoughtful handwritten letters from senior citizens about their drug costs or their problems with Medicare all the way to physicians taking the time to send in their ideas about what can be done to make their lives better as doctors.

We have called a lot of these people; we have followed up on them; we have held over 100 meetings with representatives from over 300 groups on an ongoing basis almost around the clock in the White House. We are putting together panels of Americans who represent consumers and providers out in the real world to react to the decisions that we come up with.

So I don't know any process that's ever been like this. I am very satisfied that it has been put together in a way to make sure every point of view is represented. Now, that does not mean everybody with a point of view is going to get to be heard because I've now concluded that we have 250 million Americans and 250 million experts on health care. It does also not mean that every point of view is going to be accepted. But it does mean that every point of view has been heard.

And we've learned a lot, across the board from everybody with their different ideas.

Q What the folks -- what my colleagues in the West Wing want is to be in on those meetings.

MRS CLINTON: Yes.

Q And I think the President's already touched on it, but why not?

MRS. CLINTON: Well, I think there are a couple of reasons. One is that I don't know of any legislative drafting process that has ever been open to the press. I mean, just by the nature of it, that's hard to even imagine how you would do it. I mean, some of it is so boring that probably only those insomniacs among could cover it. But beyond that, it would interfere dramatically with the give and take of trying to draft a piece of legislation.

The second, and maybe more important issue is that we are trying very hard to listen to everybody no matter what group they represent without being taken over by those groups. We do not want to have health care legislation in the Clinton administration written by any special interest group. I've been pleased by the cooperation that many of these groups have offered, but I am not so naive as to think that if they were given full access in an open manner to this process, there would not be another agenda for some of them.

So what we have tried to is to listen and to be very respectful. And I think we've made a lot of progress with a lot of these groups. But we are not going to permit the kind of conflicts of interest that marred a lot of the activities in the past and undermine the confidence of the American people and what their government was doing.

Everybody will be able to judge this proposal when it is introduced. That is the way legislation works -- the Congress, the press, the special interests, the American public. There will be ample time to ask the questions and to poke and prod. But what we were trying to do for the President is to give the President the best, most honest kind of advice about a health care plan that would really work for America, that he could trust, because it had not been in some ways subverted before it ever got to him. So I think the process really deserves a lot of consideration and respect for what it's trying to accomplish.

Q Quickly, on Ira -- why is he a good man for this job?

MRS. CLINTON: Ira has experience in the private sector putting together very large teams of people who have to work under incredible pressure to produce the result. So when the President was looking to put together a team on health care, his prior relationship with Ira and knowledge of Ira's accomplishments strongly argued for putting someone like that in the private experience in charge of this effort who understands numbers and understands costs and can come up with the best possible compromise and consensus among people who come from different points of view.

Secondly, in his prior life, Ira ran one of the very few, maybe only, statewide studies of a health care system that's ever been done. For about a year, he coordinated an in-depth study of the Rhode Island health care system in which he had people actually follow health care providers to find out how much time they did spend on paperwork compared to delivering health care. I don't think there's ever been a study like that done anywhere else. It was as a result of his work there that he reached the conclusions he did about how much money was in that system that could be redeployed if we were using people differently, if we had different kinds of financial incentives. And so he brings not only his private sector experience but very particular experience in analyzing the health care system to this task.

Q I appreciate. I apologize for going over my time.

MRS. CLINTON: No, this was helpful for me -- helped me talk through some of these things.

Q It was very educational. I really tried to bone up on this. But there was quite a bit I didn't understand.

END

Backgrounder on Credit Crunch

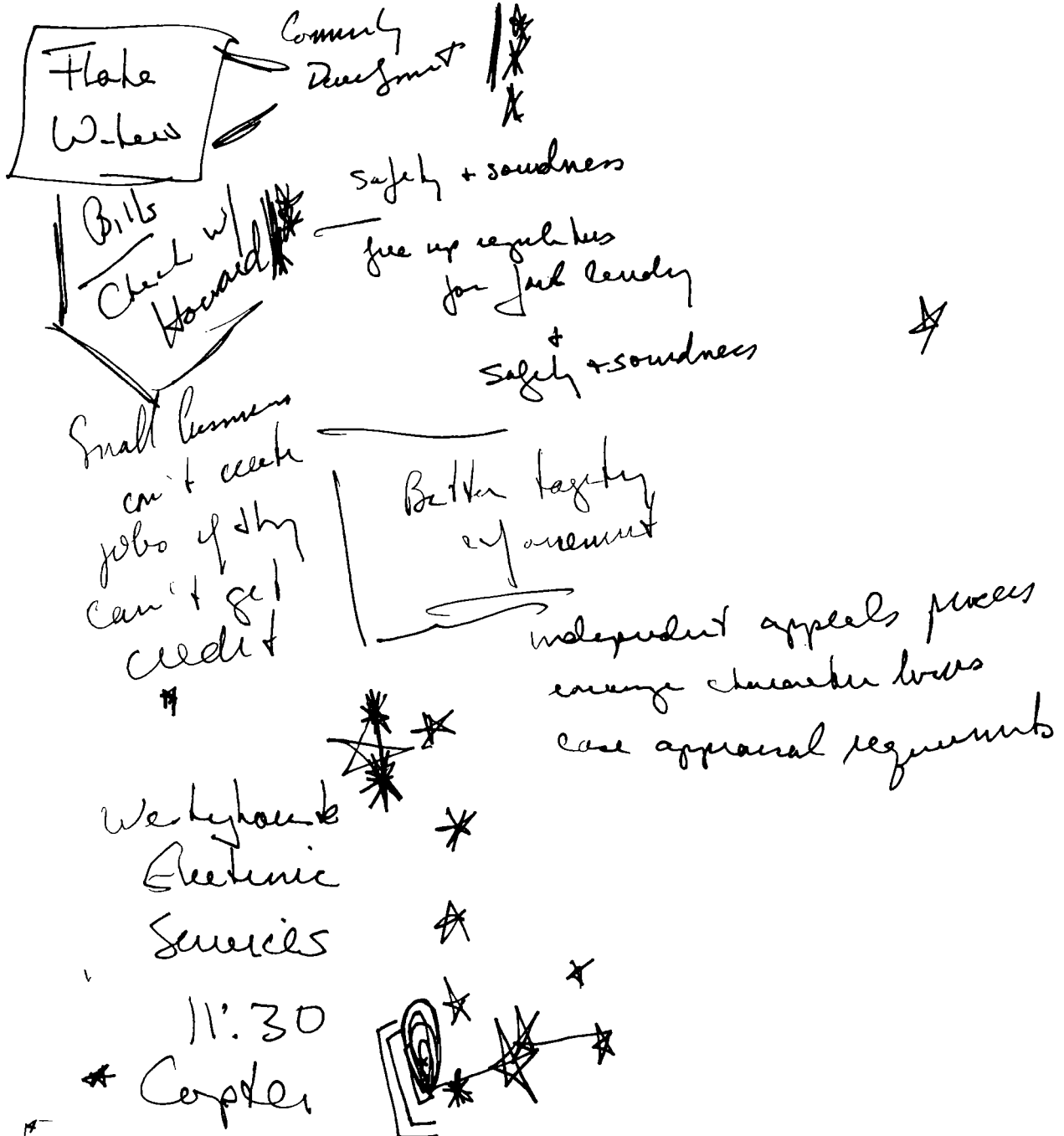
12:30 pm

Frank Newman; Under Secretary Designee for Domestic Finance on Treasury.

Gene Ludwig; Comptroller of the Currency Designee.

They can be identified as Senior Treasury Official and Senior Official from the Office of the Comptroller

GS File -  
Briefing 03.10.93



## QUESTIONS AND ANSWERS

1. What does the Administration hope to accomplish with this Forest Conference? What will you have to show for it?
  - a better understanding by the President, Vice President and Cabinet members of the important facts of this issue
  - a process to develop a fair, balanced approach
  - a set of basic and clear forest management principles to guide our policy-making;
  - direction to Cabinet members to work together to develop a balanced comprehensive forest management and economic development/assistance program
2. Why now, given all the other things the President has underway?
  - this issue has been too long left unresolved with serious consequences for the people, the economy, and the environment in the Northwest and northern California, it demands action.
  - court imposed deadlines require us to resolve this issue before new timber sales from public lands can be offered;
  - fulfill campaign pledge of the President;
  - this is one of the key issues for economic development in the Pacific Northwest and northern California.

George,

Gene has signed off on this and we have confirmed  
this information from OMB ~~Profit~~ 3/10/93  
— Sheryl

#### Q&A on Small Business Cuts

Q: Why does the Administration's budget plan cut \$300 million in small business grants and why does this not hurt small business?

A: The President's overall plan for small business results in a substantial net increase for small business.

The plan proposes increasing the SBA's major business credit program (Section 7(a) loan guarantees) by almost \$3 billion -- to an annual level of \$6 billion.

At the same time, the plan proposed savings of \$315 million over four years by ending programs that may be of some benefit to individual Congressional districts but have not been shown to contribute directly to small business development.

For example, the plan would save about \$110 million over five years by eliminating a number of small, individual grants earmarked for States, colleges, libraries and other local institutions that were included in the FY93 appropriation were not proposed for renewal.

[Note: The \$315 million in cuts included in the Vision for Change Document included (1) phasing out funding for small business development centers over four years (currently \$67 million); (2) eliminating the SBA's tree planting program (\$16 million annually; and (3) eliminating earmarked grants to states, e.g., \$500K to Amherst for a Center for Manufacturing Productivity. According to OMB, the final budget document to be submitted in April will not include (1) and (2) because agreements were reached to maintain this funding while making up the difference with savings elsewhere.]

WHITE HOUSE PRESS GUIDANCE -- 11:30 AM  
WEDNESDAY, MARCH 10, 1993

Russia: G-7 Meeting

[Background: President Clinton's response in yesterday's press conference on whether there ought to be an emergency session of the G-7 to address aid to Russia: "The short answer to your question, I suppose, is, yes, I think it is entirely possible that such a meeting might be useful. Whether a meeting is possible or not depends in part on the response of the other members of the G-7. The Japanese, as you know, have territorial disputes outstanding and also have put a lot into the upcoming meeting in July. Perhaps there is some other way that we can engage the G-7 in trying to address the Russian situation.

"I don't believe we can wait until July for the major countries of the world who care about what happens in Russia...I will try to move to mobilize others to act in this regard whether or not it is possible to have a formal G-7 meeting.]

### Aid to the Former Soviet Union

Q: Where do you plan to cut the foreign aid budget to increase outlays to Russia?

A: -- The 1993 Bush budget requested about \$400 million in aid to the Former Soviet Union (FSU).

-- The Clinton budget for FY 1994 more clearly recognizes the centrality to long-term U.S. interests of the FSU making a successful transition to democracy and a more liberal economy by authorizing an additional \$300 million for the FSU.

-- To offset the \$300 million, the following cuts were made elsewhere in the budget authorizations:

a) Security Assistance (Economic Support Fund and Foreign Military Fund) was reduced by \$316 million.

b) Support for foreign activities: cuts were made in AID programs that encouraged U.S. overseas investment [FYI: an issue that had been raised by the Vice President during the campaign], for a FY 94 savings of \$156 million.



## Resumption of Middle East Peace Talks

[Background: Christopher will announce this morning (11:30 Wednesday) that we are sending out invitations today for the Ninth Round of bilateral talks in the Middle East Peace Process. All parties (Israel, Syria, Lebanon, and a joint Jordanian-Palestinian delegation) attended the first eight bilaterals and the first two multilaterals sessions. The talks will be in Washington.

Press reports from this morning (Wednesday) quote Palestinian spokesperson Hanan Ashrawi as saying the Palestinians refused the invitation that was presented to them this morning. In fact, there was some confusion with the presentation of the invitation to the Palestinians. They have now received the invitation, but have not announced their determination on whether to attend.]

Q: How do you plan to proceed now that the Palestinians have rejected the invitation to the next round of talks?

A: -- We have sent invitations to the parties to the talks. The Palestinian members of the Jordanian-Palestinian delegation have not yet said whether or not they will attend.

-- It remains our hope that they all will attend.

NATIONAL SECURITY COUNCIL

10-Mar-1993 11:21 EDT

UNCLASSIFIED

MEMORANDUM FOR: SEE BELOW

FROM: Elisa D. Harris  
(HARRIS)

SUBJECT: press guidance

This has been coordinated with Tobi Gati.

DRAFT PRESS GUIDANCE ON RUSSIAN PLUTONIUM

Q: What can you tell us about the Russian interest in recycling plutonium for commercial use?

A: We have told the Russians that we do not believe there is a commercial market for plutonium and that for nonproliferation reasons we think it is critical that the material be stored in a secure fashion. Our discussions with them are continuing.

Q: How do you respond to Congressional claims that resistance by the Bush administration and the absence of senior Clinton administration appointees has delayed the dismantlement of Russian nuclear weapons?

A: The Clinton administration has made it clear that the continuation of the dismantlement process is a high priority. We have kept General Burns on through the transition to oversee the US role in the program and will continue to give it the attention it deserves.

We are working to ensure that the money that has been allocated for this purpose is used as swiftly as possible. It is in the national interest of both our countries that the dismantlement process move forward quickly and safely.

Distribution:

|                           |                  |
|---------------------------|------------------|
| FOR: Toby T. Gati         | ( GATI )         |
| FOR: Rose E. Gottemoeller | ( GOTTEMOELLER ) |
| FOR: Daniel B. Poneman    | ( PONEMAN )      |
| FOR: Natalie S. Wozniak   | ( WOZNIAK )      |

## World Trade Center Bombing

[Background: James Fox, Assistant FBI Director, made the following comments during a hearing on the Hill yesterday (Tuesday), "From early on, we were reluctant to say this was a bombing, but it was a bombing. From early on, we were reluctant to say this was a terrorist incident, but now there is a lot of evidence that leads us to suspect it was a terrorist incident." Also, he said he believed those responsible were from "a large, well-known terrorist group."]

Q: Assistant FBI Director Fox said yesterday that the World Trade Center bombing was the work of a "well-known terrorist group." Which groups do we consider to be the primary suspects? Do we plan retaliation, legal action?

A: -- We are employing all of our resources -- investigative and judicial -- to find and punish those who committed this despicable act.

-- The investigation of this incident is ongoing, and it is too early to discern its implications.

## Bosnia

[FYI: There was a tenth air drop Tuesday night. The drop included Turkish-donated supplies.]

Q: Can we have an update on Serbian sanctions? What steps are we taking?

A: -- The team that pressed for closer cooperation with allies and front-line states on trade sanctions and the team that investigated how to tighten financial sanctions have returned from their meetings in Europe.

-- They obtained agreement from our allies to support our proposals on improving enforcement of existing trade sanctions, to include increased scrutiny of transshipments, expanded inspection teams, and stricter enforcement of financial sanctions.

-- Among the steps taken to give teeth to the sanctions are the seizure this weekend of the Maria by the Seychelles and the deflagging of the Dimitrakis by Malta.

-- Authorities in the Seychelles are investigating the captain and crew of the Maria for contraventions of domestic law and sanctions violations.

-- The Dimitrakis is presently in Alexandria, where Egyptian authorities are conducting investigations of sanctions violations.

Q: What is happening at the peace talks?

A: -- The talks are in recess and are expected to resume in a few days.

## Second Court Case on Haitians

[Background: This case is part of the same litigation in which the Administration defended the right of the U.S. government to return to Haiti, without a prior hearing, asylum seekers intercepted in international waters.

The issues in this case, however, are different than the issues in the direct return case argued on March 2.

This case involves 262 Haitians detained on Guantanamo Bay. Most have tested positive for the HIV virus, the rest are family members of the HIV positive individuals. All were deemed to have credible claims to refugee status and would have been sent to the U.S. to pursue asylum claims had they not been HIV positive.

The President has not yet decided whether to 1) allow some or all of these applicants into the U.S. to pursue asylum claims, 2) keep them on Guantanamo; or 3) return them (the least likely outcome in the short term, due to the fact that they have credible claims to persecution).

The major legal issue in this case is whether these applicants have a right to constitutional due process guarantees, such as access to counsel during the processing of their claims. As a matter of policy, we have permitted lawyers for the Haitians to have access to their clients, but we maintain that we are not obligated to do so as a matter of law as these aliens are outside the U.S., and the immigration law does not apply. The lawyers for the Haitians are also arguing that it is illegal to exclude these people from the U.S. because of their HIV status.]

## Talking Points

- The President has concluded that the practice of direct return should be maintained to prevent a human tragedy while we are engaged in efforts to restore democracy to Haiti.
- Such a step was necessary to avert a human tragedy.
- The case of the Haitians at Guantanamo is under review.
- The President believes that our international legal obligations are being met.

Q: The New York Times reports that you have once again defended Bush's policy on Haitian refugees. Can you comment?

A: -- The major legal issue in the case mentioned in the Times report is whether the full panoply of U.S. immigration laws should apply to aliens outside the United States. We believe it does not, and that is the legal position that is being argued by the U.S. Government in court.

Q: Doesn't this represent a change in the President's position?

A: -- No, the President has never asserted that, as a matter of law, the full range of Immigration Act benefits should apply to aliens outside the U.S.

Q: But aren't you treating Haitians unfairly?

A: -- In fact, we have permitted lawyers for the Haitians to have access to their clients at Guantanamo. Lawyers have logged dozens, if not hundreds of hours at Guantanamo with their clients. But we have permitted such access as a matter of policy, rather than a matter of law.

Q: Isn't it illegal to treat HIV-positive applicants for asylum different than others seeking asylum?

A: -- In fact, HIV-positive applicants for refugee status outside the United States do not have a "right" of entry. In fact, are precluded from entry if they are not given "waivers."

Q: The Times reports that advocates for the Haitians claim that conditions on Guantanamo are deplorable. How do you respond?

A: -- The basic needs of the Haitians are well met at Guantanamo, and efforts have been made to provide the community there with recreational and other facilities. We are reviewing the situation.

Q: But what are you planning to do with these Haitians?

A: -- This is a compelling and complicated issue that is still under review.

Q: The Bush Administration at least permitted some of these people to come to the U.S. in compelling humanitarian circumstances. Are you continuing that practice.

A: -- We are continuing this practice of case-by-case humanitarian parole for humanitarian reasons, such as the need to obtain medical treatment not available at Guantanamo. Over the past several days, the Attorney General has "paroled" into the United States at least four persons for these reasons.

## Aid Levels to Egypt and Israel

[Background: Statements during hearings Monday: "There are also tremendous pressures on us, given the demands of our domestic economy," said Rep. David Obey. "There'll be tremendous pressures on the budget because of escalating needs with respect to assistance to the Soviet Union. I think that demonstrates that we cannot forever assume that we're going to be providing this high percentage of this bill to the Middle Eastern region. I think we have a right to expect over time to see that decline. People routinely call my office and say, well, with the budget squeeze, can we expect that Israel and Egypt are going to be taking a part of that cut?"

Assistant Secretary of State Ed Djerejian said, "We remain steadfast in our commitment to direct substantial foreign aid resources to the security of Israel, to support for Egypt's vital role in the stability and security of the region."]

Q: In light of Representative Obey's comments, what is the U.S. position on aid to Israel and Egypt?

A: -- The President has made it clear that it is his Administration's intention to continue significant levels of aid to Israel and Egypt.

-- The President's FY 94 budget assumes that security assistance will be maintained at current levels.

Q: What about economic reforms in Israel and Egypt? Are we satisfied with their progress?

A: -- Both countries have undertaken programs of economic reform that we strongly support. We are encouraging them to proceed with such reforms.



**M E M O R A N D U M**

To: George Stephanopoulos  
From: Tom Donilon  
Re: Middle East  
Date: March 10, 1993

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Today at 11:30 am Secretary Christopher will announce that we and the Russians are extending invitations to the parties in the Middle East peace talks to resume the bilateral negotiations beginning on April 20.

Attached are drafts of the Secretary's prepared remarks and the joint US-Russian statement.

*Comments ?*

**March 10, 1993**

**RESUMPTION OF MIDDLE EAST**  
**NEGOTIATIONS**

**Good morning. President Clinton asked me to make an announcement today on our efforts in the Middle East.**

**Events in the Middle East have historically captured the attention of the world. Unfortunately, too often this has been because of war. This is a region that, since 1948, has known five Arab-Israeli wars.**

**- 2 -**

**And every time the world held its breath, because the risk of a superpower confrontation was ever-present. That risk is now a thing of the past. The end of the Cold War created an unusual opportunity for progress toward peace in this troubled region. And now, all of us must seize and enhance that opportunity.**

**- 3 -**

**In the Middle East, such opportunities are unlikely to last. And the costs of a lost opportunity could be very high. It's precisely the recognition of these costs that has guided every Administration for over four decades -- Democrat and Republican alike -- to play an active role in the search for peace in the Middle East. This enduring and bipartisan commitment to promote peace reflects an unassailable reality -- the search for peace in the Middle East is in America's vital national interest.**

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**This reflects the fact that conflict in this region, especially given the abundance of very destructive weapons in the area, contains the seeds of dangerous escalation. It reflects the fact that the great majority of the world's oil supplies could be put at risk. And it reflects the fact that the United States has a special commitment to Israel's security -- a country that is a solid and trusted ally with whom we share deep and abiding democratic values.**

**- 5 -**

**I believe we have an opportunity now to promote peace that will serve the interests of Israel, the Arab states, the Palestinians and the international community as a whole. A passive American role is not enough. What is called for is an active, positive effort that can take advantage of what many in the region believe is an historic moment.**

**- 6 -**

**We must seize this opportunity much as we seized the opportunity to play the role of full partner in the achievement of Israeli-Egyptian peace 14 years ago. We have been repaid in full over the years by strong friendship and ties with both Israel and Egypt. The visits to Washington by Prime Minister Rabin this week and by President Mubarak in April are testimony to the enduring nature of the relationships forged out of the Egyptian-Israeli peace process.**

**- 7 -**

**It is time for people in the region to set aside violence and to work together for reconciliation and peace. The important step taken at the Madrid Conference has opened up a wide vista of possibilities. Over the past year, Arabs and Israelis have sat together in bilateral negotiations seeking to achieve a comprehensive settlement based on United Nations Security Council Resolutions 242 and 338.**



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**They have also joined  
multilateral negotiations on such  
diverse and pressing issues as arms  
control and regional security,  
economic development, water,  
refugees, and the environment.  
They have sought to build a Middle  
East in which neighbors work  
together in peace to resolve  
common problems.**

**- 9 -**

**President Clinton is committed to helping the parties confront and overcome the difficult challenges that lie ahead. In asking me to consult with Middle East leaders on my first trip abroad as Secretary of State, the President offered our assistance as an active full partner in the search for peace. In so doing, the President underscored the enduring reality of American involvement in Middle East peace efforts: it is good for us, as Americans, and it is good for our friends and interests in the region.**

**- 10 -**

**I was happy to report to the President that the parties remain committed to achieving peace through negotiations. During my trip, I found a strong sense of common ground among the leaders in the region that the time had come to get down to substance and to translate the promise of peace into a reality.**

**- 11 -**

**The resumption of the bilateral and multilateral negotiations -- which we are announcing today -- is important but not an end in itself. Our objective, and the objective of all the parties, must be to make real, tangible progress soon. Nearly everyone I spoke to in the Middle East agreed that there may now be a one-time opportunity to promote peace. History tells us such opportunities can be fleeting, especially in the Middle East. It is time to relaunch the negotiations.**

**- 12 -**

**Toward this end, the United States and Russia, as co-sponsors of the Middle East peace negotiations, are today inviting the parties to resume bilateral negotiations here in Washington for two weeks commencing Tuesday, April 20. We are also announcing the reconvening of the multilateral working groups at specified dates, beginning with the Water Group on April 27 in Geneva.**

**- 13 -**

**To prepare the ground for the negotiations, we will also be inviting the parties to send representatives to Washington during late March or early April for substantive discussions with the U.S. team.**

**- 14 -**

**And so, we must all roll up our sleeves and work to make 1993 a year marked by progress toward peace and reconciliation. The United States is prepared to do its part. Now the parties must be prepared to do theirs.**

**We have the text of the U.S.-Russian announcement available for you.**

Q & A's on DEFENSE CONVERSION

Draft only - Examples

Q1. What does "defense conversion" mean?

A1. Defense conversion means that now that the cold war is over, we are seizing this unique and historic opportunity to reinvest a portion of our defense resources--both human and physical--into even more productive uses for our nation. We are reinvesting for our future.

Q2. What is the Clinton Administration doing that is new?

A2. While Congress took the initiative on defense conversion last year and made available approximately \$1.7 billion, the Bush Administration withheld virtually all of these funds. We are (1) releasing the 1993 money in the program I am announcing today, (2) expanding many of these initiatives, and (3) establishing a better interagency coordinating process to oversee and streamline our defense conversion efforts.

Q3. But the Defense Department says it is only implementing \$1.4 billion. How much is actually in the defense conversion package?

A3. Some of the funding Congress appropriated could not be fully used by DoD within the remainder of this fiscal year. At the same time, DoD is introducing several new programs, including pilot programs to help separating defense personnel enter community service. In addition, we have initiatives in other Departments that bring the overall 1993 defense conversion program up to the \$1.8 billion level. These include elements from our stimulus package that will directly contribute to defense conversion. Examples are additional adjustment



assistance for defense-dependent communities, Department of Energy partnerships with industry and other civilian technology programs that offer a good fit with defense firms and workers.

Q4. What will happen to the defense conversion program in the out-years?

Q4. Spending on these and other defense conversion-related initiatives will nearly double by FY94 and further increase in the outyears.

Q5. Are the personnel and community assistance programs targeted to specific groups or places, such as where bases are being closed?

A5. While many of the personnel-related programs assist military and Defense civilians, there are funds, such as in the \$75 million "Job Training and Employment Services" program, that will help provide job training for a broad spectrum of separating workers, including private sector defense workers.

With regard to base closure assistance, DoD's Office of Economic Adjustment (OEA) provides alternate use planning funds to immediately help communities impacted by base closure. OEA's budget is more than tripled to \$30 million in 1993. Once the plans are finalized, the Economic Development Administration (EDA) at Commerce provides assistance to implement these plans, and we plan to concentrate on streamlining this phase of the community assistance process.

Q6. What is the DARPA initiative and how can firms apply?

A6. The \$760 million dollar "ARPA" initiative being announced today is a major breakthrough in promoting dual-use technology

partnerships that can both make our nation more competitive and strengthen our industrial base. "ARPA" will immediately solicit proposals for new technology partnerships with industry and academia. They will be holding a series of regional meetings during the 120-day proposal period to make sure all businesses have the information they need on these technology programs.

Q7. How does this differ from the technology initiative you announced last month in California?

A7. As you will recall, our announcement last month included defense conversion in general terms. What is new today is that we are outlining very specific 1993 plans and programs to assist defense workers, firms and communities. Within the next month we will have ready a more detailed look at our defense conversion initiatives in 1994 and beyond, which will continue and further strengthen these efforts.

Q8. You mentioned better interagency coordination. What does that entail?

A8. Making defense conversion successful requires the efforts of numerous departments and agencies across our government. I have asked the National Economic Council to take the lead in coordinating and streamlining this effort. Our interagency task force on Defense Reinvestment and Conversion has been meeting for a couple of weeks now.

As part of today's 1993 defense conversion package, DoD is transferring \$75 million to the Department of Labor for worker retraining, and \$80 million to the Department of Commerce for community adjustment assistance.

Q9. What about the Department of Energy labs? Are they part of this conversion initiative?

A9. Yes. In fact, the Department of Energy has reprogrammed \$188 million in 1993 to help transfer technology from its weapons labs to industry.

Q10. Do you believe that this defense conversion initiative will really help those defense workers and small firms that are out of work?

Q10. I believe that this 1993 defense conversion package will help jump-start this process. I believe that when coupled with our broader technology strategy and worker retraining efforts, and with our overall economic program spurring long-term economic growth, that this will create many new market and job opportunities for dislocated workers and firms.

#### BASE CLOSURE:

Q1. Secretary Aspin is expected to release his base closure recommendations tomorrow. Won't any gains in defense conversion be negated by the impacts of closing all these bases?

Q2. Closing bases as we reduce the size of our military forces is a difficult but necessary process. It will save taxpayer dollars and help us maintain effective and well-trained military forces rather than unneeded defense facilities.

The current base closure process is a carefully designed, bipartisan process. I plan to carefully review the Base Closure Commission's recommendations when they come to me on July 1st. We will be aggressive in helping those communities that request

assistance, and many of the programs in our defense conversion package will help us meet that goal.

*Can't meet  
deadline  
Aug 19*

PRESS QUESTIONS AND ANSWERS

*x Understand  
x Tim's plan  
x Comprehensive*

BASIC FACTS

- The summit conference will take place in Portland, Oregon, on Friday, April 2.
- The President and Vice President will convene the summit conference. Secretaries Babbitt, Espy, and Reich as well as Administrator Browner will attend and be part of the Administration team preparing a comprehensive program.
- We are seeking broad public participation. We will be working with elected officials and interest groups, including, labor, timber and other industry, tribes, environmentalists and community interests, to identify participants.
- Prior to April 2, Cabinet members will make "information gathering" trips to the region.

Overall Objectives

- To develop a balanced approach to managing Federal forest lands that provides certainty regarding sales of timber and meets conservation goals. The new approach must break the gridlock the region has experienced in recent years.
- To begin the process to develop a comprehensive northwest forest management program which may include:
  - measures to provide immediate timber sales on Federal forest lands;
  - a long-term strategy that provides certainty regarding sales of timber from Federally managed lands; and
  - expanded displaced worker and community development assistance programs in areas dependent on Federal forest lands for timber.

Scope of Conference

- Conference will focus on various uses of federally managed forest lands on the west side of the Cascades and the importance of those activities on state and local economies.
- Conservation of the old growth forest ecosystem and its components is essential. Several endangered and threatened species, including northern spotted owls, marbled murrelets, and salmon, inhabit those ecosystems.
- We will not focus on timber management on the east side of the Cascades or Columbia River main stem salmon issues. The Summit will address those issues only as they relate to forest management problems on the west side.