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GS Briefing

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WHITE HOUSE PRESS GUIDANCE -- 11:00 AM
MONDAY, MARCH 22, 1993

Russia

-- Building prosperity
-- Modernizing forces
-- Promoting democracy

Q: What is the situation today in Russia?

A: -- We are monitoring closely events in Russia. The situation in Moscow and throughout Russia today is calm.

-- As we stated yesterday, the United States supports the development of democracy and free markets in Russia and we support President Boris Yeltsin, his reform government and reformers throughout the Russian Federation.

-- Given the fact that there is a constitutional impasse in Russia, we believe it is appropriate to let the Russian people decide these questions.

-- We will not comment on the specifics of Russia's internal political impasse or on the meetings of the Constitutional Court or legislature. That is for the Russian people to decide.

-- President Yeltsin has underscored his commitment to uphold all of Russia's international commitments and obligations. We expect to continue to work with President Yeltsin and his government on a wide range of issues.

Q: Do you have any plans to move the summit to Moscow?

-- The President is proceeding with plans to meet President Yeltsin in Vancouver on April 3 and 4.

-- We are in constant communication with the Russian government concerning plans for the summit, and have no indications from the Russian government regarding a change of venue.

-- Foreign Minister Kozyrev arrives in Washington today and will meet with the President and Secretary Christopher Tuesday and Wednesday to discuss plans for the summit.

DoD Statement on Sub Incident

A U.S. nuclear-powered submarine, the USS GRAYLING (SSN646), on routine operations in the Barents Sea accidentally collided with a Russian Navy submarine in international waters around 12:46 AM EST Saturday (200546 Greenwich Mean time). The incident occurred 105 nautical miles north of the Murman coastal region of the Kola peninsula. Damage to the U.S. vessel was minimal and no one was injured. The Russian submarine is reported to be safe. The U.S. Navy is conducting an investigation. The United States regrets the incident.

North Korea and the NPT

- Q: What course is the USG following besides meetings at the International Atomic Energy Agency (IAEA)? What happens next?
- A: -- What happens next depends on the decisions of the IAEA and possibly the UN Security Council. We will continue to work with the international community to convince North Korea to reverse its decision to withdraw from the Nuclear Non-Proliferation Treaty.
- Q: Will there be a UN Security Council meeting next week to consider sanctions against North Korea?
- A: -- Multilateral discussion of how best to deal with North Korea's non-compliance with its nuclear safeguards agreement and intention to withdraw from the Nuclear Non-Proliferation Treaty is for now centered at the International Atomic Energy agency (IAEA) in Vienna.
- No Security Council meeting has been put on the agenda at this time.
- Q: Is the U.S. working with Britain and others to develop/coordinate a UN resolution?
- A: -- We continue to consult with all concerned members of the international community, including Britain, on how best to support the IAEA and the NPT.
- Q: Are any other contacts planned with North Korea, beyond the political counselors' meeting in Beijing?
- A: -- No contacts are planned.
- Q: Has the IAEA extended the deadline for North Korea to comply with the IAEA's inspection request by a week?
- A: -- In its February 25 resolution, the IAEA called on North Korea to comply with its inspection request. It gave North Korea a one month deadline to comply.
- We assume that, should the deadline expire without North Korean compliance, the IAEA would report North Korean non-compliance to the UN Security Council.

-- There has been no discussion of an extension of the deadline.

Q: Does the U.S. Government plan to increase the number of its troops on the Korean peninsula -- either by leaving behind some of the Team Spirit exercise participants or calling up additional forces?

A: -- No. We have no plans to leave behind either troops or equipment that were part of Team Spirit, nor do we have plans to call up any additional forces.

-- Contrary to press reports, we have received no request from the Government of South Korea in this regard.

- The possibility of a superpower conflict on the European continent has vanished, allowing us to bring thousands of troops home and to reduce our defense budget.
- Around the globe, totalitarian regimes that looked to the Soviet Union for support are isolated and on the defensive.
- And from Vilnius on the Baltic to Vladivostok on the Pacific, vast new markets are slowly opening to Western business.

With a reforming Russia, all of these historic achievements were made possible. Without it, many may not be sustainable.

We stand again at a historic crossroads. It is reminiscent of the crossroads we faced in 1918 and 1945. Then, as now, we were summoned to lead the world in building a new peace. After World War I, we chose to retreat. And the consequences were disastrous.

After World War II, our leaders had the wisdom to answer the call. We fostered the institutions that re-built the free world's prosperity. And we helped lead a democratic alliance that contained and, ultimately, drained Soviet Communism.

Today, for the third time this century, we have a historic opportunity to build a more secure world. We must re-double our efforts to help the Russian people as they struggle in an

effort that has no historical precedent. With great courage, they are attempting to carry out three simultaneous revolutions. First, transforming a totalitarian system into a democracy. Second, transforming a command economy into one based on free markets. And third, transforming an empire into a modern nation-state. If they succeed, we all will succeed.

Now it appears that another turning point has been reached in Russia's transition. For months, a constitutional crisis between President Yeltsin and the parliament has paralyzed Russian politics. That crisis has come to a head. President Yeltsin has called for a national plebiscite to resolve the constitutional impasse. In so doing, he has again demonstrated his faith in the only force that can guarantee reform's success -- the Russian people.

We welcome President Yeltsin's assurance that civil liberties, including freedom of speech and the press, will be respected. We also welcome his firm rejection of imperial and Cold War policies. The most important point is that Russia must remain a democracy moving toward a market economy. That is the only basis for our new U.S.-Russian partnership.

The United States has strongly supported Russia's efforts to build democracy. Under President Yeltsin's leadership, historic progress has been made to establish a free society. We urge that this progress continue and that the Russian people be allowed to determine their future through peaceful and

democratic means. On that basis, Russia can be assured of our full support in the difficult days ahead.

Today's crisis results in part from one indisputable fact: the pain of building a new system virtually from scratch is exacting a tremendous toll. The patience of the Russian people is wearing thin, a fact that is reflected in Russia's current political stalemate.

Nevertheless, over the last year, President Yeltsin and Russia's other democrats have demonstrated their commitment to reform. Civil liberties have been dramatically expanded. The military budget has been significantly cut. Prices have been freed in most sectors, and the result has been an end to the once ubiquitous lines that formed outside Russia's stores. Dramatic progress has also occurred in selling off tens of thousands of shops, restaurants, and other small firms. And a real start has been made on the difficult process of privatizing large enterprises. As a consequence, the share of the work force engaged in private commerce has more than doubled in the last two years.

Over the weekend, President Yeltsin re-committed his government to economic reform. He laid out in clear and strong language the key elements of such a program: continued privatization of firms, selling land to farmers, stopping inflation, and stabilizing the ruble. If this program is implemented, our capacity to help Russia's reforms, as well as

TALKING POINTS ON KOHL AMENDMENT

We don't have the exact language on the Kohl amendment. However, it apparently is very similar to a Stenholm amendment that was not offered in the House. That would delete the emergency status for outlays resulting from the stimulus package which do not occur in FY 1993. Any post-1993 outlays would therefore have to be fit into the discretionary spending cap for the year in which they took place. The Administration proposal, and the legislation passed by the House, provides emergency designation to all of the outlays, regardless of the year in which they take place, thus making them exempt from the discretionary caps. Here are some problems with the Kohl amendment:

- Requires more spending cuts. The effect of the amendment would be to require spending cuts in the out-years in order to fit the additional spending under the cap. There are two associated problems there:
 - Endangers Administration's proposed investments. Placing these outlays under the caps will make it that much more difficult to achieve the President's investments in education, infrastructure, research, etc., which are needed to foster future productivity and long-term economic growth.
 - No specificity. The amendment does not propose what those spending cuts will be. It fails, therefore, the test of specificity.
- Possible unwanted effects. The amendment could create several unwanted effects in the stimulus programs:
 - Encouraging game-playing. Physical investment programs, like highways, contract for work immediately but pay out in outlays only when the work is completed. An amendment of this kind will encourage administrators to write checks sooner and to rush work at the expense of quality.
 - Quality control. The amendment could discourage the Youth Summer Job program from performing planned evaluation and follow-up after the fiscal year ends because that spending will not be covered by the emergency designation.
- Fiscal fine-tuning. The Administration has proposed \$473 billion in deficit reduction over five years. The effect of this amendment is to increase that by \$10 billion without offering any specifics. This is not an issue of principle, it's fiscal fine-tuning.
- The bottom line is, if you want more spending cuts, do it cleanly and explicitly, and provide specifics, rather than creating all of these potential problems.

TALKING POINTS ON BREAUX AMENDMENT

The Breaux amendment effectively prevents the outlay of a significant portion of the stimulus funds until after the budget reconciliation legislation is enacted. It would permit the immediate outlay of funds needed for the summer "and for quick job creation."

We have no specifics yet on what spending could go forward and what could not. Indications are that it is roughly half, or perhaps somewhat more than half, that would be triggered only by enactment of reconciliation.

We understand that it is being offered in the spirit of compromise and is intended to encourage the enactment of the President's deficit-reduction plan. However, because it is potentially damaging to the stimulus package itself, we oppose it.

Here are some problems:

- Stimulus delays. The reality is that even though the amendment implies that actual spending will not be delayed, in fact it will be because of the uncertainty of the date of enactment of the reconciliation bill.
- Creates uncertainty. The entire stimulus program, not just a portion of it, is essential to maintaining the economic recovery. Delaying implementation of a substantial amount of the stimulus would reduce not only the direct economic impact of the stimulus but the psychological impact as well.
- Investment down payment. A number of the stimulus items are down payments on long-term investments that are part of the President's long-term economic plan. Slowing down those items will effectively slow down the positive impact of those long-term investments.
- Comparison to Kohl. This amendment is not as damaging as the Kohl amendment, because it does envision implementing the entire stimulus package without requiring additional unspecified spending cuts, as Kohl does. However, it does reduce the positive economic impact of the stimulus plan and therefore should be defeated.