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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. talking points	RE: Talking Points on Bosnia (Background) (2 pages)	00/00/0000	P1/b(1)

COLLECTION:

Clinton Presidential Records
Communications
George Stephanopoulos
OA/Box Number: 553

FOLDER TITLE:

Press Briefing 5/13/93

2011-0582-F

db4264

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

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

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WHITE HOUSE PRESS GUIDANCE -- 9:00 AM
THURSDAY, MAY 13, 1993

Lord Trip to China

Q: Reports indicate Assistant Secretary Lord made little headway in his talks with Chinese leaders. What was his message? How did the Chinese respond?

A: -- In his meetings with Chinese officials, Assistant Secretary Lord discussed human rights, weapons proliferation and trade. Korea, Cambodia and regional security were also addressed, but the main focus was bilateral relations.

-- The talks were frank and useful. In our view, we have serious problems that need to be addressed by China to permit improvement in relations, a goal both sides share.

Q: With whom did he meet?

A: -- He met with Acting Foreign Minister Tian Zengpei [Tee-en Tzung-pay], Vice Foreign Minister Liu Huaqiu [Lee-oh Hwa Chee-oh] and the Director of North American and Oceanian Affairs Ma Zhengang [Ma Jun-Gahng].

Q: Are you still planning to impose conditions on MFN?

A: -- The President wants to see progress made on the three areas Lord raised during his visit -- trade, weapons proliferation and human rights.

-- Progress in those areas will be a key factor in the President's decision on MFN status.

Bosnia

Q: What about Siladzic's call for removing UNPROFOR from Bosnia?

- A: -- We understand the frustration of the Bosnians as this conflict has dragged on.
- The men and women of UNPROFOR and UNHCR have worked tirelessly under extremely difficult circumstances to relieve the suffering of tens of thousands of Bosnian citizens.
- The United States does not believe that UNPROFOR presents a problem for the international community as it contemplates stronger measures to stem the violence.
- Removing UNPROFOR would require a new UNSC resolution.
- We're consulting with our friends on the UNSC on the future of UN personnel in Bosnia.

**IO PRESS GUIDANCE
TUESDAY, MAY 12, 1993**

UN SAFE AREAS IN ZEPA, SARAJEVO, GORADZE, TUZLA, AND BIHAC

- Q: Please update the Implementation of UN Security Council resolution 824 creating safe areas in Zepa, Sarajevo, Goradze, Tuzla and and Bihac.**
- A: -- FRENCH AND UKRAINIAN UNPROFOR TROOPS ARE IN ZEPA. SOME CIVILIANS HAVE RETURNED TO THE CITY, BUT MOST ARE BEING DETERRED BY THE SERB BLOCKADE OF UN RELIEF OFFICIALS AND AID TO THAT CITY.**

- NO SECURITY COUNCIL ACTION ON THE SITUATION IN ZEPA OR THE OTHER "SAFE AREA" CITIES HAS BEEN SCHEDULED.**
- WE HAVE NO DETAILS ON PROGRESS TOWARD THE ESTABLISHMENT OF SAFE HAVENS IN THE OTHER CITIES MENTIONED IN RESOLUTION 824.**

**EUR PRESS GUIDANCE
MAY 12, 1993**

BOSNIA-HERZEGOVINA: PAN-SERB ASSEMBLY

Q: What do we think of Milosevic's call for a pan-Serb assembly on May 14?

- A: -- WE DO NOT RECOGNIZE THE LEGITIMACY OF ANY OF THESE SO-CALLED REPRESENTATIVES OF THE SERBIAN PEOPLE, INDIVIDUALLY, AS AN ASSEMBLY OR BY REFERENDUM, TO DECIDE THE FATE OF BOSNIA-HERZEGOVINA.**
- THE "FRY", SERBIAN AND KRAJINA REPRESENTATIVES WHO HAVE ASKED FOR THE MEETING ARE THE SAME GROUP THAT WENT TO PALE LAST WEEK TO URGE -- UNSUCCESSFULLY -- THAT THE SO-CALLED BOSNIAN SERB "PARLIAMENT" ACCEPT THE VANCE-OWEN PLAN.**
 - KARADZIC HAS ANNOUNCED THAT HE WILL NOT PARTICIPATE AND THAT THE BOSNIAN SERBS WILL NOT SEND ANY REPRESENTATIVES.**
 - THE SERBS HAVE HAD PLENTY OF OPPORTUNITY TO STOP THE FIGHTING, END ETHNIC CLEANSING, RELEASE DETAINEES AND REACH A NEGOTIATED SETTLEMENT. A PAN-SERB ASSEMBLY IS UNNECESSARY FOR THEM TO DO WHAT THEY KNOW THEY MUST.**

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THE TEST OF WHETHER THE
SERBS ARE COMMITTED TO AN AGREEMENT WILL BE
DEVELOPMENTS ON THE GROUND. AS THE SECRETARY
SAID, WE LOOK TO DEEDS, NOT WORDS, TO INDICATE THE
SERBS' INTENTIONS.

Macedonia: Ground Troops

Q: Is the U.S. considering sending ground troops to Macedonia.

A: -- There are presently some 700 members of UNPROFOR stationed in Macedonia at the request of the Macedonian Government.

-- The U.S. is already participating in the CSCE monitoring mission in Macedonia. (FYI: That mission is headed by an American.)

-- We are studying a number of additional options to pursue our efforts to contain the conflict and bring pressure on the Serbs.

Q: Are you also looking at sending troops to Albania or Kosovo?

A: There are no such plans right now; it is not being actively discussed.

Russian Veto of the Cyprus Resolution

Q: Does the Russians' veto of the Cyprus Resolution mean that the era of cooperation in the Security Council is over?

- A: -- No. We regret that one of the Permanent Members elected to use its veto for the first time in three years. Nevertheless, we are very confident that the Russians and the other Permanent Members of the Security Council will continue their pattern of constructive consultation and cooperation.
- Cyprus is a discrete and somewhat unique issue. Many member states have significant concerns about the form that a future peacekeeping presence in Cyprus should take.
- We knew, as did the British, that Russia strongly opposed changing the method of financing the Cyprus operation from voluntary to assessed contributions.
- The Russians' veto in this single instance signals their broader concern, which we fully share, that the cost of peacekeeping is skyrocketing and must be brought under control.
- We are preparing to work with the Russians and other major peacekeeping contributors to find ways to improve the management and financing of UN peacekeeping.

C-17 Program

Q: The Pentagon has reportedly warned McDonnell Douglas Corporation that the C-17 program could be canceled if cost and schedule problems are not solved. Does this reflect a change in the Administration's support for the C-17 program?

A: -- We stand behind the Department of Defense efforts to get the C-17 program back on track.

-- The C-17 is an important element of our efforts to upgrade our military airlift capability.

-- As events in Somalia, northern Iraq, and Bosnia demonstrate, the U.S. will continue to need airlift to respond to a wide range of contingencies.

Japan Accuses U.S. of Unfair Trade Practices

Q: Yesterday [Tuesday] Japan issued a report accusing the U.S. of being the worst offender of free-trade principles among its major trading partners. In particular, it criticized the U.S. for the use of unilateral sanctions. What is the Administration's response?

A: -- In a bilateral relationship as complex as the U.S.-Japan relationship, it is not surprising that there are differences of opinion.

-- By all reasonable standards, the U.S. maintains the most open market in the world.

-- If Japan is really interested in liberalizing world trade, it will turn its attention to the successful completion of the Uruguay Round and the development of the framework for economic negotiations announced last month by President Clinton and Prime Minister Miyazawa.

UN Resolution on North Korea

Q: What is your reaction to the UN Security Council's adoption of a resolution calling on North Korea to honor its nonproliferation obligations and reconsider its action to withdraw from the NPT?

A: -- We welcome the UNSC resolution, which adds the weight of the Security Council to what's already been said by nations across the international community: North Korea should return to compliance with its nuclear safeguards obligations and reverse its decision to leave the Non-Proliferation Treaty.

-- We hope North Korea will heed this action by the Council. It should immediately take the necessary steps to comply with its international nonproliferation obligations.

Q: What about North Korea's statement that UN sanctions would be an act of war?

A: -- North Korea bears full responsibility for the current situation. The international community is simply calling on North Korea to comply with its international nonproliferation obligations, including the nuclear safeguards agreements it has voluntarily undertaken, and to reconsider its plan to leave the NPT, one of the cornerstones of global peace and security.

Israel/Peace Talks - UPDATING

Q: Are you satisfied with the progress being made in the talks?

A: -- The parties have been seriously addressing the core substantive issues in all of the tracks. We know the issues they are now discussing are not easy to resolve, but we continue to urge all the parties to make advances.

Q: Do you have a comment on the reduced Palestinian delegation?

A: -- The important thing is that all of the parties continue to negotiate seriously on the core substantive issues.

Q: What is your reaction to the Israeli decision to permit an additional 25 deportees to return from southern Lebanon?

A: -- We welcome this decision. It is consistent with our understanding with the Government of Israel and is part of the accelerated return of deportees consistent with United Nations Security Council Resolution 799.

Q: When will the talks adjourn?

A: -- The parties will decide themselves on adjournment. We understand they plan to adjourn.

WHITE HOUSE PRESS GUIDANCE -- 12:00 PM
THURSDAY, MAY 13, 1993

Lord Trip to China

- Q: Reports indicate Assistant Secretary Lord made little headway in his talks with Chinese leaders. What was his message? How did the Chinese respond?
- A: -- In his meetings with Chinese officials, Assistant Secretary Lord discussed human rights, weapons proliferation and trade. Korea, Cambodia and regional security were also addressed, but the main focus was bilateral relations.
- The talks were frank and useful. In our view, we have serious problems that need to be addressed by China to permit improvement in relations, a goal both sides share.
- Q: With whom did he meet?
- A: -- He met with Acting Foreign Minister Tian Zengpei [Tee-en Tzung-pay], Vice Foreign Minister Liu Huaqiu [Lee-oh Hwa Chee-oh] and the Director of North American and Oceanian Affairs Ma Zhengang [Ma Jun-Gahng].
- Q: Are you still planning to impose conditions on MFN?
- A: -- The President wants to see progress made on the three areas Lord raised during his visit -- trade, weapons proliferation and human rights.
- Progress in those areas will be a key factor in the President's decision on MFN status.

Bosnia

- Q: Have you shifted your strategy on Bosnia as reported by **The New York Times**? Have you set aside either the air strike or lift arms?
- A: -- Our strategy remains unchanged. The President has proposed using more forceful measures, including military action. We believe that this plan represents the best approach. We remain engaged in consultations with our allies, who have agreed to keep this a live option.
- Q: Would the U.S. be willing to send troops to monitor the Serb sanctions against the Bosnian Serbs?
- A: -- The UN is discussing a resolution to put monitors on the Serb border with Bosnia.
- We would not rule out sending U.S. troops, but it is not being actively considered.
- Q: Press reports suggest Milosevic's sanctions are a sham. When do you plan to do something?
- A: -- We're monitoring the situation there. We cannot make a declarative statement until more evidence is obtained.
- Q: What about Siladzic's call for removing UNPROFOR from Bosnia?
- A: -- We understand the frustration of the Bosnians as this conflict has dragged on.
- The men and women of UNPROFOR and UNHCR have worked tirelessly under extremely difficult circumstances to relieve the suffering of tens of thousands of Bosnian citizens.
- The United States does not believe that UNPROFOR presents a problem for the international community as it contemplates stronger measures to stem the violence.
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-- We are studying a number of additional options to pursue our efforts to contain the conflict and bring pressure on the Serbs.

Q: Are you also looking at sending troops to Albania or Kosovo?

A: There are no such plans right now; it is not being actively discussed. [FYI: There is already a CSCE team in Kosovo to monitor the rights of the ethnically-Albania population there.]

Haiti

Q: Are there plans to introduce a Security Council resolution authorizing the deployment of an international police contingent to Haiti?

A: -- The current presence in Haiti of UN and OAS human rights observers has had a positive effect on human rights observance and has helped deter political violence.

-- A number of UN members have been consulting recently on ways to help strengthen the international presence in Haiti as part of the ongoing effort to achieve a negotiated political agreement to restore democracy and return President Aristide to Haiti.

-- One option under discussion would entail the deployment at President Aristide's request of an international police contingent.

-- Such a police contingent could be helpful in efforts to professionalize the police, and would, by its presence, help promote law and order during a political transition.

-- Deployment of an international police contingent under UN auspices would require Security Council approval.

Q: Do you plan to introduce such a resolution this week?

A: -- Secretary General Boutros-Ghali is expected to give a report to the Security Council on this topic soon, perhaps as early as the end of the week.

-- Normally, UNSC action would follow such a report, but there is no fixed timetable for considering a resolution on this issue.

Q: What would be the U.S. role in such a police force?

A: -- No decision has been made about whether or how the U.S. might participate in such a force, if it is created.

Q: What's the status of the talks in Haiti?

A: -- Special Representative Dante Caputo is still working with all Haitian parties toward a negotiated settlement of the crisis.

-- We support his efforts and remain in close touch with them through Special Adviser Amb. Lawrence Pezzullo in Washington and Special Charge Amb. Charles Redman in Port-au-Prince.

Russian Veto of the Cyprus Resolution

Q: Does the Russians' veto of the Cyprus Resolution mean that the era of cooperation in the Security Council is over?

- A: -- No. We regret that one of the Permanent Members elected to use its veto for the first time in three years. Nevertheless, we are very confident that the Russians and the other Permanent Members of the Security Council will continue their pattern of constructive consultation and cooperation.
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- A: -- We stand behind the Department of Defense efforts to get the C-17 program back on track.
- The C-17 is an important element of our efforts to upgrade our military airlift capability.
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- A: -- In a bilateral relationship as complex as the U.S.-Japan relationship, it is not surprising that there are differences of opinion.
- By all reasonable standards, the U.S. maintains the most open market in the world.
- If Japan is really interested in liberalizing world trade, it will turn its attention to the successful completion of the Uruguay Round and the development of the framework for economic negotiations announced last month by President Clinton and Prime Minister Miyazawa.

UN Resolution on North Korea

Q: Is it true as reported in The New York Times that North Korea has taken some conciliation steps since pulling out of the NPT?

- A: -- Earlier this week, we welcomed the UNSC resolution calling on North Korea to honor its nonproliferation obligations and to reconsider its withdrawal from the NPT.
- The resolution adds the weight of the Security Council to what's already been said by nations across the international community: North Korea should return to compliance with its nuclear safeguards obligations and reverse its decision to leave the Non-Proliferation Treaty.
- We hope North Korea will heed this action by the Council. It should immediately take the necessary steps to comply with its international nonproliferation obligations.
- We have said we are prepared to meet with the North Koreans to resolve this issue. This is not an issue between the U.S. and North Korea, and they should be under no illusions about the resolve of the international community.

Q: What about North Korea's statement that UN sanctions would be an act of war?

- A: -- North Korea bears full responsibility for the current situation. The international community is simply calling on North Korea to comply with its international nonproliferation obligations, including the nuclear safeguards agreements it has voluntarily undertaken, and to reconsider its plan to leave the NPT, one of the cornerstones of global peace and security.

Israel/Peace Talks

Q: Has the U.S. put forward a proposal on the Palestinian issue?

A: -- Yes. The U.S. has submitted guiding principles on this issue. I have no more details at this time.

Q: Are you satisfied with the progress being made in the talks?

A: -- The parties have been seriously addressing the core substantive issues in all of the tracks. We know the issues they are now discussing are not easy to resolve, but we continue to urge all the parties to make advances.

Q: Will the President meet with the delegations to the talks?

A: -- Such a meeting is being actively considered. A meeting will depend on the progress of the talks.

Q: When will the talks adjourn?

A: -- The parties will adjourn today [Thursday].



EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500

THE CHAIRMAN

May 13, 1993

93 MAY 13 A 8:27

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: LAURA D. TYSON *LD*

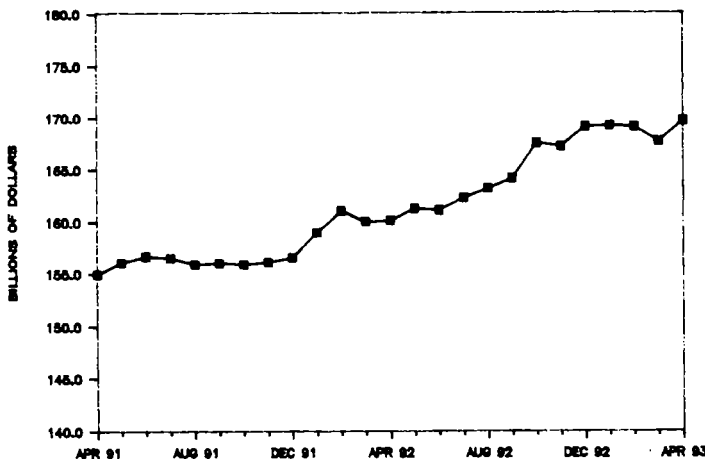
SUBJECT: April Retail Sales, Commerce Department Release, This Morning, 8:30 a.m.

The advance report shows that retail sales for April increased by more than enough to offset the March decline.

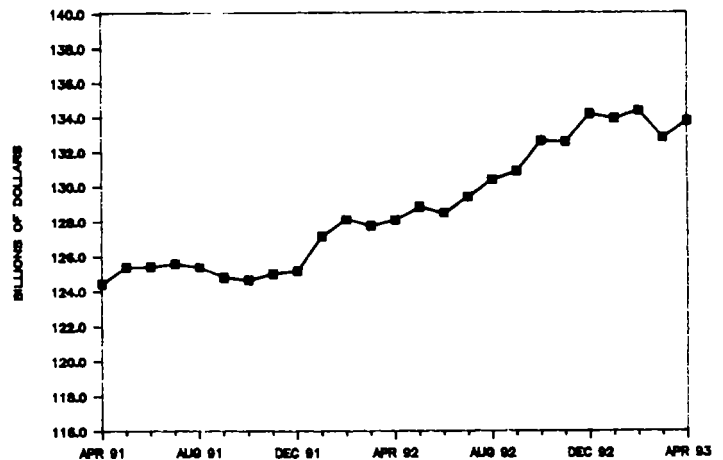
- o Retail sales increased 1.2 percent in April, matching analysts' expectations. Sales for March and February were both revised upward slightly, so that the estimated declines in those months are now 0.8 and 0.1 percent respectively.
- o Retail sales in the last 3 months have increased only 0.2 percent over the previous 3-month period. However, they have increased 5.2 percent over the year-earlier period.
- o Gains in retail sales were widespread in April, with durables increasing by 2.2 percent and nondurables by 0.6 percent. Durables were led by auto dealers' sales, which increased 3.0 percent. Nondurables were led by sales at general merchandise stores and apparel and accessory stores.

The charts below show that both total retail sales and retail sales excluding autos rebounded in April, but have changed little from their December levels. The slow growth of retail sales so far this year may be a consequence of the fact that sales rose more rapidly than income during the second half of 1992.

TOTAL RETAIL SALES



RETAIL SALES EX AUTOMOTIVE





EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500

THE CHAIRMAN

May 13, 1993

03 MAY 13 A 8:21

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

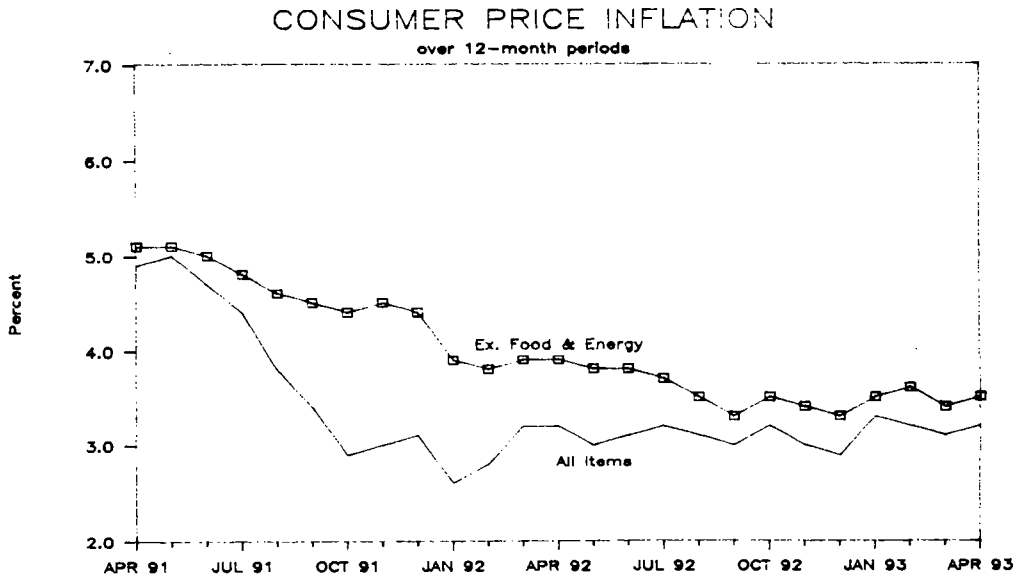
FROM: LAURA D. TYSON *LD*

SUBJECT: Consumer Price Indexes for April, Labor Department Release, This Morning, 8:30 a.m.

Consumer prices rose in April by more than analysts had expected. Coupled with yesterday's rise in producer prices, this may heighten concerns about a resurgence of inflation.

- o The consumer price index for all items rose 0.4 percent in April, double analysts' expectations of a 0.2 percent increase. Over the past 12 months, consumer prices rose 3.2 percent. For the calendar year to date, consumer prices are rising at an annual rate of 4.3 percent (compared to 2.9 percent during 1992).
- o Consumer prices excluding food and energy also rose 0.4 percent in April, and 3.5 percent over the past 12 months. For the calendar year to date, consumer prices less food and energy are rising at an annual rate of 4.5 percent (compared to 3.3 percent during 1992).

Although prices appear to be rising at a faster rate this year than last, it seems premature to conclude that a new trend is developing. Employment costs are rising slowly, many sectors continue to operate below capacity, and the dollar has remained stable, making a sustained increase in inflation unlikely. The chart below shows that consumer price inflation remains low by historical standards.



Identical letters to Speaker Foley and Chairman Natcher

Dear Mr. Speaker:

Dear Mr. Chairman:

On February 22, 1993, eighty days ago, I sent Congress legislation that would have provided immediate jobs for the American people, accelerated and sustained the current economic recovery, and provided critical investments in the nation's long-term economic growth.

As you know, that measure, with your strong backing, was adopted by the House of Representatives, and it had the support of a solid majority of the Senate. Unfortunately, a minority in the Senate employed a filibuster to defy the will of the majority -- not only a majority of the Senate but a majority of the American people. The filibuster enabled those 43 Senators to prevent the Senate from even voting on the jobs bill.

When it was clear that a minority was intent on continuing the gridlock that has afflicted Washington for so long, I offered a pared-down jobs bill, in the spirit of compromise, seeking to achieve some of the goals of the original bill while meeting the concerns raised by its opponents. Nevertheless, gridlock prevailed.

It is obvious that any new effort to enact a jobs bill will not succeed. Therefore, today, in an effort to provide a down payment on my long-term investment program, I am proposing a new package of key, targeted investments. This supplemental appropriations measure would create additional jobs in the summer jobs program, put new police on the streets of America's towns and cities, and invest in construction of wastewater treatment facilities for many of our communities.

The cost of the proposal, \$900 million, is fully offset by rescissions in the current fiscal year.

I urge you to consider this new proposal. Its elements are as follows:

- \$300,000,000 to create summer jobs for young people;
- \$400,000,000 for construction of wastewater treatment facilities;
- \$200,000,000 for Justice Department grants, primarily to local governments, to hire police and promote community-oriented policing. These funds will help fight crime and offset layoffs resulting from fiscal restraints on local governments.

- In order to fully offset the \$900 million in discretionary budget authority in this proposal, a .39 percent across-the-board rescission of all FY 1993 domestic discretionary funding is proposed. This reduction will insure that no sequestration will result from enactment of this proposal.

The mandate the American people gave to all of us in November was to promote change and move this Nation forward. I believe this proposal will help us to fulfill that mandate.

As always, thank you for your continuing advice and counsel.

Sincerely,

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

May 13, 1993

STATEMENT BY THE PRESS SECRETARY

The White House announced today that the President has invited the President of the Republic of Argentina, Carlos Saul Menem, to the White House for a working visit on June 29. President Menem has accepted the invitation. This meeting will provide an opportunity for the two Presidents to advance their common agenda of promoting democracy, human rights, and expanded trade and investment throughout the hemisphere.

**The President of the United States
Talking Points
Small Business Event
The White House
May 13, 1993**

[Acknowledgments: Laura Tyson, Chair, CEA; Roger Altman, Deputy Secretary of Treasury; Frank Newman, Undersecretary of Treasury; Erskine Bowles, Administrator, SBA, "the champion of small business"; Andrew Cuomo, Assistant Secretary of HUD (empowerment zones)]

Introduction. *Thank you, Erskine.* I am proud to be here with so many representatives of the small business community. For instance, Nancy Archuleta has led the Mevatec Corporation of Huntsville, Alabama, to compete and win in the world marketplace with a new emphasis on high technology;

William Gordon is president of Applied Data Technology, Inc., a high-tech company which has grown from seven principal employees in 1986 to over 100 employees today.

Paul Sam is president of Holly Metals, Inc., which has grown from a custom sheet metal company to the fabrication of metal parts for Boeing and a high-tech composite painting facility.

Importance of Small Business. Due to the entrepreneurial energy of the American people, we have over 20 million small businesses. Although small business accounts for more than half of the jobs in this country, small business provided almost two-thirds of all the growth in jobs from 1976 through 1990. Even during the past three years, small business has helped stabilize the downturn in the economy. To get the economy moving again, we've got to help small business grow and new jobs.

Our policy: Deficit Reduction to lower interest rates. Our deficit reduction plan will increase the savings available for business to invest, lower interest rates, and decrease interest payments on the debt. And, in the global economy in which we live, we must keep pace with our competitors by investing more in educating our children, training and retraining our workers, building our transportation and communications networks, and developing the technologies that create new jobs.

Restoring the Trust Factor with the Trust Fund. Yesterday, I called for creating a National Deficit Trust Fund. It will put into law the commitment of our Administration to reduce the deficit through visible, legally enforceable deficit reduction, and stop anyone from trying to spend the savings.

Capital Ideas for Small Business: Clinton policies on the credit crunch; bold new tax incentives to encourage investment in small business; and empowerment zones in communities all across the country.

Credit Crunch. First, we're making it easier for small businesses to obtain the loans you need to expand and create new jobs. In March, I announced my plan to ease the credit crunch by reducing some excessively restrictive regulations imposed in reaction to the savings-and-loan debacle.

Our plan strikes a balance, so that we can have both safety and credit availability. Banks have more leeway to make "character" loans based on the reputation of the borrower. We ease your paperwork requirements, because it shouldn't be as burdensome to get a \$25,000 loan as to get a \$25-million loan. And we make the regulations more reasonable on issues such as the appraisal of real estate used to secure small business loans.

Expensing. Second, we're going to offer bold new tax incentives to build small businesses. I am pleased that the House Ways and Means Committee is seriously considering an increase from \$10,000 to \$25,000 the maximum amount of new investments that small businesses can deduct as expenses each year. This means that, when you invest so that your company can grow, you can immediately write off up to \$25,000 worth of that investment.

Capital Gains. I call for a targeted capital gains exclusion that will help small businesses invest and grow and create jobs. I also call for extending the tax exemption for bond issues by state and local governments that help finance manufacturing facilities or equipment for small business.

Empowerment Zones. Finally, we're offering special opportunities in a network of 110 empowerment zones and enterprise communities all across America. In the empowerment zones, we're offering small businesses an employment and training credit of 25% of the first \$20,000 in wages for employees who live and work in the zone; a targeted jobs tax credit of 40% on \$6,000 of the first year of wages for these workers; and an increase in the ability to deduct appreciable property.

Conclusion. All of these ideas involve big changes...the changes we need to make our economy grow and provide opportunity for all. Tuesday, we broke the gridlock on Motor Voter legislation -- a bill to empower Americans in our democracy. Yesterday, my proposal for direct student loans cleared its first hurdle in Congress. Today, we are expecting final action in the Ways and Means Committee on my economic plan. We can make a difference, we already are making a difference. Change is in the air, and opportunity and growth are on the way.