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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON DC 20460

OFFICE OF COMMUNICATIONS,
EDUCATION, AND PUBLIC AFFAIRS

**Talking Points for EPA Review
by the Center for Resource Economics**

- Given the statutory constraints and deficit reduction climate, the EPA budget is the most environmentally responsible and progressive that it can be.
- EPA Administrator Carol Browner has initiated a base review of the budget for FY 1995. That type of in-depth look has not occurred in over a decade. The Clinton Administration has taken the initiative for this review to ensure that the Agency addresses the nations most critical environmental needs.
- Base review means we are going to mesh policy priorities with financial resources to protect public health and the environment. We are going to ensure we are making the best possible use of our resources.
- The more fundamental changes in how we protect the environment will be reflected in the FY 1995 budget.

**Joint EPA-DOJ Press Conference
on Louisiana-Pacific Settlement**

- Today, Attorney General Janet Reno and EPA Administrator Carol Browner announced an the second largest civil penalty ever under any environmental law -- an \$11.1 million penalty against Louisiana-Pacific. To protect the environment and public health, the settlement requires Louisiana-Pacific to install \$70 million in pollution control equipment.
- The settlement sounds a loud and clear message that the Clinton Administration will vigorously enforce our environmental laws.

White House
went to
Justice
CCC

Iraq

Carlene Condus
Job? Sperry?

Q Well, let's talk about health care. A lot of young Americans don't have health care because the jobs that they have don't provide those kinds of benefits and they're waiting to see your health plan. You originally said May and now it seems like it's going to be June. What's taking so long?

THE PRESIDENT: Well, two things really. One is -- first, it's the most complicated subject in the world. And we've had hundreds of people -- literally hundreds of people -- about 450 working nonstop since January. But when my wife's father took ill and died she basically lost three weeks of work on this. So they're a little behind schedule, a couple of weeks.

The other thing is that the leadership in the Congress, they're working on this budget now which is controversial, as you know. They asked us to at least let the budget go through the House and get it into the Senate committee before we came forward with a plan, partly -- not so much -- everybody knows, I think, what the broad outlines were -- partly, to make sure we take the maximum amount of time to consult with all the groups that will be affected by it.

But the plan basically is pretty clear now. We're going to try to pass a law which will provide coverage for all Americans either through their place of work or if they're unemployed, on the government. We're going to change the insurance rules so that if you've been sick or if somebody in your family has been sick you can't be denied insurance, and if you change jobs you can still do that without losing your insurance. We're going to reorganize the system so that it will have a lot less red tape and paperwork and bureaucracy costs. And we're going to begin to deal with some of the needs of elderly people for prescription medicine and for long-term care.

Q Will it cover abortions?

THE PRESIDENT: Well, it depends on what the Congress votes. My position is this: that services that are traditionally covered in private health insurance policies should be covered in the government's package. And some but not all abortion services are traditionally covered in private health insurance packages. So I don't think that government can -- in the law should create two different classes of private employers. And since they are traditionally covered, I think they should be. Now, the Congress may take it out. That will be a fight we'll have.

Q If people don't have health insurance now are they going to have to pay more out-of-pocket expenses when this goes --

THE PRESIDENT: Depends on what their income --

Q I read something about a two-tiered system.

THE PRESIDENT: If they have income under our plan their employers will have to pay for part of the coverage and they will have to pay for part. Most of it will be employer paid, just like today's the case, but they will pay for some of it. And I think they should pay for some of it, because if somebody gives you a whole health program totally for free, that is if it's just paid by someone else's tax dollars, then there is too much temptation to ignore the real costs of the system, too much temptation to overutilize the system. So I think people should pay something.

Q Speaking of tax dollars, I have to ask you about this haircut.

THE PRESIDENT: Okay, go ahead. What about it?

Talking Points on Bosnia Joint Action Program

- The Joint Action Program on Bosnia adopted on Saturday by the United States, Russia, Great Britain, France, and Spain is an important step forward.
- It reinforces our determination to **end the violence and ethnic cleansing**, prevent the spread of the conflict to other areas in the region, and ensure a **coordinated plan of action** among the United States, our European allies, and Russia.
- The 13-point program includes a wide-range of measures achieve these goals, including humanitarian assistance, enhanced enforcement of existing sanctions and the threat of additional sanctions, new security measures for neighboring areas of Kosovo and Macedonia, protection for "safe havens" and a U.N. War Crimes Tribunal.
- The creation of safe havens **does not** "legitimate genocide."
- In fact, the Joint Action Program firmly reasserts the **refusal of the Western allies to accept territorial gains in Bosnia through aggression**.
- For example, it clearly states that economic sanctions will remain in place until the withdrawal of Bosnian Serb troops from territories occupied by force.
- ~~It leaves open options for new and tougher measures proposed by the United States, including the lifting of the arms embargo on the Bosnians and the threat of air strikes to allow the rearming to take place.~~
- The joint program adopted Saturday in Washington is a direct result of **American leadership** on the Bosnian issue.
- It is an outgrowth of Secretary Christopher's determined efforts to move the Western allies into a more active policy towards the Bosnian crisis.
- The important role played by the Russian Foreign Minister stems in part from President Clinton's leadership in Vancouver in supporting President Yeltsin at a crucial moment.
- The United States will continue to play its **appropriate role** in a coordinated effort to resolve the Bosnian situation.
- This role includes enforcing the "No Fly" zone, provision of humanitarian assistance, assisting UNPROFOR troops if they come under attack, and possibly providing troops in Macedonia.
- We will **not put U.S. groundtroops into Bosnia** except to support a comprehensive political settlement.

MEMORANDUM TO THE PRESIDENT

FR: MARCIA HALE

RE: TWO WEEK SCHEDULE

DT: MAY 21, 1993

MONDAY, MAY 24

Airline Commission meeting (30 min)
SBA event/micro loan program (1 hour)
President Von Weizsacker (1 hour)
Health Care

TUESDAY, MAY 25

Bi-partisan Leadership meeting
Quality Cars event (Capitol Hill)
Meeting with Senior Citizens organizations
tentative private dinner

WEDNESDAY, MAY 26

CEO Lunch
Black Caucus meeting
tentative Republican Senators (residence)

THURSDAY, MAY 27

CBS Town Hall Meeting/Rose Garden (2hours)
Lunch VP
Photo-ops

FRIDAY, MAY 28

Veterans Phone call
Philadelphia (noon)
Wofford Fundraiser

SATURDAY, MAY 29

West Point Commencement

SUNDAY, MAY 30

WHITE HOUSE PRESS GUIDANCE -- 12:00 PM
MONDAY, MAY 24, 1993

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NAFTA and Drug Trade

[Background: Today's NY Times carried a front page article reporting that U.S. lawmen are concerned that the North American Free Trade Agreement (NAFTA) will create additional opportunities the drug traffickers to smuggle cocaine into the U.S.

Drug trafficking was examined as a NAFTA "flank issue" last year with the GOM and GOC. U.S., Mexican and Canadian authorities agreed that NAFTA would create more smuggling opportunities, but that increased vigilance and intelligence could overcome the new threat. The GOM has already created a centralized interagency criminal information system for the sharing and dissemination of information.

If NAFTA fails, there will be less incentive for the Mexicans to cooperate with us on such issues as narcotics. In addition, without NAFTA, the Mexican economy will not grow as fast, unemployment will be higher, and many who would prefer to be in legitimate enterprises will resort to the drug trade out of desperation.]

Q. According to Today's NY Times, lawmen in the U.S. and Mexico have expressed concern that NAFTA will create greater opportunities for drug traffickers to smuggle drugs into the U.S. Can you comment on this and what the U.S. is doing to combat this threat?

A. -- When implemented, NAFTA will reduce and eventually eliminate tariffs on trade between the U.S. and Mexico. We expect a large increase in trade between the two countries as a result.

-- Any time there is an increase international trade, narcotics smugglers try to exploit the situation. Our law enforcement agencies are aware of the problem and will take appropriate steps to deal with the situation. DEA, Customs and other law enforcement agencies will continue their efforts to control illegal trade in narcotics. This includes inspection at the border of shipments of merchandise entering the U.S. NAFTA will not change that.

Q. The Times article cites intelligence and law enforcement agency officials as the source of this report. Can you tell us who they are?

A. -- I do not know who the Times' sources were. You should ask them.

U.S. DEPARTMENT OF STATE
Office of the Spokesman**DRAFT**

For Immediate Release

May 24, 1993

REMARKS BY
SECRETARY OF STATE WARREN CHRISTOPHER
AND
OMANI FOREIGN MINISTER BIN ALAWI
PRIOR TO THEIR MEETINGDepartment of State
Washington, D.C.

SECRETARY CHRISTOPHER: I am very pleased to welcome the Foreign Minister of Oman. They have been a long-standing friend of the United States, very supportive of us in times of need. And we are talking to them in the context of long time friendship. We have mutual concerns about the situation in the region. And I'm sure that will be the focus of our discussion today. I think our concern about Iraq and Iran are subject to come up on our agenda today. Mr. Foreign Minister, I am very pleased to have you here and welcome you to make any comments you might like to make.

OMANI FOREIGN MINISTER ALAWI: Thank you very much Mr. Secretary. I am very pleased to have this opportunity to talk with the Secretary. Indeed, we have been through a very good relationship. We have signed an access agreement in 1980, when former President Carter made his (inaudible) situation in the Gulf. We carry on that great and interesting time. We are here today to talk and see where we can go together. I think it is very interesting time to see in the region. And we hope that we can work on this together and conduct a good policy. Thank you.

QUESTION: Mr. Secretary, the Bosnian-Serbs are praising the action that the West took over the weekend and the Bosnian-Muslims are criticizing it very severely. Do you have any comment that perhaps the wrong side is praising the action that you have taken?

SECRETARY CHRISTOPHER: Well the United States organized the efforts of Russia and our allies to take three purposes, basically. First, to try to minimize the killing in so far as we could. Second, to increase the pressure on the Serbs. And third, to contain the conflict. That's the policy that at the present time is in the best interest of the United States. These are important steps to be taking at this time. This is not the final end of this policy, but I think we have to judge the policy in terms of what is in the best interest of the people of the United States. I am firmly committed that that, at the present time, is the best policy for us. And I think

B-H

- 2 -

the fact that our allies and Russia were willing to join us in that endeavor is an indication that we are on a sound course here. We are going to be pursuing that course of considerable determination. The points laid out in that plan, each require some implementation, we're going to be going about that as urgently as we can.

QUESTION: Mr. Secretary, have you heard any disturbing word about Iraqi troop movements or massing?

SECRETARY CHRISTOPHER: There have been some preliminary reports with respect to Iraqi troop movements. And what I would say to Saddam Hussein is that we intend to enforce the United Nations Resolution with great resolutness. He knows what he has to do and we'll be watching very carefully for any changes in that situation that might call for further action by the United States. Thanks very much.

< Iraq

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EAP PRESS GUIDANCE
May 24, 1993

JAPAN: VERDICT ON SHOOTING OF EXCHANGE STUDENT

Q: Does the Department have any reaction to the verdict in the fatal shooting of a Japanese exchange student in Louisiana?

A: -- WE REGRET VERY MUCH THE TRAGIC INCIDENT IN WHICH EXCHANGE STUDENT YOSHIHIRO HATTORI WAS SHOT AND KILLED LAST YEAR, AND EXTEND AGAIN OUR SINCERE CONDOLENCES TO HIS FAMILY. HOWEVER, IT WOULD BE INAPPROPRIATE FOR US TO COMMENT ON THE VERDICT ITSELF.

Q: What kind of message does this send to Japan? What kind of conclusions should the average Japanese draw from this verdict?

A: -- WE CAN UNDERSTAND THE DISAPPOINTMENT OF THE JAPANESE PEOPLE IN THE VERDICT. HOWEVER, THE U.S. LEGAL SYSTEM HAS RUN ITS COURSE. WE HOPE THE JAPANESE PEOPLE WILL NOT JUDGE THE NATURE OF ALL AMERICAN SOCIETY BASED ON THE CIRCUMSTANCES SURROUNDING YOSHI HATTORI'S TRAGIC DEATH.

Q: Has there been any comment or protest from the Japanese Government?

A:-- WE ARE NOT AWARE OF ANY COMMENT BY THE GOVERNMENT OF JAPAN.

EAP PRESS GUIDANCE
May 24, 1993

For Clearance
Ken Baker
10280

CAMBODIA: ELECTION

Q: Can you give us a rundown on the first two days of voting? Turnout? Disruptions/violent incidents? Numbers of polling stations? General atmosphere/conduct of the elections so far?

- A: -- OVER FORTY PERCENT OF THE ELIGIBLE VOTERS IN CAMBODIA CAST THEIR VOTES ON MAY 23, THE FIRST DAY OF THE ELECTION. WE DO NOT YET HAVE A READOUT ON THE SECOND DAY OF VOTING.**
- ACCORDING TO OUR REPORTS FROM CAMBODIA, THE MOOD OF THE PEOPLE WAS ENTHUSIASTIC AND PURPOSEFUL. MANY HAD WALKED FOR MILES AND LINED UP FOR HOURS TO CAST THEIR BALLOTS IN CAMBODIA'S FIRST DEMOCRATIC ELECTION IN DECADES. IN PHNOM PENH AND OTHER POPULOUS AREAS, THE TURNOUT WAS AROUND 50 PERCENT OR GREATER.**
- THE ONLY MAJOR SECURITY INCIDENT WAS THE DETENTION OF UNTAC STAFF BY THE KHMER ROUGE IN THE CHUM KIRI PROVINCE IN KAMPOT PROVINCE. THE UNTAC STAFFERS WERE LATER RELEASED UNHARMED.**
- UNTAC REPORTS THAT THERE ARE BETWEEN 1400 AND 1500 POLLING STATIONS.**

- 2 -

- WE APPLAUD THE HARD WORK OF UNTAC PERSONNEL IN MAKING THIS ELECTION POSSIBLE DESPITE GREAT DIFFICULTIES. IT IS A MAJOR ACHIEVEMENT FOR THE PEACE PROCESS.

- WE ALSO WANT TO EXPRESS OUR ADMIRATION FOR THE COURAGE AND DETERMINATION OF THE CAMBODIAN PEOPLE TO DECIDE THEIR OWN POLITICAL FUTURE.

EAP PRESS GUIDANCE
May 24, 1993

For Clearance
Ken Felt
7/10/28

NORTH KOREA: PREPARATIONS FOR HIGHER-LEVEL MEETING

Q: Can you confirm that U.S. State Department representatives and North Korean U.N. Mission representatives met again in New York?

A: -- YES. A SECOND WORKING-LEVEL PREPARATORY MEETING TOOK PLACE IN NEW YORK ON MAY 21.

-- I HAVE NOTHING NEW ON SCHEDULING FOR A POLICY-LEVEL MEETING.

Q: At what level was the second meeting held?

A: -- LIKE THE FIRST MEETING, IT WAS AT THE OFFICE DIRECTOR LEVEL.

Q: Where do things stand on a senior-level meeting between U.S. and North Korean officials? What is the USG's goal in meeting with North Korea? What details can you give us on who, when, and where?

A: -- PREPARATIONS FOR A HIGHER-LEVEL MEETING IN NEW YORK ARE UNDERWAY, BUT NOTHING HAS BEEN SCHEDULED YET.

-- THE GOAL OF SUCH A MEETING WOULD BE TO SEEK A RESOLUTION OF THE NUCLEAR ISSUE.

-2-

Q: What will be the level for the "higher level" meeting?

A: -- WE WILL PROVIDE DETAILS OF THE ARRANGEMENTS ONCE THEY ARE FIRM.

Q: Who met at the last high-level meeting?

A: -- THEN-UNDER SECRETARY KANTER MET ON JANUARY 22, 1992 WITH KIM YOUNG SUN, SECRETARY FOR INTERNATIONAL AFFAIRS OF THE KOREAN WORKER'S PARTY.

Q: Other than the Kanter meeting, is this the first time New York has been used as the channel of communication?

A: -- SEVERAL PREPARATORY, WORKING LEVEL MEETINGS WERE ALSO HELD FOR THE KANTER MEETING.

Iraqi Plan to Attack Kurds

[Background: In July 1991 when coalition ground forces left northern Iraq, the US and the coalition publicly warned Iraq that "the coalition retains a clear interest in peace within Iraq and is willing to respond militarily to Iraqi actions that disturb the peace." We repeated this warning to Iraq in a March 26, 1993 demarche by the UNSC's Perm4. Coalition aircraft patrol Iraq to enforce the no fly zone north of the 36th parallel. Iraqi forces in the north have long been sufficient to attack the Kurds with little advance warning.

Q: What is your reaction to The New York Times report that Iraq may attack the Kurdish enclave in northern Iraq?

A: -- The United States and its coalition partners have repeatedly warned the government of Iraq not to take actions that disturb the peace in northern Iraq. Since 1991 coalition aircraft have enforced the no fly zone over northern Iraq to ensure the safety of the inhabitants of the north.

-- As recently as March 26, 1993 the Ambassadors of the US, UK, France and Russia to the UN warned Iraq that "any provocative actions would receive a firm and united response." That warning remains in effect.

Q: Is the United States seeking to extend the mandate for renewal of the Provide Comfort force in Turkey which enforces the no fly zone? The mandate expires at the end of June.

A: -- The US and its coalition partners agree that Provide Comfort's mandate should be extended and we are consulting with the Government of Turkey about doing so.

Q: What is the US doing about the withdrawal of U.N. guards from the north?

A: -- We strongly support the continued presence of U.N. guards in Iraq. They play an important role in supporting humanitarian relief operations. We are working with the UN and the international community to maintain their continued presence.

China: MFN

Q: During the campaign, Bill Clinton spoke out on concerns over humans rights abuses and criticized the previous administration for coddling China. China's MFN treatment comes up for renewal in a couple of weeks or so, and Assistant Secretary of State Winston Lord said in Singapore yesterday that President Clinton will extend MFN for China. What is the Administration policy on this issue?

A: -- We have no interest in isolating China. China is changing rapidly and growing quickly, and we hope it will be a partner in building a more secure and prosperous world. But continued progress in our relations must include progress in human rights, trade access and non-proliferation.

-- As we chart our China policy, the President is consulting closely with key members of Congress, including on the issue of MFN.

Q: What is your reaction to the news that the Chinese rebuffed Lord during his recent trip?

A: -- Ambassador Lord met with senior Chinese officials for two days of frank discussions in Beijing earlier this week. He pressed for additional progress in the areas of human rights, trade and nonproliferation.

-- We expect Ambassador Lord to return shortly, and I would withhold characterizing his finding until he has provided his full report.

Q: Does the Administration support the China MFN bill introduced in Congress by Pelosi and Mitchell, including the provision on Tibet?

A: -- We share the concerns of Congress over China's record. We share with a majority in Congress the belief that progress in our relations must include progress in human rights, trade and non-proliferation.

-- As to the issue of Tibet, we continue to urge Beijing to revive discussions with the Dalai Lama and to address the full range of concerns and issues of the people of Tibet, including human rights abuses.

Q: Will the Administration you place conditions on MFN through an Executive Order?

A: -- The President has not yet taken a decision. Our approach to MFN renewal will depend on steps the Chinese government takes to address the important issues of human rights proliferation and trade.

WHITE HOUSE PRESS GUIDANCE -- 09:00 AM
MONDAY, MAY 24, 1993

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Cambodia

Q: What is your reaction to the voting in Cambodia so far?

A: -- Preliminary reporting suggests the first day of voting was relatively calm with only limited attacks and interference with polling.

-- We continue to support these UN-sponsored elections and believe it is an important opportunity for the Cambodian people to exercise their right to self-government.

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

May 24, 1993

PRESS BRIEFING
BY GEORGE STEPHANOPOULOS

The Briefing Room

12:55 P.M. EDT

MR. STEPHANOPOULOS: Just take a quick look at the week ahead. As you know, this afternoon the President is meeting with President Von Weizsacker of Germany. Tomorrow he'll have some congressional meetings here including a bipartisan leadership meeting and a quality cars event on Capitol Hill.

Q What time?

MR. STEPHANOPOULOS: I think it's 10:00 a.m. I don't know what times the other ones are in the afternoon.

A CEO lunch on Wednesday, along with a meeting of the Black Caucus. Again, I have no times on those. He'll be doing a town hall meeting here in the Rose Garden with CBS Morning News on Thursday. And he'll be off to Philadelphia on Friday and then the West Point commencement on Saturday.

Q What are the Philadelphia events -- what kind of events are in Philadelphia?

MR. STEPHANOPOULOS: I'm not sure exactly yet. We'll have some event at noon.

Q Is it overnight in Philadelphia?

Q How do you know you're going there if you don't know where you're going?

MR. STEPHANOPOULOS: We know we're going to Philadelphia. We know the President will be giving a speech. I don't have all the details yet.

Q Is he going to overnight in Philadelphia?

MR. STEPHANOPOULOS: I think he may overnight up at West Point and then give the commencement speech on Saturday.

Q Is his speech in Philadelphia going to be about his economic program?

MR. STEPHANOPOULOS: I would expect so.

Q You're not going to announce -- making any announcements --

MR. STEPHANOPOULOS: That's all that's planned right now.

Q Speaking about the economic plan, George, do you think the President's plan will have to go through a major revision in order to get it passed on Thursday in the House?

MORE

#76-05/24

MR. STEPHANOPOULOS: Right now we feel good about where we are. We're going to continue to press all week through the House. The President has been on the phone over the weekend; he'll be on the phone today with members of Congress, and that will continue all the way through until Thursday.

Q Does the President feel he has a commitment from Senator Boren to vote for the Btu tax or any part of his personal commitment as described by Moynihan yesterday?

MR. STEPHANOPOULOS: I think the President hopes that all the members of the Senate Finance Committee, especially the Democrats, will vote for the package when it gets through to next week.

Q Does the President feel he has a personal commitment from Senator Boren to vote for his economic package?

MR. STEPHANOPOULOS: The President has had several conversations with Senator Boren. I think that Senator Boren has said in the past he doesn't want to stand in the way of the President's program, but I mean, they will continue to talk and we'll continue to work for passage.

Q George, Mandy Grunwald, James Carville, Stan Greenberg were here this morning. Were they here to see the President, do you know?

MR. STEPHANOPOULOS: I think James might have met with the President briefly for a few minutes this morning.

Q Have there been any consultations here in the last several days about last week, the difficulty the President may have had on the perception front -- haircuts, travel problems, and so on as to how to cure those problems and to get on a more helpful track?

MR. STEPHANOPOULOS: Lots and lots of discussion and we're just going to keep on pushing to get back on track.

Q What came of -- what was agreed upon? What was agreed what the problem was?

MR. STEPHANOPOULOS: Well, I don't know if there's any firm decisions like that, but obviously we wish last week would have gone a lot better and we're going to continue -- we review our progress all the time. We review the mistakes we make and the things we can do better, and we're going to continue to do that.

Q What did you decide was the problem last week?

MR. STEPHANOPOULOS: Well, clearly, the week didn't go as we had planned.

Q I'm asking for the cause. You keep repeating the problem. What did you think the cause was?

MR. STEPHANOPOULOS: Well, I don't know exactly what the cause was. I think there's probably a lot of different elements at play here and I just know that for whatever the reasons, things didn't go as we would like them to go. And we're going to continue to look at that, and continue to try to fix them.

Q George, is the President concerned about assertions in Bosnia and from members of both parties on the Hill that this plan he signed off on, the new Bosnia plan, in essence, confirms the

results of ethnic cleansing rather than reverse as he seemed to be wanting to do before?

MR. STEPHANOPOULOS: That's not what it does. I mean, I think this plan quite clearly reasserts our refusal of the West, the refusal of the U.S. and our allies to accept the territorial gains in Bosnia through aggression. We clearly state that the economic sanctions will remain in place until the Bosnian Serb troops have withdrawn from the places they have occupied by force. And it also leaves open the options of new and tougher measures in Bosnia.

And these are simply interim steps. We are grateful that the allies have come together on this package. We are grateful we have worked forward on this package of humanitarian assistance, enforcement of the sanctions, enforcement of the no-fly zone. And we're going to continue to work with our allies.

Q Is the Vance-Owen plan dead as far as the U.S. is concerned now?

MR. STEPHANOPOULOS: We're moving forward right now. No further actions are off the table at this point. We're going to continue to work for those actions, and we're going to pursue the joint action with our allies.

Q Are you suggesting in answer to Ann that there are no compromises being worked out on an energy tax that is a modified Btu tax or something closer to what Senator Moynihan was indicating might be taking place --

MR. STEPHANOPOULOS: I don't think that's what Ann asked about, no.

Q Yes, I did. (Laughter.)

MR. STEPHANOPOULOS: We'll see.

Q Are you not moving off of the Btu tax as it is now proposed? Are you not looking for another way to try to get Boren, Breaux, maybe even --

MR. STEPHANOPOULOS: Right now we're focused on the House and making sure that we have the votes in the House on Thursday to get our package through. I think Senator Moynihan said yesterday that you can't rule out all conceivable adjustments in the plan. I mean, I think that's part of the legislative process. But we're pushing forward for the President's plan this week in the House, and we'll continue to push forward thereafter.

Q George, why should anybody --

Q Can I just follow up on that? Don't you need to work out the compromises you're going to make with the Senate before the House votes so that you don't have a situation similar to the grazing fees situation where their vote and --

MR. STEPHANOPOULOS: First of all, on the grazing fee situation, as you know, it's making good progress now in both the House and the Senate through the committees that are responsible for it.

Q As you know, a number of House members felt that they had been let down by voting for something that was very difficult for them to vote for and then having it compromised in the Senate. Are you trying to avoid that at this point?

MR. STEPHANOPOULOS: Yes. We're committed to working for the President's package. We're committed to it in the House, we're committed to it in the Senate, and we're going to keep on working for it.

Q Is it going to be a different package?

MR. STEPHANOPOULOS: I don't think so. We're committed to making sure the President's package gets through as close to intact as we can, and that's what we're going to fight for.

Q Do you have any reaction to the Japanese reaction to the court ruling in Louisiana? How would that affect U.S.-Japanese relations?

MR. STEPHANOPOULOS: Again, we understand and regret very much the tragic incident last year in which the exchange student was killed, and we extend our sincere condolences to his family. Obviously, we can't comment on the verdict itself, but we can certainly understand the disappointment of the Japanese people. And we hope that this won't have any harmful effect on U.S.-Japanese relations.

Q Did the President communicate directly with the Japanese leaders to try to explain away the situation to them?

MR. STEPHANOPOULOS: I don't know that there will be any extraordinary communication.

Q What has the President been saying to House members who are reluctant for tax increases the year before they're up for reelection when they're not certain that it's going to get passed by the Senate? What is the point of the House voting for a package which was --

MR. STEPHANOPOULOS: Well, the President says what he said last week. He says, I'm going to fight for this package, and if you stick with me I'll stick with you. And that's what he's telling the House members.

Q On that question, George, and on Andrea's follow-up, clearly, you're more concerned about what the Senate's going to do. You seem to have possibly enough votes right now in the House to get it through the way it is, and that's why you say you're committed to the package. But don't you at least agree that you're going to have to do a little bit of meeting halfway in the Senate to try to come to grips with what they want and modify your package a little bit? Where will you give a little?

MR. STEPHANOPOULOS: Again, I mean, I don't think it's productive to outline those kinds of discussions from this podium. The President's committed to working for his package. That's what he's going to do. He's focused on the House. We're not taking the House for granted this week. We're going to be working hard for every single vote in the House and try to get a win, and then we'll move to the Senate.

Q How can you say that the Bosnia settlement or agreement is not a fait accompli when it's being hailed by the Serbian Bosnians and its being derided and denounced by the Muslims and so forth, who definitely feel that the Serbs now can keep the land that they took by conquest and there doesn't seem to be -- there isn't any move to change that and it looks like the President threw in the towel?

MR. STEPHANOPOULOS: Well, if the Serbians believe that they misunderstand the intentions of the U.S. and our allies. And we're going to continue to --

Q So both sides misunderstand?

MR. STEPHANOPOULOS: -- and we're going to move forward. I would just go back to what Secretary Christopher said this morning. We're going to do what is in U.S. interests, and we're going to try to minimize the killing. We're going to increase the pressure on the Serbs. We're going to continue to do that. But it's our job to do what's in the best interest of the United States.

Q But that still doesn't mean that it's in the best interests of people who have lost all their land.

MR. STEPHANOPOULOS: Again, it's our job to do what's in the best interests of the United States, and we're not going to let up the pressure on the Serbs and we're not acquiescing in that.

Q Are you saying that there will be no compromise on any terms of the economic program this week before the House vote?

MR. STEPHANOPOULOS: I'm saying that we're going forward for the House vote, and we're going to continue to try to pass the President's package.

Q George, back to Bosnia --

Q On Bosnia, I want to understand the rules of engagement as we interpret them now, okay? If there is a Serbian attack on one of these safe havens and no UNPROFOR troops are hit, but only civilians, is that a cause for American air power to be brought to bear to retaliate?

MR. STEPHANOPOULOS: Again, I would refer you to the State Department for the specifics of the -- and the Defense Department specifically for the rules of engagement. We're committed to protecting the UNPROFOR troops.

Q George, is the President concerned that the Fed is leaning towards higher interest rates in response to inflation concerns?

MR. STEPHANOPOULOS: Again, we can't speak officially on the Fed. We're going to continue to push forward on our economic package and do what we can to get the economy moving and keep inflation down.

Q George, does Harry Thomason have an office in the Old Executive Office Building?

MR. STEPHANOPOULOS: An office? I know that when he comes here he often might use a phone. I don't know if he has an official office or a permanent office of any kind.

Q You don't know, or he doesn't?

MR. STEPHANOPOULOS: I honestly don't know. I can take the question and check. I know that he -- I mean, he does use the phones when he's here at times, but I don't know about having an office.

Q Has anybody in the White House or in the legal Counsel's Office talked to Thomason and his -- what's his -- Martens about other airline business in this government they may be and have been attempting to obtain?

MR. STEPHANOPOULOS: Again, I'll have to take the question.

Q What are you talking about, George?

MR. STEPHANOPOULOS: She's asked a question about Darnell Thompson and Harry Thomason and their efforts to get --

Q Martens.

MR. STEPHANOPOULOS: Martens, I'm sorry.

Q What is Darnell Martens relationship to this administration?

MR. STEPHANOPOULOS: I don't know if he has any official relationship.

Q Was he here Friday?

MR. STEPHANOPOULOS: I believe he was here Friday, yes.

Q Did you talk to him?

MR. STEPHANOPOULOS: Yes.

Q Well, could you tell us why he was here and what he was doing here in the midst of all this?

MR. STEPHANOPOULOS: I think he was just answering questions about the air travel office.

Q Can you tell us what questions and what answers, please?

MR. STEPHANOPOULOS: Well, the questions that were in the newspaper. He was just trying to clear up his role.

Q And what was his role?

MR. STEPHANOPOULOS: His role, as he has said -- I mean, I really think you should ask him, but it's just my understanding, as what I read from him in the newspapers and asked him about, he was simply trying to get information for these other companies that were seeking charter business.

Q Isn't he in the sort of the brokerage business as someone whose work it is to try to line up business?

MR. STEPHANOPOULOS: I think you have to talk to him. It's my understanding that he is not in that business anymore, and I think you should just ask him.

Q I know, but isn't that what TRM was?

MR. STEPHANOPOULOS: It's not exactly --

Q Now, wait a minute. Well, George, you're saying now that the White House -- that you and others in the White House, trying, I presume, to get to the bottom of this, have asked some questions and sought the answers. Now we're asking you what they were and --

MR. STEPHANOPOULOS: He's not --

Q -- you're telling us we've got to talk to him?

MR. STEPHANOPOULOS: He is not in the airline brokerage business. He was not seeking --

Q What is his company, TRM?

MR. STEPHANOPOULOS: TRM is a company that did do some brokerage in the campaign, but it had a far larger role in other areas. And as far as I know, he is simply in the business of consulting on air travel and is no longer in the brokerage business.

Q What kind of consulting?

MR. STEPHANOPOULOS: Just general consulting in the airline business. As far as I know, he is not doing brokerage; that is not his business anymore. He did it on a temporary basis during the campaign.

Q Does the President think it was appropriate for a friend of his to approach the White House with business recommendations as to how the White House administration should be run, bearing in mind that he's a good friend of the President? Is that appropriate? Is it proper?

MR. STEPHANOPOULOS: I think we're trying to do everything we can here to avoid the appearance of impropriety, and I think that Harry Thomason has said and will not be going for business in the White House. He does not think that he should be going for business at this time. We're going to make sure that all people who are dealing with the White House comply with the ethics regulations, comply with all the laws of the United States, and we'll continue to be vigilant on that.

Q Can I follow up on that, please?

Q On a related issue, American Express has said that they're only going to handle a little bit of the White House travel plans now. And can you tell us what the latest is -- who is going to do the White House travel, and is GSA involved?

MR. STEPHANOPOULOS: I know that American Express is a GSA-approved travel agent and --

Q They seem to think they're only going to handle either ticketing of the White House staff or the press, but not the whole thing. Do you know who is going to do it now?

MR. STEPHANOPOULOS: The whole chartering? I think that's one of the things we're reviewing right now. As we've said, we want to open it up to competitive bids, and that's what we expect to do.

Q Is GSA involved at all?

MR. STEPHANOPOULOS: I don't know if they're involved in the actual chartering. They may be sanctioning certain travel agents, but I'd have to take the question for their specific duties.

Q George, back during the campaign, did you use competitive bidding to reach a decision to use World Wide Travel and the Thomason firm as a broker?

MR. STEPHANOPOULOS: I'd have to check, but I don't know.

Q I wanted to follow on your response to Brit. In the memo from Martens, the first paragraph of that memo reads, "Dee

Dee Myers stated to both Harry Thomason personally and Darnell Martens by phone the White House is not tied to any particular charter operator and that based on that assumption she saw no reason why Thomason, Richland, and Martens Inc. (TRM) should not be able to compete for the White House press corps charter business".

Doesn't that suggest very strongly that Harry Thomason was, in fact, through one of his firms, through a partner, interested in getting the White House business?

MR. STEPHANOPOULOS: I can just -- both Darnell and Harry have said that they were not. We have no indication that they were seeking the business. They have said they were not seeking the business.

Q What do you mean there is no indication they were not seeking the business? This memo indicates to the contrary. They were seeking the business.

Q We got it in black and white here.

Q The third paragraph says, "price service under which TRM could earn the White House business". I mean it says it explicitly.

MR. STEPHANOPOULOS: Again, I mean, I would go back to his explanation. He has said that these were not -- that this was a shorthand he wrote to himself. The bulk of the memo, he has said, is about the charter business and he has passed on that he was simply trying to get the information for the other charter companies and they had no intention of getting --

Q This memo ended up in the White House files, did it not?

MR. STEPHANOPOULOS: I believe it did.

Q Now, White House aides, undoubtedly, some of them read this memo. They know who Harry Thomason is and they know his relationship to the President. What imaginable conclusion could any normal White House aide get from reading this memo other than that the President's friend, Mr. Thomason, and his business associate were trying to get the charter business?

MR. STEPHANOPOULOS: Again, I don't know who read the memo. I do know that Harry Thomason has said repeatedly that he is not seeking the White House business, that he has not sought the White House business and that he will not seek the White House business.

Q George, is it proper for him to seek other airline business in this federal government? Do you have any sort of ethics rules that relate to that?

MR. STEPHANOPOULOS: I'd have to check the rules. I mean, obviously, we're going to make sure that we deal within the rules. I don't know that you can necessarily rule out anybody who had any relationship with the President from working for government business at all. But we'll make sure that we comply fully with the ethics rules. As long as -- again, to go back, I mean, when you're dealing with competitive bid situations, I think that does set up a different standard. And if it's all going through normal procedures, set up through the normal government procurement process, and it's all above board and within the ethics laws, then I wouldn't necessary see a reason that we couldn't do it. But we're going to pay attention to those issues. We're going to be sensitive to those

issues and we'll make sure that we stay within the letter and spirit of the law.

Q Has Martens been hired by other airline companies that are interested -- has he been hired as a consultant by other airline companies interested in getting government charter business?

MR. STEPHANOPOULOS: I'd have to double-check. Again, I think you have to ask him. But I don't know about that.

Q George, who made the decision to issue a statement by the Justice Department that there was enough evidence for criminal investigation on Friday? And secondly --

MR. STEPHANOPOULOS: The FBI did.

Q -- secondly, do you think that practice falls within the general definition of a presumption of innocence?

MR. STEPHANOPOULOS: Again, all they did was confirm the facts, which is that there was an investigation.

Q Who asked them to do it?

Q They did that voluntarily, with no White House --

Q Did not the White House ask that that statement be issued?

MR. STEPHANOPOULOS: We talked to them about it.

Q Who here talked to who there, please?

MR. STEPHANOPOULOS: We talked to John Collingwood -- several people talked to him.

Q Who is "we"?

MR. STEPHANOPOULOS: I talked to him. I think Dee Dee talked to him. I think that other people --

Q Is that appropriate to call the FBI --

Q Wait a minute. Let's find out who they all were.

Q Yes, let's get the names.

Q Let's get the names. So you did, Dee Dee did. Who else?

MR. STEPHANOPOULOS: I don't know that anybody else did.

Q Counsel's office?

Q Counsel's Office -- Kennedy in the Counsel's Office?

MR. STEPHANOPOULOS: I'm not certain if anybody -- there was a meeting.

Q A meeting? And when was this meeting?

MR. STEPHANOPOULOS: Oh, no, this was part of the meeting on Friday just to figure out where we were. This was something -- again, it was just confirming the facts, as we knew them.

Q You asked that this statement be issued, did you not?

MR. STEPHANOPOULOS: We did ask, yes.

Q Is that appropriate to ask the FBI to issue a statement?

MR. STEPHANOPOULOS: We wanted to make sure that the facts were clarified.

Q That's not the question, though. The question is, was that appropriate?

MR. STEPHANOPOULOS: We thought it was important that the facts be clarified.

Q That statement didn't clarify facts. That statement echoed comments that were made by Dee Dee and you from that podium which were themselves conclusions. No evidence at that point had been presented to anyone as far as the conduct of the these people in the White House Travel Office.

MR. STEPHANOPOULOS: That's not what the statement said.

Q The statement said there's sufficient evidence to warrant a criminal investigation.

MR. STEPHANOPOULOS: It did not say -- it didn't say anything about evidence.

Q It indicates criminal investigation -- the payoff word was criminal. That's the word you wanted and that's the word you got.

MR. STEPHANOPOULOS: That is a fact, based on meetings with --

Q The fact that the FBI said it because you asked them to.

Q Who drafted the statement?

MR. STEPHANOPOULOS: The FBI did.

Q You're sure?

MR. STEPHANOPOULOS: Yes.

Q Did you suggest guidelines for the statement?

MR. STEPHANOPOULOS: We talked to them about it, but they drafted the statement.

Q What day was this, George, when you called?

Q Did you suggest guidelines?

Q Did you suggest guidelines?

MR. STEPHANOPOULOS: Again, we talked about the statement. This was something that they felt was in their purview and conformed to the facts.

Q Who is "they," George?

MR. STEPHANOPOULOS: Again, our contact was John Collingwood.

Q Anyone else over there?

MR. STEPHANOPOULOS: Not to my knowledge. I didn't speak to anyone else.

Q What day was this that you called over there?

Q Friday.

MR. STEPHANOPOULOS: Friday.

Q The same day that Sessions was meeting with Reno about his future?

MR. STEPHANOPOULOS: I don't know.

Q Collingwood came to the White House for a meeting?

MR. STEPHANOPOULOS: We wanted to make sure that we didn't -- that we said everything that conformed to the facts.

Q He came to the White House?

MR. STEPHANOPOULOS: Yes, he was here, yes.

Q Where was he, in your office?

MR. STEPHANOPOULOS: Yes.

Q Usually, the FBI doesn't confirm or deny investigations. That's why there's so many questions here. Are you aware of that?

MR. STEPHANOPOULOS: I'd have to check the standard practice.

Q -- just to say no comment to -- that's why we're asking why you would ask them to put out a statement like this.

MR. STEPHANOPOULOS: We just wanted to make sure the facts were clarified.

Q George, on Thursday the FBI issued a statement which said that they would await the results of an audit to determine what to analyze, I think, to determine what course of action to take beyond that. Between the Thursday statement and the Friday statement, were they presented with the results of an audit? And if not, why, in fact, then did they change their course of action?

MR. STEPHANOPOULOS: They are reviewing the audit. They did receive the review on Friday from Peat Marwick. It was just all in -- that was all in conformance with the course that they had set out to take.

Q Did they receive anything between the statement on Thursday and their statement on Friday that they hadn't received previously? Because it seems to fly in the face of their Thursday statement which was that they would await the results of an audit before determining their course of action.

MR. STEPHANOPOULOS: Again, I don't know that it necessarily flies in the face. I don't know which specific statement you're referring to on Thursday, although that's different from what you were saying before on them not confirming or denying anything.

But they -- this was simply the statement of the course of action they had determined they were going to take as early as the Saturday before.

Q The meeting that took place in your office, was David Watkins present at that meeting?

MR. STEPHANOPOULOS: At times, yes. I mean, it wasn't a formal --

Q Was it kind of a floating crap game in your office in which people came and go as you worked out this -- (laughter.)

MR. STEPHANOPOULOS: I don't think I'd use all those words, but it wasn't -- yes, it wasn't --

Q On the Japanese student real quickly, there are a lot of people in Japan that think the United States should encourage more or tighter gun control laws. Does the administration have any response to that?

MR. STEPHANOPOULOS: The President has been on the record for tighter gun control laws. That's why he's been pushing for the Brady bill and other measures to keep handguns out of the hands of criminals.

Q George, to come back to the other question on the Fed, the bond market today is assuming that the Fed's inclined to raise short-term interest rates a point or another. Now, wouldn't higher interest rates jeopardize the President's economic program?

MR. STEPHANOPOULOS: Again, interest rates have gone down since the President took office and since the President announced his program. And, in fact, they had hit a 20 year low, which is pumping real money into the economy. We hope that the economy stays in good shape so that interest rates can stay down.

Q There's a report out today that closing down two runways at Los Angeles International cost the airline industry \$76,000. Does that jive at all with what you all might figure it cost? And is that one of problems you were referring to in answering Brit's question earlier?

MR. STEPHANOPOULOS: It's the first I've heard of that report, but obviously, it's something we regret. The President did not want this to happen. The President had asked if the runways were being closed and he was told they weren't. Unfortunately, they were. And we regret this and it's not going to happen again.

Q You were told that they weren't closed?

MR. STEPHANOPOULOS: I'm just not exactly sure. I just know that, as we had reported to you earlier, the President had inquired about this. The tower had told them they weren't being closed, and we regret that.

Q Can you just clarify -- he asked that before he got the haircut?

MR. STEPHANOPOULOS: Oh, yes.

Q George, back on the FBI, in light on what's going on --

Q On the FBI statement, I'm told that this statement was prepared for telephone inquiries. That ordinarily the procedure is if any agency makes a reference to the FBI, they put together a

statement which is a response to inquiries and is not normally released. And, in fact, this statement was not released at the Justice Department. The question is, why was it decided to release it here at the White House? And was the Counsel's Office involved in the discussions that led up to its release? Bill Kennedy specifically.

MR. STEPHANOPOULOS: I don't know if Bill Kennedy specifically was. I mean, there were members from the Counsel's Office in the meeting as well. Again, we would have to double-check on the procedures in the past.

Q Did you go through the Justice Department to get this FBI representative over here or any of the other --

MR. STEPHANOPOULOS: No, we just talked directly to the FBI.

Q You went directly to the FBI without going through Justice?

MR. STEPHANOPOULOS: Yes.

Q George, did Judge Sessions, as some FBI officials have said, have to sign off on each of those statements regarding this investigation?

MR. STEPHANOPOULOS: I think you'd have to ask the FBI, but not to my knowledge. Nobody I know here --

Q Was the Attorney General consulted at any time about any of this?

MR. STEPHANOPOULOS: Not to my knowledge.

Q George, is Sessions cooperating with the efforts to get to the bottom of this with the FBI? What's his role in this --

MR. STEPHANOPOULOS: I don't know that he's had any specific role.

Q What is his status now in your view?

MR. STEPHANOPOULOS: Again, it's with -- the Attorney General is reviewing the report.

Q Is he handling this in any way?

MR. STEPHANOPOULOS: No effect whatsoever.

Q Was the decision to bring in the FBI the result of the Peat Marwick audit, or was that made in advance of the Peat Marwick audit?

MR. STEPHANOPOULOS: Let's go back through the sequence again. There was a call at the very beginning of the process where the Counsel's Office called for advice from the FBI subsequent to that.

Q That was when?

Q Yes, what date was that?

MR. STEPHANOPOULOS: Last Wednesday or Thursday. A week.

Q That was Bill Kennedy?

MR. STEPHANOPOULOS: Exactly.

Q He called somebody at the FBI?

MR. STEPHANOPOULOS: Yes.

Q Why did he call somebody at the FBI?

MR. STEPHANOPOULOS: For advice on how to handle the situation that was coming forward.

Q This was after Watkins asked Kennedy for advice?

MR. STEPHANOPOULOS: I assume so, yes.

Q And he called the FBI without talking to Justice, as far as you know?

MR. STEPHANOPOULOS: I assume so, as far as I know.

Q -- call the FBI for advice?

Q -- was after Harry Thomason had called Dee Dee and set up the meeting with Watkins?

MR. STEPHANOPOULOS: I don't know the exact dates on that, but it was last Wednesday or Thursday, a week ago.

Q So Thomason was in the White House.

Q That was on May 10th, right?

Q Martens was in the White House.

MR. STEPHANOPOULOS: I don't know that Martens -- let's not confuse last week and the week before. This is the week before last.

Q Let me clarify it. Thomason was in the White House and talked to Dee Dee? Is that not correct?

Q Thomason was in the White House Friday last, correct?

MS. MYERS: No.

Q Can we get the chronology?

Q He was here last Friday, wasn't he?

Q No, but I'm trying to find out a week -- 10 days before that.

Q All right.

Q The earlier contact. Can you just give us the chronology of when Thomason's contact with key people in the White House took place about the Travel Office which, as I understand it, preceded the request to Peat Marwick to come in and audit?

MR. STEPHANOPOULOS: I think that is true. I don't know the exact dates, but it preceded the request to Peat Marwick.

Q Can we get approximate dates?

MR. STEPHANOPOULOS: I know that he had mentioned it some time ago. And I'm not sure exactly when the subsequent contact was. I assume it was this month at some point -- the month of May. I just don't have --

Q Can Dee Dee help us on this? Was this a meeting with her or on the phone?

MS. MYERS: I talked to Harry --

Q Can't hear you.

MS. MYERS: I talked to Harry months ago. And I talked to Darnell in probably early February on the phone. It was about a 30-second phone conversation. I transferred him to the Travel Office.

Q There wasn't a meeting in May in your office?

MR. STEPHANOPOULOS: Not -- nothing to do, no. Then last Wednesday or Thursday -- I think it was either Wednesday night or Thursday, the Counsel's Office called the FBI for advise. They came in on Saturday --

Q Why did they call the FBI for advise?

MR. STEPHANOPOULOS: Because there were questions raised about this office that they wanted the best advise on how to handle it.

Q Who had raised the questions?

MR. STEPHANOPOULOS: Well, there had been questions coming up over months as we had gone over --

Q Can I stop you there for one minute? Newsweek reports that the cousin, Cornelius, had been in the Travel Office, which we all knew, for several weeks, but had been surreptitiously making or -- how shall we put this -- when the rest of the Travel Office was gone, she was making copies of financial records and -- secretly -- and gave those to somebody in the White House as evidence of, sort of, disarray or, you know, financial mismanagement. Now, before you had Peat Marwick, did you have some paper -- copies of their financial records done by this woman at your behest or secretly or in some way to start this ball rolling?

MR. STEPHANOPOULOS: I don't know if we had papers. We've said in the past, we've had people who had worked in that office who had seen practices that were regarded as questionable that we wanted to follow up on.

Q You didn't have people in that office, it was only one person in that office who was not a career government person and that was Cornelius. And my question is, is the Newsweek report correct that she, in the evenings after these guys were gone, made copies of financial documents?

MR. STEPHANOPOULOS: I don't know about that. I do know that she did bring up questionable practices in the offices. I don't know the form that that took. I assume that --

Q To whom? To Watkins?

MR. STEPHANOPOULOS: I don't know if it was to Watkins or other people in the office.

Q To Jeff Eller?

MR. STEPHANOPOULOS: I just don't know. I just know that the questions were brought up. Following those questions, which were real questions -- questions of serious misconduct and shoddy accounting, we decided to follow up. The steps we took in following up were call in the FBI for advice, bringing in Peat Marwick accounting firm. After that, on Saturday, after Peat Marwick had worked on this for several hours, had six people working on it, the FBI was called in again.

Q Has the White House under any circumstances ever called upon the FBI for advice? I didn't know the FBI had an advisory capacity.

MR. STEPHANOPOULOS: Well, advice on how to go forward with these allegations and questions that had been raised.

Q And the upshot of that meeting was that an FBI agent or agents were dispatched to the Saturday session here?

MR. STEPHANOPOULOS: I know they came to the Saturday session and it was at that session that they determined that there was a reason to go forward. And the next step on that would be to review the Peat Marwick report. That all is what -- that's what the statement said and those are the facts.

Q And you're confident that the contact -- the original contact from the Counsel's Office was direct to the FBI and not through Justice?

MR. STEPHANOPOULOS: As far as I know, that is -- it was --

Q Will you take a question on that, please?

MR. STEPHANOPOULOS: Yes, certainly.

Q What is the date of the Martens memo?

MR. STEPHANOPOULOS: I don't know.

Q Do you know when it was received?

MR. STEPHANOPOULOS: I don't. I can take the question.

Q Dee Dee, do you recall when you stated to both Harry Thomason and Darnell Martens what's set forth in the first sentence here -- roughly when that was?

MS. MYERS: Yes. It was what I just said. It was probably early February.

Q So this would have post-dated early February, but you don't know exactly when?

MS. MYERS: It was written right after the phone call. It was a memo written to Darnell Martens file. It was not ever sent -- it was not immediately sent to the White House. It was not meant for the White House. It was meant simply for his files.

Q Do you know when it was received here at the White House?

MS. MYERS: The fax date on the copy that was given to The Washington Post was May 10th.

Q May 10th?

Q And was that not that day of the meeting that Thomason and Darnell had with Director of Administration David --

Q Watkins.

MS. MYERS: It's probably the day that they had spoken. It was not a formal meeting.

Q Was Watkins presented this memo?

MS. MYERS: He was given the memo as evidence that there was no competitive bid process.

Q Did this get a better reading than did the Cornelius memo from him, do you know?

MS. MYERS: He did -- Harry and Darnell both told Watkins there was no competitive bid process.

Let me just clarify one thing. What Darnell Martens' business is is corporate aviation consulting. He is a consultant to corporations that operate small private jets. If they want to buy a new jet, they might go to him. If they were wondering if they were operating efficiently, they might go to him. If they're wondering if they need a bigger jet, they would go to him. He consults with corporations on a number of corporate aviation issues. He is not a broker. He does not deal in commercial or large airlines --

Q Well, then why is he having conversations with Billy Dale in which he's discussing whether they could earn the White House business?

MS. MYERS: Because during the campaign --

Q This can't be heard back here.

MS. MYERS: During the campaign, Darnell Martens and their firm, TRM, was brought in when we were a very small outfit flying on six and eight-passenger jets to do what it is that company does, which is consulting with us -- were we getting a good deal, were the planes we were using safe, were we -- what were our options in terms of what kind of aircraft we might want to charter. They don't own any airplanes. Through their involvement and Darnell's support for Clinton, he began to work with airline brokers. And the broker that we ended up using throughout the campaign was a company called Air Advantage. So Air Advantage and TRM worked together in sort of helping us sort of organize what charters we were going to use, what companies we were going to use, were we operating efficiently, were the planes safe.

Q TRM, I presume, was remunerated for these services?

MS. MYERS: Yes, they were.

At the end of the campaign, Martens had developed relationships with several of the -- both Air Advantage, the broker, and several of the firms -- the charter companies that we did business with, including Express One, which was the company we used most often; Miami Air and several others. At the end of the campaign, they were interested in continuing their business, to continue to carry the White House press corps, the press that had traveled with Clinton throughout the campaign. So Darnell made a phone call to find out how they might -- simply inquisitive call -- how they might access the process. Was it a competitive bid? Now, I know the way it's worded makes it unclear what the intention was.

But Darnell Martens has gone back to a straight-up, one-man band, corporate --

Q Is that because he struck out at the White House? Is that why he did that?

MS. MYERS: No. He was already in the process of -- because, as you know, we chartered very few planes between November 4th and January 20th. I think we took maybe three or four trips. That business was already something that he wasn't -- it was not lucrative for him to participate in it. Yes, he was remunerated for it, but only because of his interest in seeing Bill Clinton elected -- he was a campaign supporter -- was he willing to make the financial sacrifices required to do sort of charter brokering as opposed to what he does as a business.

Q Dee Dee, is there any question that the precipitating factor that led to the -- quote -- performance review and Peat Marwick was the May 10th meeting?

MS. MYERS: Absolutely. That is just not -- as we have said throughout this process, there were a number of factors that led to the Peat Marwick review, including the lack of competitive bidding, which came not just from Harry, but from other airline carriers, and a number of other accounting practices that were questionable -- a lack of accountability in the system, just a number -- wide variety of anecdotal information that led us to have questions about it.

Q Has what happened on Saturday helped anybody here to begin to understand why what appears to be equal service may not be and why everybody here isn't too hot on the idea of flying around on Al's low-bid airline?

MS. MYERS: Absolutely. Well, I think, first of all, that's a very reputable company that flew you. I understand there were problems and people weren't 100 percent satisfied. But that wasn't the overriding factor that drove the decision to review the process.

Q Before the Peat Marwick review ever started, the FBI was called in. There was a call from the --

MS. MYERS: Correct.

Q -- either the Office of Administration or the Counsel's Office last Wednesday. The FBI, I understand, came here Thursday.

MS. MYERS: Right.

Q This is two days before, or it's a day before Peat Marwick ever showed up.

MS. MYERS: Right.

Q What precipitated the initial call to the FBI?

Q Yes. Where did the evidence come from?

MS. MYERS: There was a number of things -- and I don't know if there was specific documentation or just anecdotal information that led people -- there was no accounting system in that office, that was clear to us at this time.

Q How did you know that?

MS. MYERS: There was a lack of accountability from people that had been in that office.

Q Who told you?

Q Who told you? Isn't it pretty obvious that Cathy Cornelius had to be the person from whom this information emanated?

MS. MYERS: As George said, he'd take the question. I don't know the exact thing. But David Watkins was accountable; that office falls under his supervision. And he raised questions and asked the White House Counsel to look at it. The Counsel had enough questions that they wanted to have the FBI -- that's the process. When you have questions about how something is handled, you would ask the FBI to take a look at it. I don't think that's unusual.

Q But the question is, can you put --

Q How is it that the February memo was faxed here on May 10th? Was somebody aware of it and asked to have it faxed?

MS. MYERS: Yes. Darnell recounted his conversation. Harry Thomason asked him if he had any notes or records of that conversation. He said he did. So he had his office fax the memo.

Q But how did that come about? How did the Thomason-Darnell conversation come about? Was Thomason being consulted on this on May 10th?

MS. MYERS: No. Harry was in Washington. Darnell was here on other business. They meet occasionally because, as you know, they're in business, they have a business together which Darnell operates, and they were at the White House apparently and they talked to David Watkins about their concerns about the Travel Office, which were not the only concerns being raised. There were a number of concerns being raised about the Travel Office.

And let me just point out, the reason Darnell Martens was here on Friday was because he was in Washington and I asked him to come.

Q Dee Dee, let me go back to Air Advantage, which you say that Darnell and Thomason were not seeking business for themselves, they were seeking business for these other airlines.

MS. MYERS: They were seeking -- they were seeking information about how somebody might go about obtaining business through -- if there's competitive bid process, then the company that meets the specifications of that bid at the lowest cost will get the business.

Q Okay, now how long has the President of Air Advantage worked in the Travel Office?

MS. MYERS: She volunteered -- she came down and worked pro bono after the White House Travel Office was dismissed to help us through the first few trips.

Q That's Cathy something?

Q No, that's the Penny --

MS. MYERS: Penny Sample is her name. She's the President of the company. They are an airline charter business and Penny Sample produced four bids for us for the Saturday trip. We chose the lowest one, which was MidWest Express.

Q But she is interested in this business for her own firm?

MS. MYERS: I would think. But at this point she operating pro bono.

Q -- inside track to work --

MS. MYERS: She already had a relationship with some of the people here through her work during the campaign. And I don't know that we'll use her. We haven't ascertained a process, but in the meantime she's operating pro bono.

Q Dee Dee, is it required by law that they have competitors bidding?

MS. MYERS: I don't know. I can take that question.

Q Is that throughout government?

MS. MYERS: It's generally accepted practice throughout government.

Q The Defense Department is criticized -- I mean, required to do it and are supposed to do it all the time, whether they do or not. But isn't that the policy throughout government?

MS. MYERS: Yes. I don't know because, as Ann points out, it's not public money, it's the press' money.

Q Dee Dee, did David Watkins put Catherine Cornelius into the Travel Office for the purpose of gathering information about it's operation?

MS. MYERS: Catherine Cornelius was in the Travel Office to coordinate staff travel. That was her function.

Q When did she start there, Dee Dee?

MS. MYERS: I don't have the specific date.

Q Was it after your telephone call from Harry Thomason?

MS. MYERS: Yes. But my telephone call -- my 45-second call with Darnell happened very early on and --

Q You said that happened in early February. Then she goes to work in the Travel Office. In mid-February, she writes a memo which finds fault with the Travel Office.

MS. MYERS: She went to work there April 3rd.

Q I don't understand, you thought there were too many people doing too little work in the office over there, and then you added somebody to do the staff work?

MS. MYERS: It wasn't being done.

Q People couldn't get reservations and get tickets?

MS. MYERS: I don't know who did it under the previous

--

MS. MYERS: Staff Advance.

MS. MYERS: Staff Advance did this function under the previous administration.

Q When did the career workers at the Travel Office learn that they were under scrutiny, or, for that matter, not doing things the way that Watkins wanted them to be done? Were they informed at any point before they were dismissed?

MS. MYERS: Certainly they were interviewed during the review process. I don't know the specifics -- yes, there were four or five of them that were here, were certainly interviewed within the review process. They knew the review was taking place and --

Q Are you talking the Peat Marwick review or --

MS. MYERS: Yes.

Q Did they know prior to that?

Q You're saying -- I want to get this straight -- on the record that four or five of the Travel Office members were interviewed by Peat Marwick people in connection with this review between Friday and Wednesday?

MS. MYERS: I'll have to double-check it, but that's my understanding.

Q Okay, because that runs quite at odds with other -- with what they say.

MS. MYERS: We can surely check with Peat Marwick. I think they have records of some of those conversations.

Q When you first came out and announced this, when you came out Wednesday and explained this, this was all said to have been pursuant to Vice President Gore and his team of people who were doing this performance audit.

MS. MYERS: Correct.

Q The evidence now seems to be mounting that this was done pursuant to a series of preexisting complaints, some of them from people you had done business with in the past during the campaign and --

MS. MYERS: Those were contributing factors.

Q -- and has had very darn little to do with Mr. Gore and his performance audit.

MS. MYERS: I think we were taking a look at how to best restructure a number of offices within the White House. That was an ongoing process.

Q I know, but what did it have to do with -- who was the liaison between this little probe into the Travel Office and Senator Gore and his --

MS. MYERS: David Watkins.

Q Ahh. Wait a minute. Isn't he one of those people being --

MS. MYERS: No, he was the person who was charged with taking a look at some of the operations within the White House and certainly some of the operations under his supervision and determining whether or not they could be operated more efficiently.

Q Who did some of the fired people meet with today? There were at least one of them was here today.

MS. MYERS: I don't know.

Q Dee Dee, can I ask you on the competitive bid question -- you obviously didn't competitive bid during the campaign, and now you're going to --

MS. MYERS: No, I don't think that's -- I think George said we don't know. I think we did. We used a number of different companies. We settled on the one that had the price and service combination that met our requirements. We used a number of different companies early on, and it was quite a competitive process. But I don't know the exact structure of it.

Q And that process is something you want to --

MS. MYERS: I think it's --

Q And is it a coincidence that the auditor who did your audit is apparently a volunteer or a worker for Gore's Counsel?

MS. MYERS: He was brought in as a government auditor/expert to brief people who would be looking into --

MR. STEPHANOPOULOS: As we've said, he's one of the country's leading experts in government accounting practices. He briefed the Gore people on how you go through it. Then he had a subsequent meeting with one of their tollgate groups sort of reviewing the work they had done. But it would be natural that he were chosen, because he's, like I said, one of the country's leading experts. He's done performance reviews in North Carolina and Kentucky and the District of Columbia. He ran the Rivlin report.

Q Did the President get with his staff to discuss the events of last week, the commentary on the weekend talk shows, on how to get things back --

MR. STEPHANOPOULOS: I don't know that there's been any formal meeting, but obviously, we take all this seriously. We want to be back on track. We want to be working on the economic plan and the big issues. And when we make mistakes we're going to try to fix them. We clearly didn't do everything perfectly last week; we know that. And that's why we're moving forward.

Q What were the mistakes. Just tell us. What were the mistakes?

Q Announcing it.

Q If you admit you made mistakes, you can at least tell us what those mistakes are.

MR. STEPHANOPOULOS: Well, I mean, it's clear at the time that the way this turned out did not go exactly as we would have liked it to have gone. We believe that it was important to restructure the Travel Office. We still believe that. We believe because of the things we've seen we think it can be run in a more efficient way. We think that there are serious questions about the way the accounting was done. And I think that's borne out by the Peat Marwick report. We think that we can provide a good service at a good cost, both for the taxpayers and the press. It obviously was not handled in a way we would have liked because we continue to believe that this was a necessary action brought on by a number of

factors. And we're going to continue to learn from that and do the best we can.

Q One of the allegations in the Martens memo is that the prior Travel Office was pro-Bush and had, in fact, given the press free accommodations in order to get -- pro-Bush and pro-press, but also pro-Bush -- that they had given free rides to the press in order to get better coverage for the Bush presidency. Do you have any substantiation of that? That's news to a lot of people.

MR. STEPHANOPOULOS: Again, and it's not something that came out of the White House. I'm just not going to comment on it one way or the other.

Q George, what percentage of it's business of the trip --

Q Have you -- is there any basis to believe that that office was political rather than --

MR. STEPHANOPOULOS: Again, I mean, that is not something -- we have said we're going make sure that our Travel Office is run in a professional manner.

Q George, wasn't one of the suspicions you had here was that that office was politicized? Is that one of the things you were worried about?

MR. STEPHANOPOULOS: We want to run an efficient, professional office. Those are why we acted.

Q I'm talking about wasn't one of the symptoms you were worried about, weren't you concerned that that office was political?

MR. STEPHANOPOULOS: No, we were concerned about the office not having good accounting, not being efficient, not being professional. That's why we acted.

Q Do you think it was also political?

MR. STEPHANOPOULOS: I have no idea.

Q Well, you've been specific about the other allegations. Do you think it was political?

MR. STEPHANOPOULOS: Again, I have no evidence one way or the other.

Q George, a cardinal principle of American jurisprudence is presumption of innocence. Was there any discussion in issuing the FBI guidance statement on Friday -- FBI investigation carries a very heavy connotation -- that this could at least be perceived as using the FBI and compromising that principle for political damage control?

MR. STEPHANOPOULOS: Again, it was simply a statement of fact, something that had already been stated. There is no conclusion or suggestion one way or the other on guilt or innocence.

Q The conclusion was that they thought additional further investigation was warranted.

MR. STEPHANOPOULOS: We fired them.

Q That's a conclusion that additional criminal --

MR. STEPHANOPOULOS: That is a fact, yes.

Q George, how long was the meeting that produced this statement? And was your briefing here delayed until you got the statement?

MR. STEPHANOPOULOS: No, we were waiting for the Peat Marwick report.

Q How long did you have the FBI report?

Q How long did you meet with Collingswood?

MR. STEPHANOPOULOS: He was there for, I don't know, 15 minutes. I mean -- he was just part of the --

Q Did he resist at all the notion of putting out a public statement?

MR. STEPHANOPOULOS: No.

Q Hard to blame him.

Q George, what changes are now contemplated in view of these problems? One, Billy Dale says that he tried and tried and tried long before this broke out to try to meet with one of you people and couldn't. Two, you say the President was given false information at LAX on whether the runways were closed. I mean, isn't something really, really wrong in terms of having some people around who know what the score is? I mean, is there any kind of a shakeup contemplated?

MR. STEPHANOPOULOS: I don't think so. But I think what we're going to do is try to pay close attention to every issue that comes through the White House and make sure that all the proper questions are asked and all the answers are given. There's no question about that. Again, I would just say that as far as I know, I just never had a message, a letter, or anything from Billy Dale.

Q Maybe it wasn't for you, but he says he did try to reach people and no one ever responded.

Q George, do you remember when the issue of restructuring the Travel Office came to light? How far back?

MR. STEPHANOPOULOS: How far back --

Q When it first came to mind.

MR. STEPHANOPOULOS: I said in the past, there were discussions of it as early as the transition.

Q What prompted that?

Q In retrospect, was it a mistake to put Cornelius -- to replace the five workers with Cornelius, raising allegations of cronyism? Is that one of the mistakes that perhaps you wish hadn't --

MR. STEPHANOPOULOS: Again, the perception I think is unfortunate. There's no question about it. She worked in the travel office during the campaign and she did a good job. I would point out to you she is not, as has been reported, heading the office. She is not replacing all five. She is doing essentially the job she did in the campaign. But, again, the perception is unfortunate. It's something we're going to look at in the future and continue to --

Q Who heads the office now?

MR. STEPHANOPOULOS: There's going to be -- his name is -- it's slipped my mind. Brian Foucart. And then there's another OMB administrative person as well.

Q That's now what we were told on Wednesday. On Wednesday we were told, I believe -- check the transcript -- that she was going to head the Travel Office.

MR. STEPHANOPOULOS: It might have been said that she's going to work in the Travel Office, but, no, she is not heading the Travel Office.

Q Is there anything new on the President's personal services contract with his Beverly Hills hairdresser, or does that remain in effect?

MR. STEPHANOPOULOS: Again, I don't know the details.

Q You took the question who pays for it.

Q Yes, you did.

Q What is it worth?

MR. STEPHANOPOULOS: They pay for their own services.

Q How much is it?

MR. STEPHANOPOULOS: I don't have the details of how much they pay for it.

Q Is it still in effect?

MR. STEPHANOPOULOS: Again, I don't know what the details of the contract were.

Q Did he decide to get rid of this personal services contract with a Beverly Hills coiffeur?

MR. STEPHANOPOULOS: I'll find out.

Q George, did anybody suggest to the President on Air Force One before you took off from Los Angeles that it would perhaps not look very good for him to stay on the ground for an hour to have his hair done by this Beverly Hills stylist?

MR. STEPHANOPOULOS: I don't know what conversations he had. As I said, the President wanted to ask -- wanted to make sure that air traffic was not being held up. He was misinformed.

Q By whom?

MR. STEPHANOPOULOS: I don't know.

Q Was there any discussion as to whether or not this man who campaigned by riding on buses in his blue jeans during the campaign, looking like a populist, that this might not look very good for --

MR. STEPHANOPOULOS: I don't know what the discussions were on the airplane.

Q Do you think -- Brit has brought up several times the question; I think Ann as well -- as to what's going -- whether you're concerned about the perception. And this question came up

during the Zoe Baird episode where you seemed sort of baffled as to why the American public was responding the way they did to that whole issue. Did you not learn anything from the Zoe Baird episode to not understand that this haircut, this \$200 haircut would not look very good; and that firing the entire Travel Office when you don't have any hard evidence of wrongdoing and hiring the President's distant cousin might not look good?

MR. STEPHANOPOULOS: I think there's a bit of danger in running different issues together simply because they happen in the same week. There is no question that what we saw last week isn't going to happen again. It's clear it didn't go as we would want it to go.

On the Travel Office -- let me just go back. We did that for several reasons -- making sure we could run the office in a professional manner. It was part of a restructuring. There was evidence compiled by the Peat Marwick report that there was serious accounting malpractices in the office. There was very good reason to move forward. It could have been handled better. And we learn every single day in this office. We'll continue to learn.

Q George, has Harry Thomason settled into a sort of --

Q -- this office for sometime, and is it true, therefore, that past Presidents just let it go and didn't look into this Transportation Office?

MR. STEPHANOPOULOS: I think that's a good point. It's a very good point, Sarah. I mean, these practices obviously have been going on for some time, and we're not going to allow either taxpayer money or the money of the press organizations to be used in a wrong manner, and we want to fix it.

Q Getting back to one of the early questions, has Mr. Thomason settled into sort of an unofficial or official advisory capacity here with the President? And why would he have, as a private citizen, have access to use of White House phones to make calls here?

MR. STEPHANOPOULOS: I think when he's here talking to the President, he has used the phones on occasion. I don't know what the specific nature of that is. I don't know if there's anything beyond that.

Q What's the nature of his advice? What is he advising the President on?

MR. STEPHANOPOULOS: He's a good friend of the President. He has given lots of advice on a number of good issues -- a number of different issues. A lot of good advice.

Q I know that, George. But now the question has been raised about his having spoken to the President about a matter in which it was -- at least his own company document makes it look like he and his partner had a financial stake, and they were in a position to. So it is not an unfair question to ask what exactly the President expects of him and what kind of advice the public watching this proceeding can expect Mr. Thomason to be giving?

MR. STEPHANOPOULOS: Again, I think he talks to the President about a lot of different things. I do not have the specifics.

Q I'm sure he isn't talking to him about the HUD bill. I mean, what is it? Is it about his appearance, or is it

about how to frame events or frame issues? I mean, is he a cosmetic-type consultant or an issues consultant, what?

MR. STEPHANOPOULOS: I think he's a general consultant to the President on a lot of different matters dealing with the public. He's also a businessman of long experience, and he has different advice to give on issues like that.

Q Did the White House pay to fly Christophe from San Francisco to L.A.?

MR. STEPHANOPOULOS: Excuse me?

Q Did the White House pay to fly --

MR. STEPHANOPOULOS: No.

Q Well, follow-up on that. Who pays for Christophe's contract, personal services contract?

MR. STEPHANOPOULOS: The family.

Q Not Harry Thomason?

MR. STEPHANOPOULOS: As far as I know -- again, I'll --

Q Can you check that?

MR. STEPHANOPOULOS: Absolutely.

Q Was Thomason at the meeting on Friday where the FBI statement was requested?

MR. STEPHANOPOULOS: No.

Q Who was at the meeting when the FBI person was there on Friday?

MR. STEPHANOPOULOS: Again, as I said to Brit -- I mean, it wasn't --

Q Was Darnell Martens in there?

MR. STEPHANOPOULOS: No.

Q George, on health care reform --

MR. STEPHANOPOULOS: It as just White House staffers.

Q And FBI.

Q On health care reform for a minute. When the President last week said that he would like abortions to be covered, similar to how they're now covered by private insurers, does that mean that he has decided to include abortion services as part of his final standard benefits package?

MR. STEPHANOPOULOS: Again, I don't think the President's made any final decisions on the package. He did express his view last week, said he thought that services that are traditionally covered in private health care should be covered in the government's package. That's his view. Again, the package is not complete yet.

Q Stan Greenberg said over the weekend that the President had lost his focus when he allowed the other side to define

spending cuts and so forth. Do you agree with Greenberg's analysis of what the problems were? And does the President agree, and did he talk to Greenberg about that when they met today?

MR. STEPHANOPOULOS: I haven't seen Stan -- first of all, the President didn't meet with Stan today.

Q Did?

MR. STEPHANOPOULOS: Did not.

Q Did not. But he may have met with James?

MR. STEPHANOPOULOS: Yes, he did meet with James for a few minutes.

Q For how long, do you know?

MR. STEPHANOPOULOS: Seven minutes --

Q What was the subject?

MR. STEPHANOPOULOS: They just had a general conversation. I mean, it was seven minutes long. I mean, it wasn't a long conversation.

Q Was it the public relations problem?

MR. STEPHANOPOULOS: He talks to James several times a week. This is just one other discussion he had with James. On the issues -- I have not seen Stan's speech. I mean, the President talks to Stan an awful lot about where we are and what we could be doing better and what we've done wrong and what we haven't done wrong. And those conversations will continue. But I can't talk about their private conversation.

Q These were awfully harsh comments, and one might think perhaps they're intended to send a message by making them in a way that was publicly --

MR. STEPHANOPOULOS: Again, I did not see the comments. I did talk to Stan this morning and he said he gave a long speech essentially laying out the President's program, but I have not seen the full comments.

Q Can I follow? Did the President -- you mentioned that this kind of week, last week, will never happen again -- did the President say to you --

MR. STEPHANOPOULOS: Hope it will never -- (laughter.)

Q Did he say to you this better not happen again? Was someone taken to the woodshed? What did he say to you guys about all this?

MR. STEPHANOPOULOS: Well, the President was disappointed in the week. I mean, there's no question about that. He was disappointed in what happened. He wants -- he was out there fighting for his economic plan. He's going to continue to do that. I don't think anybody's happy when things don't go the way you want them to go. But we're going to -- move forward.

Q What are his real feelings? I mean, does he feel that people -- there was a real snafu, or does he feel that these were accidents that --

MR. STEPHANOPOULOS: The President feels we've got to do better, and we will.

Q George, back to Ms. Cornelius, if she was assigned to the Travel Office to handle White House staff travel, is there a possible violation of any federal laws if she was rooting around in other files that didn't pertain to her area and was making copies and giving them to other people?

MR. STEPHANOPOULOS: I mean, she was doing her job.

Q Was that part of her job?

MR. STEPHANOPOULOS: I don't know that that was part of her job. I mean, I know that she was there to do staff travel. She, in the course of that job, she did bring questions -- I don't know exactly to who, but to others in the others in the office.

Q Can you assure us that she wasn't asked to do that before she went in there?

Q Spying?

Q Can you say from this platform today that when she was sent over there to do whatever she was sent over there to do that it did not include gathering of information about the accounting and other business procedures related to the White House press charter?

MR. STEPHANOPOULOS: I know her job was to do -- it was to do the staff travel.

Q I know that, George. That's not my question. Can you assure us today that it was not also part of her assignment to gather and report back information about the accounting and other business procedures engaged in in that office?

MR. STEPHANOPOULOS: Again, I don't know that -- I'm certain --

Q Was she sent in as a spy?

MR. STEPHANOPOULOS: No, of course, not.

Q Try to answer the question as I framed it, if you don't mind, George. I'm not saying spy. If you can.

MR. STEPHANOPOULOS: Again, I don't know what specific task she was given beyond arranging for staff travel. I know that that was her specific task.

Q Can you take that question?

MR. STEPHANOPOULOS: I can take that question.

Q George, on Catherine Cornelius, I'm having trouble explaining to some of my people why she is not being made available to the press to explain exactly what happened. Why won't you let her talk to us?

MR. STEPHANOPOULOS: First of all, I don't think she wants to. She's not --

Q Not talk to us? (Laughter.)

MR. STEPHANOPOULOS: -- a spokesman for the administration.

Q Will she be allowed to speak to us?

MR. STEPHANOPOULOS: I do not think she will speak.

Q Don't you think it would help?

MR. STEPHANOPOULOS: No, I don't, as a matter of fact.

Q On health care, can you tell us where we are in this process? There have been a number of stories about the President either deciding on a middle ground between his economic --

MR. STEPHANOPOULOS: There's a lot of different stories, all about the same meeting.

Q The question is, has he made tentative decisions?

MR. STEPHANOPOULOS: No.

Q Is there disagreement among his advisers?

MR. STEPHANOPOULOS: I think the advisers are remarkably unified on the need to get a serious health care plan through --

Q Can I just stay with the Travel Office --

MR. STEPHANOPOULOS: She asked about health care -- on the need to come forward with a serious program of health care reform. And I think the similarities far outweigh any differences there might be within the staff. I think that that's quite clear and we're making good progress. But the President hasn't made any final decisions.

Q There's a story he has made tentative decisions for a middle course. Is that story inaccurate?

MR. STEPHANOPOULOS: There are a bunch of different stories. Some say a middle course, some say a high course. The President has not made any final decisions, no.

Q I didn't ask that. I said is the story in today's Wall Street Journal that he has made tentative decisions for a middle course accurate or not accurate?

MR. STEPHANOPOULOS: The President has not made decisions yet on the health care plan.

Q Tentative decisions?

MR. STEPHANOPOULOS: What is a tentative decision? I mean, it's a decision. He's not made any final decisions.

Q May I ask you a question on another subject?

MR. STEPHANOPOULOS: Yes.

Q The White House and the Justice Department have been given information by Congressman Charlie Rose and Congressman Jack Brooks to the effect that new information has come forward, new documents that show completely that Congress was lied to and that Congress was given false information and that there were people in the government who were responsible for taking \$5 billion of taxpayers' money -- taxpayers' guarantees from the Commodity Credit Corporation and given it to firms that were selling weapons to Iraq before and during the war in the Persian Gulf.

MR. STEPHANOPOULOS: Those are serious charges. I haven't seen --

Q Those are very serious charges. They're treasonable, they think, and they have told the White House that those people were not prosecuted by the Justice Department and no action was taken by the White House National Security Council or the Justice Department. And they say if the White House does not do something now they're going to hold further hearings in Congress and bring all of this out.

MR. STEPHANOPOULOS: I'll have to take the specific questions. As you know, Charlie Rose has held hearing for quite some time.

Q The White House took an emissary with these men to the Justice Department and you know all about this -- and I want to know if you all are going to prosecute these offenders, or not? You can take the question with you. I know you have to take it back, but you can take it with you.

Q George, is the White House looking into or have any comment on the allegation of discrimination against six uniformed officers of the Secret Service who stopped at a Denny's in Annapolis a couple of months ago?

MR. STEPHANOPOULOS: Well, any kinds of discrimination is something that the President deplores. But I can't comment on a specific case.

Q George, one final one on the Travel Office --

Q George, can you tell me if you've been trying -- go ahead, finish travel.

Q One of the things that -- use of police powers of state for political purposes -- and I use the word "political" in the broadest sense -- is one of the things that got Richard Nixon in so much trouble. Are you concerned that there could be at least a perception that the way the FBI was involved in this could be seen in a similar manner?

MR. STEPHANOPOULOS: We're always concerned by charges such as that. I don't think that's what happened in this case. It certainly wasn't the intention.

Q Is it true that the FBI --

Q Come on.

MR. STEPHANOPOULOS: -- and we wanted to make sure we handled this thing in the appropriate manner.

Q Are we not failing to realize here that the FBI exists legally by an executive order of 1908, and therefore it is still under the White House? It has to ask the President before it engages in any investigation. And, therefore, it is under the White House.

MR. STEPHANOPOULOS: I mean, it is in the Executive Branch, but I'm not certain that's right.

Q It's exactly right. I checked it the other day.

Q When you say that what we saw last week will not happen again, why isn't it -- if you make decisions like the ones that you made after the first 100 days to restructure --

MR. STEPHANOPOULOS: Again, I don't know if there's any formal steps, and I don't want to blow this out of proportion. We're just going to -- obviously, things didn't happen the way we wanted to. We're going to pay attention and do what we can to make sure they don't happen again. I don't have any specifics.

Q Do you think it could be helpful if the White House conducted, or you and your colleagues conducted kind of a detailed inquiry here and put out a chronology of everything known and as yet undiscovered about the sequence of events that led up to this, and thereby, perhaps end all this and get you out of this swamp?

MR. STEPHANOPOULOS: I think we're doing our best to answer your questions.

Q I think you are; there's no question about that. I just was wondering if you thought it might be beneficial to conduct your own inquiry into this.

MR. STEPHANOPOULOS: Well, we're certainly reviewing it. Again, we're going to do what we can to make sure we don't make any mistakes in the future.

Q Should Harry Thomason be covered by some of the ethics procedures since he seems to be spending so much time in the White House and has so many different business interests?

MR. STEPHANOPOULOS: I don't know how much time exactly he spends here. As I said, he is not -- on this, he is not seeking business with the White House. But we'll continue to review it as cases arise.

Q Does Harry Thomason have a White House pass?

Q Does he have a regular office?

MR. STEPHANOPOULOS: They asked that, I just don't know. I know he's used the phone on occasion. I don't know if he has a regular office. I said I'd take the question.

Q What about a pass?

MR. STEPHANOPOULOS: I think he does.

AUDIENCE: Ooooo.

Q What kind of pass?

Q An employee pass?

Q Does he have a permanent pass?

MR. STEPHANOPOULOS: A residence pass.

Q What does that mean?

Q Which is the highest. That means you can go anywhere.

Q You can go wherever you want whenever you want.

Q Will the President have his hair cut by Christophe again? (Laughter.)

Q George, are you going to do China tomorrow?

Q There's a question on the floor.

Q Are we going to get a barbershop photo-op, George?
(Laughter.)

MR. STEPHANOPOULOS: I haven't asked him about it, but I just don't -- I will take the question and come back to you. I think the President's gotten his hair cut by a lot of different people.

Q Nobody. (Laughter.)

Q George, does the President usually pay \$200 for a haircut?

MR. STEPHANOPOULOS: Again, I don't know exactly how much the President pays for the haircut. I don't think it's --

Q His barber charged \$12 in Little Rock -- the barber the last 18 years.

MR. STEPHANOPOULOS: And he did a good job, too.

Q George, are there some other examples of folks that have the residence pass?

MR. STEPHANOPOULOS: I don't have it handy.

Q Susan Thomases has one, doesn't she?

MR. STEPHANOPOULOS: Probably, yes.

Q George, will there be a decision this week on MFN and China?

MR. STEPHANOPOULOS: Maybe. As you know, the deadline is June 3rd and we'll certainly have before then. I'm not certain about this week.

Q George, are you running into some problem? Last week the people on the Hill said you said -- that is, the White House said -- it was going to be announced early this week.

MR. STEPHANOPOULOS: And it very well could be this week, I'm not certain. There's no final decision.

Q Will that be before or after the Supreme Court nominee?

MR. STEPHANOPOULOS: I don't know.

THE PRESS: Thank you.

END

2:00 P.M. EDT

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