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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	From Ana Duque to Ken@ols.net Re: May be of interest..... [personal] [partial] (1 page)	04/14/1998	b(6)

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
WHO ([fast track...])
OA/Box Number: 500000

FOLDER TITLE:

[12/17/1997 - 04/14/1998]

2019-0155-F

jn653

RESTRICTION CODES

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

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

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

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

RR. Document will be reviewed upon request.

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

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: USIA_Media_Reaction@notes1.usia.gov@INET@LNGTWY (USIA_Media_Reaction@notes1.usia.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 17-DEC-1997 12:01:53.00

SUBJECT:: Daily Digest 12/17: WTO: A 'MIRACLE YEAR'?

TO: Kelley A. Lehman@eop (Kelley A. Lehman@eop [OMB])
READ: UNKNOWN

TO: Lori Anderson@eop (Lori Anderson@eop [WHO])
READ: UNKNOWN

TEXT:

Pundits in Europe and Asia praised a number of the World Trade Organization's (WTO) recent rulings and agreements, leading one Indian observer to term this the WTO's "miracle year." Agreements on information technology, telecommunications and the latest one on financial services were seen by many as "feathers in the cap" of the world trade body and as indicators of renewed world commitment to trade liberalization and freer and fairer markets. There were some malcontents, however. A number of commentators from the developing world expressed concern that many of the WTO's agreements would first benefit only the richest nations--Europe and America--and that poorer nations would continue to negotiate from a weaker position, ultimately bearing the brunt of harsh economic reforms.

Following are major themes found in the commentary:

FINANCIAL SERVICES: Most editorial attention was devoted to the December 12 agreement reached in Geneva on financial services. A majority of editorialists in Europe and Asia welcomed the "ground-breaking" pact--which will open markets around the world to foreign suppliers of banking, securities, insurance and financial data services. Analysts agreed with the leading, business-oriented Toronto Globe and Mail's judgment that "the more easily these [financial services] transactions are performed, the easier it is for businesses to trade among each other and stimulate economic growth and jobs.... This is a deal to be welcomed." Many observers also pointed out that the agreement is "timely," coming during a period when the global economy continues to be threatened by the ongoing crisis afflicting many Asian economies. Indeed, some believed the "calamity" in the Asian economies was the "mother of invention"--persuading negotiators to come to an agreement on freeing up global financial services that could possibly help the ailing Asian tigers. Voices of concern, however, could be heard in some quarters of the developing world. Kuala Lumpur's government-influenced Business Times, for instance, singling out the U.S. for "still hankering after a greater role in the global trade and business drama," went on to warn that nations like Malaysia must not be "hasty" in opening their markets: "Liberalization of the financial services sector should be conducted gradually in order to benefit every WTO member. The world no longer needs a puppet master to order its every move. The developing world is capable of directing its own growth. It

just needs a little guidance and the time and space to develop at its own pace." In Moscow, one writer noted that these are fretful times for Russia--a WTO aspirant--because liberalization agreements are being made without its participation.

PROTECTIONISM STILL A CONCERN: While most commentators were reassured that the recent actions at the WTO were confirmation that the world was continuing its march toward trade liberalization, several writers still expressed concern that protectionism currents have, "on the contrary, grown stronger." Stockholm's conservative Svenska Dagbladet stressed that the trend "can be noticed in the U.S., where President Clinton lost his 'fast track authority' about a month ago.... Also within the EU there is a constant struggle between the supporters of free trade and the protectionists.... Every tendency of protectionism therefore must be clearly and forcefully rejected. And the WTO cannot, in spite of all its success, do all the work by itself."

This survey is based on 17 reports from 9 countries, December 8-17.

EDITOR: Diana McCaffrey

EUROPE

BRITAIN: "WTO Pact Will Open Financial Services Sector"

The independent Financial Times reported (12/15): "A ground-breaking global pact reached at the weekend to open banking, insurance and securities markets to foreign competition would expand opportunities for companies in the multi-trillion dollar sector and help restore confidence in Asia's crisis-ridden financial markets, U.S. officials said. Reluctant East Asian nations, beset by financial turmoil at home, were brought into the pact after they were persuaded that a deal would help in their attempts to restore stability and investor confidence. The United States, which walked away from a deal in 1995, had said it would need much better offers from advanced emerging economies to join a pact this time."

"WTO's Film Ruling Angers Washington"

The independent Financial Times said (12/8): "The rejection by a World Trade Organization disputes panel of a U.S. complaint that Japan has rigged its photo-film market against imports has set off tremors which go far beyond the commercial impact on Kodak and Fuji, the two companies directly involved in the case.... Both Republicans and Democrats in Congress have rushed to call for the United States to revert to tough actions to pressure Japan into opening its market. In Japan, the WTO decision has disheartened reformers. They fear it will be taken as an exoneration of the country's burdensome regulatory practices, dashing hopes of accelerating faltering efforts to restructure the economy and stimulate demand."

"WTO Rules, OK?"

The independent Financial Times editorialized (12/8): "The dismissal by a WTO disputes panel of U.S. and EU complaints that Japan has discriminated against photo film imports is a forthright affirmation of judicial

independence. The panel's judgment was clearly unswayed by fear of displeasing the WTO's two most powerful members. Such impartiality is commendable. But it also puts the institution's authority squarely to the test. Politically, the ruling could hardly have come at a worse time. The outrage it has provoked in the United States can only make harder President Bill Clinton's task of obtaining fast-track trade negotiating authority from Congress. The decision also risks eroding further U.S. support for multilateralism and encouraging demands for a reversion to strong-arm trade tactics towards Japan, based on threats to penalize its exports."

RUSSIA: "Agreement May Hurt Russia"

Commenting on the financial services agreement talks in Geneva, Aleksei Portansky said in *Finansovye Izvestia* supplement to reformist *Izvestia* (12/11): "Solving differences and signing a document in good time will undoubtedly have considerable influence on the development of financial markets in the world. Apart from the fact that developed and some developing countries have been moving toward liberalizing the financial services market, a recent crisis in Asia has confirmed a need for an international agreement in this field.... Signing an agreement in Geneva will create problems for Russia and other countries that are in the process of joining the WTO, since, being no party to the talks, they will have to accept the levels of liberalization established in Geneva."

CANADA: "WTO Agreement On Financial Services: A Deal To Be Welcomed"

The leading *Globe and Mail* (12/16) stated: "Necessity may be the mother of invention, but it seems that calamity was the mother of last-minute persuasion in the World Trade Organization's agreement on freeing up global financial services.... Now, some holdouts have come on board, offering to open up by March 1999, their still formidable markets to outside competitors and, for some countries, outside investors."

"The emerging markets of Asia appear to recognize the deal will help them.... There are other gains from the talks. World financial services perform \$2 trillion in foreign-exchange transactions per day. The more easily these transactions are performed, the easier it is for businesses to trade among each other and stimulate economic growth and jobs. For many reasons, this is a deal to be welcomed."

"Anti-Dumping Suits Becoming Weapon Of Choice In Trade Fights"

International trade counsel and columnist Lawrence Herman observed in the business-oriented *Financial Post* (12/16): "Problems are bubbling to the surface of the international trading system that require immediate attention. What's emerging is a kind of 'neo-protectionism' consisting of the aggressive pursuit of anti-dumping remedies by more and more countries around the world. The irony is this new protectionism derives legitimacy under the rules of the World Trade Organization itself.... The real problem is the excessive detail and complexity of those investigation and the incessant demand by governmental agencies for endless amounts of data from the exporters. By virtue of the WTO trade rules...dumping investigations are far more onerous than the most scrupulous corporate audit.... So the process forces exporters to spend vast amounts of time

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SPAIN: "Favorable Pact"

Liberal El Pais proclaimed (12/15): "The agreement reached by the World Trade Organization to expand opportunities for foreigners in the financial services sector is favorable on a global scale. Its entry into force in March 1999 could prove to be an historic moment, as indicated by both WTO's Director General and the U. S. president. But above all it could be a stabilizing signal that could have a not insignificant calming effect on the extraordinary circumstances currently being experienced in that sector.... The pact will facilitate, among other things, the resolution of the problems now confronting Asian countries by providing greater transparency and opportunities for participation by foreign financial services firms. That is, financial globalization will be furthered, but in a more competitive, transparent and secure environment.... Nothing less is needed if the severe Asian economic and financial crisis is to have anything like a positive outcome."

SWEDEN: "Protectionist Currents Still Growing Stronger"

Conservative Svenska Dagbladet opined (12/16): "By the creation of WTO, organized protectionism around the world got a worthy opponent.... However, its accomplishments, including the successful conclusion of the WTO financial services negotiations in Geneva, must not be regarded as proof that free trade no longer is in jeopardy. Protectionist currents have, on the contrary, grown stronger lately and most clearly this can be noticed in the United States, where President Clinton lost his 'fast track authority' about a month ago. The development in the United States is not unique. Also within the EU there is a constant struggle between the supporters of free trade and the protectionists.... Every tendency of protectionism therefore must be clearly and forcefully rejected. And the WTO cannot, in spite of all (its success), do all the work by itself."

EAST ASIA AND PACIFIC

AUSTRALIA: "WTO Pact A Timely Trade Commitment"

In the view of the national, conservative Australian (12/16): "As Asian currencies have fallen to new lows in recent days, the World Trade Organization pact signals a welcome renewal of the region's commitment to

freer and fairer markets. The pact, involving about 70 countries which account for more than 95 percent of the world's financial markets, does not take effect until 1999...but its greatest impact and merit has materialized almost instantaneously. It reassures investors in Asia that the region's governments are serious about more transparency and certainty for overseas investors, while recognizing that policies which protect domestic industry at the expense of competition are likely to exacerbate their national economic problems."

HONG KONG: "Double Dealing"

The independent, English-language South China Morning Post editorialized (12/17): "It is striking how the delight over last weekend's 102-nation pact to liberalize financial services has come from Americans and Europeans. It is they who stand to benefit most from the World Trade Organization accord to open up markets all over the world for powerful multinationals to dominate.... U.S. Trade Representative Charlene Barshefsky could scarcely contain her jubilation, talking of it in terms of a trade deal rather than a genuine attempt at liberalization, and frankly admitting that it would provide tremendous opportunities for American firms...."

"It is not necessarily in Asia's interests to allow such unparalleled access at a time when its ability to compete on equal terms has been hampered by the recent crises. But a failure to reach agreement would have resulted in a negative response from international investors and accelerated capital outflow from the region. So Asia has little choice but to reluctantly accept this one-sided accord and hope that the benefits it brings the United States and Europe are reciprocated."

MALAYSIA: "Gaining From The Crisis"

The government-influenced English-language New Straits Times declared (12/15): "Few in the international community have bothered to notice how badly Asia's troubled economies are being served by the belated scramble to counter the region's financial problems. The just-announced WTO agreement on financial services--after six years of negotiations and strident developing country objections--offers the biggest hint so far of the Asian countries' sharply reduced bargaining position. True, the deal would, as its proponents say, increase capital flows, improve quality competition, financial stability and economic efficiency. But that is only one side of the story. The last round of WTO talks in 1995, had come up empty after Asia's emerging economies balked from opening their markets up to better-equipped foreign competitors. This time, equal market access was hard-sold as a confidence-restoring measure for the badly hit Asians. Several developing countries barely concealed their dismay at having to buy that line in spite of their justifiable fears. International perceptions about Asia have changed, and its once high-flying economies are being made to pay needlessly, without a voice of their own."

"Insurance War Looms At WTO"

The government-influenced Business Times ran the following editorial (12/12): "It is clear that another 'shadow play' or 'wayang kulit' is about

to be staged by the WTO as the United States is expected to make life difficult for other members with regards to the liberalization of financial services.... And true to form, the United States is still hankering after a greater role in the global trade and business drama....

"Malaysia has nothing against liberalization per se, but we wish to be comfortable with the pace at which the markets are opened. Liberalization has had a drastic impact upon the currency and the stock market and it simply cannot happen overnight. Haste will only cause the underdeveloped markets in developing countries to suffer. The currency and stock market turmoil in south-East Asia is proof of this.... Malaysia needs to be comfortable with the march too, just as the United States took more than 50 years to grow into a global economic titan, Malaysia and other developing nations also need to be stable and strong enough to face the challenges of liberalization. Involving the people without solid preparation would be tantamount to economic suicide. Malaysia is just beginning to develop its insurance industry. Since insurance premiums have been eating into our finances, the government has revived the Malaysian International Re (Labuan) Ltd in an effort to halt the huge outflow of capital to foreign insurance companies. With US\$200 million in paid-up capital, the company will result in savings of billions of ringgit a year in terms of shipping and property insurance premiums.

"Malaysia has never closed its doors to foreign insurance companies. It would be incorrect to assume that we wish to promote locals at the expense of foreign investors. Foreigners are welcomed as they bring knowledge as well as capital with them. The United States took many years to establish its insurance sector and they really ought to let us get ours on its feet. Liberalization of the financial services sector should be conducted gradually in order to benefit every WTO member. The world no longer needs a puppet master to order its every move. The developing world is capable of directing its own growth. It just needs a little guidance and the time and space to develop at its own pace."

SOUTH ASIA

INDIA: "At Whose Service?"

The centrist Statesman commented (12/17): "Fifteen years of tortuous negotiations have produced an agreement, of sorts, on global financial services.... The member that matters most, the United States, has its Congress to appease, especially over what American legislators from New York to Nebraska view as 'inadequate' market access offers by individual countries. Still, the world has changed from the feverish early '80s when mere mention of financial services would make developing countries, as well as some Europeans, reach for the gavel. India has changed very little. And why does that surprise us. At the final stages of the global telecommunications treaty, signed in February this year, India barely took its head out of the sand: the monopolies of DoT and VSNL, which exist to mulct Indians, not foreigners, were defended in the name of national

interest. The financial services treaty is no less pro-Indian government officials and anti-Indian citizens.

"Take banking, virtually the only financial services where the Indian team offered 'greater' liberalization. The most favored nation principle will cover foreign banks in India now.... The Indian consumer would have benefited from more foreign banks, from more foreign investment in financial services, from more choice and better products. Some Indian producers of financial services would have undoubtedly suffered. But should the course of progress be charted according to how many shoals some inefficient producers may hit? Till such time as the answer remains yes, expect no real improvement even after Indian officials come back waving treaties."

"WTO's Miracle Year"

The right-of-center Indian Express concluded (12/16): "The financial services agreement is the third feather in the World Trade Organization's cap this year, after the information technology and telecoms agreements. Given the Asian crisis, any financial services pact is an achievement.... Anti-free-trade voices have been particularly sharp in America of late. In the end, what was won was a true compromise. Perhaps this is just as well. America is already a very open economy, but countries whose starting point is a far more closed economy are bound to be nervous of opening up in one go."

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ATTACHMENT 1

ATT CREATION TIME/DATE: 0 00:00:00.00

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GTON DC 20547 OFFICE OF RESEARCH AND MEDIA REACTIONOO
#XP\ P6QyP#Bill Richey, Branch Chief Media Reaction (R/MR), #:x2PkCXP# #XP\
P6QyP#Richey@usia.gov, (202) 6196511 Ann Pincus,
Director, (2
02) 6196511

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"Insurance War Looms At WTO"

The governmentinfluenced Business Times ran the following editorial (12/12):

"It is clear that another 'shadow play' or 'wayang kulit' is about to be staged by the WTO as the United States is expected to make life difficult for other members with regards to the liberalization of financial services.... And true to form, the United States is still hankering after a greater role in the global trade and business drama....

"Malaysia has nothing against liberalization per se, but we wish to be comfortable with the pace at which the markets are opened. Liberalization has had a drastic impact upon the currency and the stock market and it

simply cannot happen overnight. Haste will only cause the underdeveloped markets in developing countries to suffer. The currency and stock market turmoil in southEast Asia is proof of this.... Malaysia needs to be comfortable with the march too, just as the United States took more than 50 years to grow into a global economic titan, Malaysia and other developing nations also need to be stable and strong enough to face the challenges of liberalization. Involving the people without solid preparation would be tantamount to economic suicide. Malaysia is just beginning to develop its insurance industry. Since insurance premiums have been eating into our finances, the government has revived the Malaysian International Re (Labuan) Ltd in an effort to halt the huge outflow of capital to foreign insurance companies. With US\$200 million in paidup capital, the company will result in savings of billions of ringgit a year in terms of shipping and property insurance premiums.

"Malaysia has never closed its doors to foreign insurance companies. It would be incorrect to assume that we wish to promote locals at the expense of foreign investors. Foreigners are welcomed as they bring knowledge as well as capital with them. The United States took many years to establish its insurance sector and they really ought to let us get ours on its feet. Liberalization of the financial services sector should be conducted gradually in order to benefit every WTO member. The world no longer needs a puppet master to order its every move. The developing world is capable of directing its own growth. It just needs a little guidance and the time and space to develop at its own pace."

X hp x (#

X hp x (#SOUTH ASIA

X hp x (# INDIA: "At Whose Service?"

X hp x (#

The centrist Statesman commented (12/17): "Fifteen years of tortuous negotiations

ions have produced an agreement, of sorts, on global financial services.... The member that matters most, the United States, has its Congress to appease, especially over what American legislators from New York to Nebraska view as 'inadequate' market access offers by individual countries. Still, the world has changed from the feverish early '80s when mere mention of financial services would make developing countries, as well as some Europeans, reach for the gavel. India has changed very little. And why does that surprise us. At the final stage of the global telecommunications treaty, signed in February this year, India barely took its head out of the sand: the monopolies of DoT and VSNL, which exist to mulct Indians, not foreigners, were defended in the name of national interest. The financial services treaty is no less pro-Indian government officials and anti-Indian citizens.

"Take banking, virtually the only financial services where the Indian team offered 'greater' liberalization. The most favored nation principle will cover for foreign banks in India now.... The Indian consumer would have benefited from more foreign banks, from more foreign investment in financial services, from more choice and better products. Some Indian producers of financial services would have undoubtedly suffered. But should the course of progress be charted according to how many shoals some inefficient producers may hit? Till such time as the answer remains yes, expect no real improvement even after Indian officials come back waving treaties."

"WTO's Miracle Year"

The right-of-center Indian Express concluded (12/16): "The financial services agreement is the third feather in the World Trade Organization's cap this year, after the information technology and telecoms agreements. Given the Asian crisis, any financial services pact is an achievement.... Antifreetrade voices have been particularly sharp in America of late. In the end, what was won was a t

rue compromise. Perhaps this is just as well.
America is already a very open
economy, but countries whose starting point is
a far more closed economy are bo
und to be nervous of opening up in one go."

##

X' hp x (#%#Xx\ P6QyXP#

===== END ATTACHMENT 1 =====

===== ATTACHMENT 2 =====

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:

RFC-822-headers:

Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)

id <01IRA2IFEQ8W000ABF@PMDF.EOP.GOV>; Wed, 17 Dec 1997 11:48:00 -0500 (EST)

Received: from storm.eop.gov (storm.eop.gov)

by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IRA2I820XC018VAL@PMDF.EOP.GOV>; Wed,

17 Dec 1997 11:47:53 -0500 (EST)

Received: from NOTES1.USIA.GOV ([198.67.64.251])

by STORM.EOP.GOV (PMDF V5.1-7 #6879)

with SMTP id <01IRA2HZOAW000541S@STORM.EOP.GOV>; Wed,

17 Dec 1997 11:47:38 -0500 (EST)

Received: by NOTES1.USIA.GOV (Lotus SMTP MTA v1.06 (346.8 3-18-1997))

id 85256570.005BC288 ; Wed, 17 Dec 1997 11:42:15 -0400

X-Lotus-FromDomain: USIA

===== END ATTACHMENT 2 =====

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:23-DEC-1997 11:04:26.00

SUBJECT: Jump Start For Fast Track

TO: Gene B. Sperling (CN=Gene B. Sperling/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

TO: Daniel K. Tarullo (CN=Daniel K. Tarullo/OU=OPD/O=EOP @ EOP [OPD])

READ:UNKNOWN

CC: Lael Brainard (CN=Lael Brainard/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

Rahm I. Emanuel (CN=Rahm I. Emanuel/OU=WHO/O=EOP [WHO])

READ:UNKNOWN

TEXT:

I do not know what your plans are for Fast Track next session, but I thought I would offer an idea that might increase Democratic votes in favor of the legislation.

Proposal -- South Africa Free Trade Agreement

In his 1998 State of the Union, the President announces that he is going to fight for passage of Fast Track Authority in the Spring because he has begun discussions with Nelson Mandela about a new free trade agreement with South Africa. The President argues that a free trade agreement with South Africa will bring the two countries closer together, promote economic growth and strengthen Democracy in the most important of African nations, and provide the U.S. with the benefits of free trade.

Analysis

I believe this announcement would fracture the Democratic/Labor coalition against the Fast Track. The Black Caucus would through their support to the President and Democrats who fought against the free trade agreement would have a hard time opposing a free trade agreement with Mandela.

I didn't have a chance to analyze our trade balance with South Africa before I wrote this, I am guessing they are a mid-range U.S. trade partner. For those who criticize this as a political gesture, we could point to the Reagan Administration's Free Trade pact with Israel as an example of using free trade to tie important regional powers to the U.S.

One major issue is whether South Africa would be interested. Another drawback is anger among Latin American nations such as Chile who were hoping to join NAFTA. However, this strategy gets the President the

authority and makes expanding NAFTA a more likely possibility in the long run.

Just some thoughts.

Happy Holidays.

**Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]**

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2006-0540-F

Bucket: WHO

Creation Date: 1998-01-02

Subject: INTERNAL TRANSCRIPT 12/31/97 remarks by Pres.&
First Lady

Creator: Kevin S. Moran CN=Kevin S. Moran/OU=WHO/O=EOP
[WHO]

ARMS Email System

RECORD TYPE: PRESIDENTIAL (EXTERNAL MAIL)

CREATOR: USIA_Media_Reaction@notes1.usia.gov@INET@EOPMRX

CREATION DATE/TIME: 7-JAN-1998 12:27:00.00

SUBJECT: Daily Digest 1/7/98: TRENDS--U.S. STATUS AS SUPERPOWER

TO: Ckoppell (Ckoppell@usaid.gov@INET@EOPMRX)
READ:NOT READ

TO: Lehman_k (Lehman_k@A1@CD) (OMB)
READ:NOT READ

TO: K_Haley (K_Haley@cc.colorado.edu@INET@EOPMRX)
READ:NOT READ

TO: anderson_l (anderson_l@A1@CD) (WHO)
READ:NOT READ

TO: clibrary (clibrary@cfr.org@INET@EOPMRX)
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TO: libacq (libacq@rand.org@INET@EOPMRX)
READ:NOT READ

TO: Lou_Lantner (Lou_Lantner@dir.voa.gov@INET@EOPMRX)
READ:NOT READ

TO: rodriguezl (rodriguezl@panet.us-state.gov@INET@EOPMRX)
READ:NOT READ

TO: mconnell (mconnell@pagate.pa.osd.mil@INET@EOPMRX)
READ:NOT READ

TO: glynnm (glynnm@panet.us-state.gov@INET@EOPMRX)
READ:NOT READ

TO: siegelms (siegelms@panet.us-state.gov@INET@EOPMRX)
READ:NOT READ

TO: MIKE_HALTZEL (MIKE_HALTZEL@FOREIGN-REL.SENATE.GOV@INET@EOPMRX)
READ:NOT READ

TO: mkovacs (mkovacs@osi-dc.org@INET@EOPMRX)
READ:NOT READ

TO: napsnet (napsnet@nautilus.org@INET@EOPMRX)
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TO: NQuistor (NQuistor@doc.gov@INET@EOPMRX)
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TO: boustanyn (boustanyn@washpost.com@INET@EOPMRX)
READ:NOT READ

TO: Clark_p (Clark_p@A1@CD) (OA)
READ: 7-JAN-1998 12:33:19.94

TO: afpa1 (afpa1@ix.netcom.com@INET@EOPMRX)
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TO: virdenr (virdenr@gunet.georgetown.edu@INET@EOPMRX)
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TO: rcomer (rcomer@sed.stel.com@INET@EOPMRX)
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TO: mikels (mikels@ndu.edu@INET@EOPMRX)
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TO: naplan_s (naplan_s@A1@CD) (NSC)
READ:NOT READ

TO: tlvio (tlvio@usia.gov@INET@EOPMRX)
READ:NOT READ

TO: tlvpao (tlvpao@usia.gov@INET@EOPMRX)
READ:NOT READ

TEXT:

Over the last three months, musings on the role of the U.S. in the world continued to figure prominently in foreign commentary. Once again, there was agreement among almost all pundits that the U.S. has emerged as the most powerful nation in the post-Cold War era--influential and preeminent in the economic, political, security, military, technology and cultural spheres. Only a few chose to highlight what they perceived as limits on American power. On any given subject, a majority of analysts saw American attitude and policies as the defining ones. This idea extended to the ongoing dispute between Iraq and the U.S., U.S. trade sanctions policies, the Middle East peace process, the Asian currency crisis, NATO enlargement, the conflict in the former Yugoslavia, democracy building in Africa, China, the land mines convention, the Kyoto climate conference, free trade, global financial matters and a host of other issues and events. Most acknowledged that "the U.S. is the only international player who can create constructive movement" in deadlocked situations. Opinion on the nature of U.S. global leadership and its implications, however, varied widely, and fell roughly into three broad categories. The first consists of those observers who are apparently at ease with the so-called "unipolar" world and welcome the American "model" of democracy and economy. The second grouping, while implicitly untroubled by the concept of the U.S. as the only superpower, expressed deep dissatisfaction with its leadership. The last--and most extensive--category comprises editorialists who lament the unipolar nature of the post-Cold War era, find great fault with U.S. leadership and yearn for a multipolar world. These are major themes found in commentary:

GOOD: U.S. SECURITY UMBRELLA, ECONOMY, AND SOCIAL MODEL-- A considerable number of editorialists looked with much admiration and contentment upon the "Pax Americana." Notably, an abundance of positive murmurings emanated from opinion-makers in Germany, Scandinavia and Central Eastern Europe, where U.S. leadership on security issues and NATO enlargement were the main points of interest. These commentators generally lauded the U.S. role in winning the Cold War. Other observers focused on the Balkan hot spot in Europe, stressing that without President Clinton's leadership, Bosnia would still be suffering the ravages of war. Even when it came to economic issues, a Swedish daily observed that while "the U.S. certainly is no paradise on Earth...the countries in Europe with mass unemployment, stagnating standard of living, crumbling security systems, and opinions hostile to immigrants, have not very much to be proud of. We have more to learn from the U.S. than we have to teach the Americans." Many others in Asia, Latin America and Europe held up the phenomenal U.S. economy as a model for all to emulate. A paper in India summed it up this way: "This year made a formidable case for the American way of doing business--strong on institutions, transparency and domestic answerability." In Brazil, a nation that has emerged as a strong economic force in Latin America, center-right O Estado de Sao Paulo extolled the virtues of the U.S. economic example, advising Brazil not to "turn its eyes towards the European model.... The best example is here, in the New World." Several writers wrote paeans to the internal social strengths of America--where, according to one Belgrade daily, "freedom, democracy, legal order, justice, wealth, abundance and happiness are really empirical categories."

SHOULD BE BETTER: U.S. LEADERSHIP--A number of columnists, while offering diverse critiques of U.S. policies, all supported the same basic proposition--that although there is no inherent problem with the U.S. superpower status, America's leadership is not being exercised in the best possible manner. This view was well captured by one German writer who chastised the U.S. because generally its "weight does not translate into the appropriate political influence in the world;" and more specifically because the U.S. has been unable to solve a number of contentious international issues--such as Saddam Hussein's intransigence and human rights violations in China. Some of these critics also stressed their concern over an alleged growth of U.S. isolationism, which is claimed to be particularly strong in the U.S. Congress. The Clinton administration also came under fire for its purported failure to inform the U.S. people adequately on important foreign policy initiatives and its inability to foster a more enduring internationalism among the public. Many saw in the derailment of the president's request for fast track authority an especially ominous sign--a harbinger of a possible broader U.S. disengagement from the world. Some expressed concern about an alleged growth in the influence of various single issue lobbyists in Washington--a trend, they believed, that is likely to further weaken the U.S. ability to formulate a coherent foreign policy. There were calls from many in this group for the U.S. to act in a less "overbearing manner" in dealing with its partners. London's independent Economist urged the superpower to "keep its alliances in good repair," lest it find itself increasingly isolated in its attempts to solve global problems--e.g. Iraq.

BAD AND UGLY: THE 'HEGEMONIC', UNILATERALIST, PROTECTIONIST, 'BRASH' UNCLE SAM--What united an otherwise divergent and large third body of opinion was an underlying belief that the U.S. status as the world's sole superpower was an inherently undesirable situation and that moving toward a more "balanced" international system was an important policy imperative. Within this "down with American hegemony" school of thought, several distinct themes could be discerned. One set of commentators waxed philosophically, arguing that the U.S., left without any major international opponent, would pursue a course of "soft imperialism." Critics also saw the U.S. behavior on the international scene as disagreeable, and termed it "bullying," "arrogant" and "brash." They held that the superpower is not interested in multilateral approaches to solving problems, and does not cooperate unless all of its interests are protected. Several Russian commentators expressed their own unique view of how the world should be. Moscow's neo-communist Pravda Five, for example, contended that Russia's "vast expanse should be preserved as an epitome of equilibrium in this unstable world." The paper said that this Russian "shield between East and West" would be an "insurmountable obstacle to hegemony-seeking powers." Other Russian dailies cast Moscow in combinations with such countries as China, France and Germany as a possible counterweight to American hegemony. In France--a country that was seen by a number of analysts as continuing to effectively challenge a number of U.S. initiatives--pundits were predictably peevish, complaining frequently about U.S. policies and leadership. Paris's left-of-center weekly Le Nouvel Observateur spoke approvingly of a "weakness" in U.S. diplomacy that "leaves the door wide open to a multi-polar world policy in which many average sized nations such as France can play a role." On specific policies, there was a bevy of standard condemnations of U.S. trade sanctions policies, with a particular emphasis on the Helms-Burton law and the Iran-Libya Sanctions Act. Numerous Muslim and Arab pundits reiterated all of the usual criticisms about the U.S.' perceived pro-Israel tilt, excessive hostility toward Iraq, and by extension, the Islamic world. A number of media voices in all corners of the globe alleged U.S. hypocrisy in such matters as human rights, global warming, banning land mines and world trade issues. They held that U.S. policies in these areas were driven by parochial U.S. interests rather than by any principled policy stances.

This survey is based on numerous commentaries appearing in previous media reaction reports October 1, 1997-January 6, 1998. Comprehensive quotes are available upon request.

EDITOR: Diana McCaffrey

===== ATTACHMENT 1 =====

ATT CREATION TIME/DATE: 7-JAN-1998 12:28:00.00

ATT BODYPART TYPE:p

TEXT:

Unable to convert OA\$SHARA479:ZXERHTBDE.WPC to ASCII,
The following is a HEX DUMP:

===== END ATTACHMENT 1 =====

===== ATTACHMENT 2 =====

ATT CREATION TIME/DATE: 7-JAN-1998 12:28:00.00

ATT BODYPART TYPE:D

TEXT:

RFC-822-headers:

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id <01IS3G10CYSG0005Z4@PMDf.EOP.GOV> for Clark_p@a1.eop.gov; Wed,
07 Jan 1998 12:27:43 -0500 (EST)

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Clark_p@a1.eop.gov; Wed, 07 Jan 1998 12:27:39 -0500 (EST)

Received: from NOTES1.USIA.GOV ([198.67.64.251])
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07 Jan 1998 12:27:03 -0500 (EST)

Received: by NOTES1.USIA.GOV (Lotus SMTP MTA v1.06 (346.8 3-18-1997))
id 85256585.005F916A ; Wed, 07 Jan 1998 12:23:51 -0400

X-Lotus-FromDomain: USIA

===== END ATTACHMENT 2 =====

Clinton Presidential Records Automated Records Management System [EMAIL]

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Hex Dump file is not in a recognizable format, has been incorrectly decoded or is damaged.

File Name: p_adbthrex_who_html_1.doc

Attachment Number: OA\$SHARA479:ZXERHTBDE.WPC

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Eleanor S. Parker (CN=Eleanor S. Parker/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:12-JAN-1998 09:34:15.00

SUBJECT: E.J.Dionne...

TO: Paul E. Begala (CN=Paul E. Begala/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

Get Ready For Clinton's Third Act

He Seeks a Balance Between Hyperactive and
Reactive

By E.J. Dionne Jr.

Sunday, January 11, 1998; Page C01

You are present at the rise of the Third Clinton.

The First

Democrats'

Second

Clinton governed from January, 1993 until the
disaster in the 1994 congressional elections. The

Clinton reigned until the end of last year.

until the

Fourth and

make his

If all goes well, the Third Clinton will govern
president's term expires in 2001. If he fails, a
probably much-diminished Clinton will have to
appearance.

won some

battle. But he

helping the

The First Clinton was compulsively activist and
important victories, notably in the 1993 budget
also suffered a paralyzing defeat on health care,
Republicans take control of Congress.

mixing

their welfare bill

battled -- and

The Second Clinton was relentlessly reactive,
accommodation with confrontation. He embraced the
Republicans' goal of a balanced budget, signed
and declared big government kaput. But he also
bested -- the Republicans on the famous issue

quartet of Medicare, Medicaid, education and the environment.

The Third Clinton will be activist with less attitude. He will try to pick fights he can win. Failing that, he will try to make arguments that can carry in the long-term, even if his proposals fail. He will be more aggressive than the reactive president of the second phase. He is already proposing programs that force the Republicans to react to him.

The Third Clinton is made possible by the end of deficit politics, which has given the president fiscal room for initiative. The new phase is made easier by the increasing caution of the Republicans, still smarting from the Second Clinton's attacks. And it's made necessary by the president's open obsession with his legacy and an awareness that legacies are not built by the cautious.

At a dinner on Wednesday with a group of intellectuals, according to one participant, Clinton spoke passionately of making his stand as a progressive president in the Teddy Roosevelt tradition and of the need for national action to help Americans through a time of difficult economic transition.

If that's the legacy Clinton has decided to pursue, he'll have to take chances and defy certain expectations. His record as a counterpuncher is far more impressive than his performance in leading the fight.

Moreover, Clinton relishes popularity, and boldness is not always popular. His current high ratings are due in part to an above-the-fray image and his successes in working with the

Clinton risks
 become difficult, it
 accommodation.

Republicans. A more aggressive and partisan
 some approval-ratings points. If the battles
 will be tempting to return to the quiet life of

all the fights
 the appearance of
 e his party for
 By offering new
 achieve something
 sustainable political

With a Republican Congress, Clinton will not win
 he is picking. But there is a political logic to
 the Third Clinton: The president is trying to unit
 this fall's elections and help Al Gore in 2000.
 programs, the Third Clinton is also trying to
 the earlier Clintons failed to do: construct a
 project that will outlast his presidency.

Democratic
 Congressional
 grimly as Clinton
 leadership. That
 the
 Clinton had laid on
 Democrats

The new phase is desperately important to the
 Party, which splintered badly in 1997.
 Democrats, especially in the House, watched
 made his own budget deal with the Republican
 deal made Clinton look good, but it also helped
 Republicans slip the extremist charge that
 them and gave the Republicans tax cuts that many
 despised.

Clinton's
 negotiate trade
 underscored the deep
 central issues
 economy is
 one aide
 globalism as
 Minority

House Democrats got revenge last fall by blocking
 efforts to win "fast track" authority to
 agreements. The fast-track controversy
 splits within the Democratic Party on one of the
 in American politics: whether the emerging global
 good or bad for the average American. Clinton, as
 put it, has "led a flank in the party" that sees
 inevitable and good. Many House Democrats --
 Leader Dick Gephardt and Whip David Bonior

especially --

are decided skeptics.

else as well:

But the fast-track defeat was about something

believe it will

many Democrats who are not critics of globalism

contract" is

hurt the average worker unless a new "social

transition. Some of these

enacted to protect those caught in the

send him a

Democrats bucked the president on fast-track to

contract he

message: He had failed to construct the social

keeps promising.

comes not only

Interestingly, the demand for a social contract

center-right, which

from the left, but also from the party's

insecurity

supports fast-track. "A lot of today's economic

Deal

comes from the erosion of the old post-war or New

the Progressive

social bargain," said Will Marshall, president of

Democratic

Policy Institute, the think tank for the centrist

dissolved by the

Leadership Council. "That bargain is being

. . There's a

forces of economic change and global markets . .

equip

vacuum to be filled now involving measures that

Third Clinton

Americans to succeed in the new economy." The

has returned to the social bargain.

over, but

The Second Clinton declared big government to be

initiatives. They

the Third is embracing substantial new federal

Medicare, his

include his plan to let the near-elderly buy into

spending on

\$21.7 billion child care program and new federal

money and

education (likely to include school construction

federal funding to hire 100,000 more teachers).

leaders of both

The Third Clinton won kudos last week from

wings of his party. "I'm pleased with what's

coming out of the
critic of the White House," said Bonior, who is a frequent
in sync with us president from the left. "It will make him more
and us with him."

the New Rep. Tim Roemer (D-Ind.), a moderate leader of
especially about Democratic Caucus, was similarly positive,
really has Clinton's pledge to balance the budget early. "He
segments of the shown a way to expand the appeal to different
Democratic Party," Roemer said.

Rep. Barney Frank (D-Mass.) sees the Third Clinton
responding directly to the fast-track fallout.
"It's clear that the
said Frank, who fight over fast-track was mutually unpleasant,"
things we have spoke with Clinton recently. "He's stressing the
in common."

Republicans The real music to liberal ears came when
an interesting denounced the new initiatives. "I think this is
"The week we are in," said Sen. Phil Gramm (R-Texas).
programs president has a new idea to create new massive
how every single day." Democrats would quibble about
outpouring from the "massive" the new programs are, but the
have been Third Clinton is exactly what many in their ranks
waiting for.

the Third The Democrats face three major difficulties that
Clinton has only begun to address.

complicated -- some The first is that Democrats need to paint a
to justify both might say contradictory -- picture of the country
Because nothing their own stewardship and the new programs.
economy and the sells like success, they will boast about the

end of the deficit. But to explain the need for new initiatives, they must argue that the new prosperity is unevenly shared and that families in the middle and at the bottom of the economy need more help.

The second difficulty is whether Clinton can simultaneously embrace globalism and speak urgently about the need to strengthen neighborhood institutions, old values and the family. In principle, as the bumper sticker would assert, you can be global and local at the same time. But in practice, said Michael Sandel, a Harvard political philosopher who was part of the group that dined with the president last week, "a lot of people's frustration about the culture and the fraying of community are connected" to the rise of a distant global economy.

The third problem is the state of the global economy itself. Robert Borosage, co-director of the liberal Campaign for America's Future, argues that the Asian economic crisis and fears of deflation could turn politics upside down. There could be new demands for regulating the global marketplace and a need to stimulate economic growth -- at the very moment when the United States is patting itself on the back for the restrained spending policies that ended the deficit.

Rahm Emanuel, a senior adviser to Clinton, acknowledges that Democrats will remain divided on trade and globalism. "That's the drawbridge within the party," he says. But he said Clinton's success in taming the deficit has healed other divisions. "Once you start reducing the deficit, you can have an affirmative, positive view of government," he said. "You can r

aise your

sights again."

Friday,

That's exactly what shrewd conservatives fear. On

announced "the

Wall Street Journal columnist Paul Gigot

noted that a

old world of balanced budget liberalism." He

the public may

government that "lives within its means" is "one

be willing to trust with more ways and means."

than his first,

Clinton's new round of activism is better timed

University of

says Wendy Rahn, a political scientist at the

good times,

Minnesota. The academic literature shows that in

be making his

confidence in government rises, so Clinton will

case for new programs to a more receptive public.

aides bristle at the

It should be said that some of the president's

president's senior

notion of Three Clintons. Gene Sperling, the

nsistent on

economic adviser, argues that Clinton has been co

for new

two goals: reducing the deficit and seeking money

lived and

programs, especially in education and health. "We

Sperling said.

learned and took our environment as we had it,"

"We're now in clearer waters."

will be his effort

The most intriguing aspect of the Third Clinton

leaves office.

to lay the groundwork for further gains after he

licans

For example, many Democrats hope -- and many Repub

allowed to buy

fear -- that once one group of citizens is

groups and to

into the Medicare program, it could be opened to other

workers.

employers seeking cheaper insurance for low-paid

saying, there

Before long, Rep. Bill Thomas (R-Calif.) has been

for those

will be a demand to subsidize Medicare premiums

Democrats' who can't afford the full freight. Seen from the point of view, that's an opportunity, not a problem. The Medicare buy-in could become the road to universal coverage.

that is never The Democrats, of course, are a diverse party easy to unite. Already, some on the left see Clinton's child care proposal as too small. Any move to change the Social Security system would guarantee an intraparty struggle, since many Democrats don't want to touch the program at all. And deficit hawks such as Roemer have questions about the Medicare proposal.

chance to make But most Democrats are happy just to have a Medicare -- one of their best causes -- an issue in the 1998 campaign. Borosage notes that even though some of Clinton's new programs are "small gestures," they're also "defining gestures."

without tools at The Republicans who control Congress are not their disposal, including the possibility that any of the several investigations of Clinton will heat up again. Guy Molyneux, a Democratic pollster, said the Republicans could still win a debate that tax cuts are preferable to new programs -- but only if they have the discipline to direct a tax cut to the middle class, and not the wealthy. Otherwise, Democrats could mobilize class rhetoric against them.

Clinton. He is out to For now, the initiative is with the Third demonstrate that you can learn a thing or two in the course of a presidency. Disciplined by the imperative of dealing with a Republican Congress and tempered by his past

defeats and
political dynamic in favor
trying a build a
miscalculations, he is trying to shift the
of national action. Whether he succeeds or not,
legacy sure beats just talking about one.

Post and a
E.J. Dionne is a columnist for The Washington
senior fellow at the Brookings Institution.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 14, 1998

PRESS BRIEFING
BY MIKE MCCURRY

The Briefing Room

12:40 P.M. EST

MR. MCCURRY: Let me start with a couple of things this afternoon. First, good news. Sally Katzen, who many of you know has been the Administrator of the Office of Management Budget's Office of Information and Regulatory Affairs -- she's been there since 1993 -- she has agreed to join Gene Sperling at the National Economic Council, and she will be Deputy Assistant to the President for Economic Policy and Deputy Director of the NEC.

She for five years has played a very critical behind-the-scenes role here, managing a lot of the work that we've done to reform the regulatory process and improve its efficiency, and I think has gotten to know a lot of you, particularly those of you who are working the more technical areas. She has had a job that required not only a wide-ranging knowledge of the President's policy, but also an understanding of how the White House works and how economic policymakers go about thinking through issues related to federal regulation.

I think she's -- I describe her as something of a diplomatic when it comes to dealing with all the different interests that exist within the government, and she's learned, I think through sheer will power, how to balance out a lot of the conflicting interests that arise in government -- between government and the private sector -- and she's really mastered that art.

Now, those are all tools that I think will be very useful to her as she joins Gene. And I'll say on Gene's behalf, if you thought it was impressive that Bill Clinton retained the services of Erskine Bowles, I think it's equally impressive that Gene convinced Sally to join him on that staff, because that's -- it will be a very important assignment. She's very excited about it and I know Gene is very excited.

Item the second, I just want to let everyone know --

Q Does she replace anyone?

MR. MCCURRY: I don't think so. I think it's just a reflection of a power grab by Sperling around here, obviously. (Laughter.)

Q What about you?

MR. MCCURRY: What?

Q What about you? Are you staying?

MR. MCCURRY: I have four deputies, so I don't need another deputy. (Laughter.) Now, on second --

Q I didn't mean were you going to be Gene Sperling's deputy, I mean, what about you staying as Press Secretary?

MR. MCCURRY: That's a subject only of interest to you apparently, Sam.

Q Well, it is.

MR. MCCURRY: I've got work to do. At 9:30 a.m. on Saturday morning, I'd like to assemble an in-town travel pool. I think there's been some speculation on what the President's appointment that morning is, and that's most likely correct. My understanding is they will be going nearby, and that's all the detail I have for you at this point. But just so people are not imagining scenarios that they can't deal with, I just wanted to make sure that

--

Q Would that presage a departure around 10:00 a.m. or something like that?

MR. MCCURRY: In that neighborhood, or just before.

Q So we don't imagine anything, just nearby mean Bob Bennett's office?

MR. MCCURRY: That's been speculated upon in the press and I'm always amazed at how good reporters are around this town.

Q And are reporters going to be allowed to cover?

MR. MCCURRY: I think that you're all familiar with what the court's rulings have been related to the content of discussion of litigation before the court, and I don't anticipate any of that's changed.

Q Well, Bennett is being quoted by Reuter -- I suppose you saw the story -- as saying that the President has no upset or trepidation about being in the same room with Ms. Jones, he faces down world leaders constantly.

MR. MCCURRY: The latter part of that I know to be true, because I've been there. The first part of that I haven't talked to the President about.

Item the third, I've got a statement from Mr. Ruff, the Counsel to the President. The Independent Counsel, Kenneth Starr, and his staff, conducted an interview of Mrs. Clinton at the White House this morning. As the President has previously announced, he and Mrs. Clinton are cooperating fully with the Independent Counsel. Mrs. Clinton voluntarily agreed when an interview was requested. The interview was conducted under oath.

The subject matter was the acquisition in 1993-'94 by the White House of certain FBI filing information concerning former

White House employees. And consistent with past practice, no further statements about the content of the interview will be made at this time. Thus ends the statement by Mr. Ruff.

Q Can you tell us at least how long the interview took place?

MR. MCCURRY: I can't, although I imagine it was rather brief.

Q Where?

MR. MCCURRY: I believe it was -- we need to double-check that. I think it was in the residence, but we'll double-check that. And it began around 11:00 a.m.

Q How long did you know about this?

MR. MCCURRY: I found out about it a short while ago, but that's consistent with the way that we've handled previous opportunities that the President has had to meet with Mr. Starr and his staff.

Q And do you know that it is in fact over?

MR. MCCURRY: It is over.

Q And Starr himself conducted this?

MR. MCCURRY: I will refer you to his office on that. There were a number of people from his office there and Mrs. Clinton's -- probably Kendall --

Q But Starr was present?

Q He was there, right?

MR. MCCURRY: He was there and people from his staff was there. The question was, did he conduct the questioning. And then there were representatives of the White House Legal Counsel Office there.

Q Why was Mrs. Clinton involved in this?

MR. MCCURRY: I can't speak to that.

Q Was Mr. Kendall there?

MR. MCCURRY: I think Mr. Kendall was there, and also representatives of the White House legal counsel.

Q Ruff, himself, or --

MR. MCCURRY: Ruff and another associate counsel from the White House Legal Counsel staff.

Any other subjects today?

Q Mr. Aziz says "lies," that we're making this up about human experiments.

MR. MCCURRY: I watched a little bit of what he said and I think that's very consistent with what the line of the government of Iraq has been in the past. I didn't, frankly, see anything new in what he was saying. And I think one of the reasons why the United Nations continues to press the inspections regime in Iraq is because of the deliberate concealment of information that they have discovered international he course of their inspections. They have found that statements from Mr. Aziz and others in the government are not only not authoritative, they are untrue and apparently in some case deliberately untrue, which is why they've continued the inspections regime that is in place.

Q I'm sorry, can you clarify as to whether the United States has any independent evidence of human testing, or whether we've reviewed any evidence at the U.N. through the inspectors and view it as credible, any threshold evidence that this is taking place?

MR. MCCURRY: I'm not aware that we have any independent information, but at the same time, I think the United States would consider a serious matter some of the reports, some of the allegations that have been made. And we consider it proper that the United Nations Special Commission would want to pursue those issues.

Q Mike, the United States has known for some time that there are allegations of human experimentation. Have we not taken any trouble to find out whether we believe these? You're laying it all off on the U.N.

MR. MCCURRY: We've been fully supportive of UNSCOM on the ground in Iraq as they conduct their work, and Mr. Butler has indicated that that is a matter that they are aggressively pursuing on behalf of the United States government and all members of the world community, as perfectly appropriate.

Q Right, but the question, though, is does the U.S. have an independent assessment as to the credibility of these reports.

MR. MCCURRY: I said I'm not aware that we do have any independent assessment. And we're relying on those who are on the ground, working in behalf of the entire world community to learn the truth.

Q There are reports that no action will be taken until after Butler goes back to Baghdad and then reports back.

MR. MCCURRY: That's not true. The U.N. Security Council will be meeting today and will be considering the matter and --

Q I should have -- I meant military action. If it comes to that.

MR. MCCURRY: I think that we're pursuing and increasingly exhausting the diplomatic avenues that are available, but --

Q What do you mean by "increasingly exhausting"? Are you sending a signal?

MR. MCCURRY: No.

Q What do you mean? May I ask you to explain?

MR. MCCURRY: I'm just giving you a realistic report on our efforts. We're making determined diplomatic effort to address the matter and to resolve the matter.

Q I simply meant, surely -- is it the intention, however, to make certain that Mr. Butler's visit occurs before further military action might be contemplated?

MR. MCCURRY: You're smart enough to know I would not even speculate on that.

Q What is your basis for saying that we are increasingly exhausting diplomatic avenues?

MR. MCCURRY: Well, I think that we have pursued this matter, and we've always said that it's not -- this is not an endless loop in which we will just keep repeating the same episodes over and over again.

Q And once the diplomatic avenues are exhausted, what's next?

MR. MCCURRY: We will continue to pursue diplomacy, and as you've heard us say before, other options have not been ruled in or out.

Q Mike, as these diplomatic channels are being exhausted, can you outline for us what channels, specifically what channels are left, in your mind?

MR. MCCURRY: We have been pursuing this in concert with other members of the U.N. Security Council, and given that the derivative authority for the inspections to occur and the requirements on Iraq arise from the post-Gulf War resolutions of the Security Council, that will likely be the venue.

Q So what are you saying here?

MR. MCCURRY: That's where were pursuing the matter. I'm not aware that there are other channels. I mean, there are bilateral diplomacy that were pursuing in furtherance of our own objectives, but we're working at the moment on the issue at the Security Council.

Q So once all of the channels at the U.N. are exhausted, then you will consider that --

MR. MCCURRY: We would continue to work that issue aggressively through our own diplomacy, of course.

Q Two questions. Do you expect the vote today in the Security Council? Secondly, has the President been conducting any of that bilateral diplomacy?

MR. MCCURRY: I'm not aware that he has been because it's been done within the Council and the Council has been seized of the matter and has been listening to the report from Chairman Butler today, and we expect them to take it up this afternoon. Whether or not they complete action on any of the President's statement today remains to be seen.

Q You said this morning that bombing the Iraqis to oblivion might make some people feel good, but what good would it do. Does this suddenly change if there's a U.N. Security Council resolution that doesn't --

MR. MCCURRY: What I suggested is that we have a clear objective here, which is to learn what we need to know about the government of Iraq's program and activity with respect to biological weapons, chemical weapons, nuclear weapons and delivery systems for any of those weapons. That's what they are required to tell us about, required to allow inspections about under the terms of U.N. Security Council Resolution 687. They have not complied with that, they are deliberately obstructing the work of the United Nations, and the United Nations now is trying to figure out how they can bring pressure about to declare the objective, and that's the objective.

Q Have you taken a whip count, any count in the Senate? Senator Lott's office believes that he does know more about the tobacco tempo over there than you do.

MR. MCCURRY: We haven't taken a whip count, but we've talked to people on both sides of the aisle and talked to people who believe it is very important for the United States Congress to take action to stop kids from smoking and to work hard to put this proposed tobacco settlement into law, and we believe there is a strong majority in Congress that wants to do that. And if Senator Lott believes that that cannot happen or should not happen, he should explain why in greater detail, other than to try to blame it on Bill

Clinton.

Q But that's, of course, what he's done.

MR. MCCURRY: Well, we just take issue with that, and we think there are very strong allies in the effort to get a good public health policy here which will protect kids from tobacco use. And if Senator Lott does not want to be a part of that effort, then we will work with those who do, and we think that we will find plenty of takers.

Q Mike, is the administration planning a special meeting of industrialized countries to discuss the Asia crisis, ahead of G-8?

MR. MCCURRY: I am not aware of any. We have been working with other industrialized nations and have been in close contact with finance ministers through some of the work that people in our government are doing, but let me check and see if there has been any suggestion that there should be some kind of conference or meeting.

Q Mike, do you have any more information about the vandal yesterday, who she is or why she did what she did?

MR. MCCURRY: No, I don't. I kind of kicked that over to the Service, and I believe they're now referring questions to the U.S. Attorney's Office, which I guess tells you what the status is.

Q Mike, you said this morning you would discuss the situation with fast track. Where is the administration at with that right now?

MR. MCCURRY: We are -- obviously, with the premise that the President believes that negotiating authority is an important way for him to continue the economic progress this country has enjoyed because free and open trade has been one of the fundamental tenets of the strong we have, we've been consulting closely with both Republicans and Democrats on the Hill in an effort to determine what the best avenue is for obtaining for the President the authority he needs to negotiate those kinds of trade deals.

We fully intend to submit legislation for obtaining fast track authority, and the primary purpose of these consultations on the Hill has been to determine what for the legislation should take so that we can address the concerns that have been raised on both sides of the aisle, but especially in the House of Representatives. I think all of you know in the Senate there's strong support for free and open trade and fast track authority, and a majority of Democrats who support the President's desire to have that authority.

Q But doesn't that still leave open the possibility

you might not put the legislation forward? You say you fully intend to.

MR. MCCURRY: We fully intend to proceed and we're working these consultations aggressively on the theory that we will proceed.

Q Besides the meeting with Jesse Jackson tomorrow, what else is Clinton going to be doing in New York?

MR. MCCURRY: He's got one or two private meetings and we may have an event that I think will be particularly important to those who care about law enforcement in New York City and are impressed with the effort to reduce crime in that city.

Has that come together yet, or we don't know?

MR. LOCKHART: It's not complete --

MR. MCCURRY: We may do that.

Q Giuliani has been given credit by a lot of people for lowering the crime rate in New York.

MR. MCCURRY: I don't know that we would necessarily dispute that. There has been an aggressive effort in the city to bring down crime rates, there's been a lot of effort to promote the concept of community policing, which is something that the President clearly feels very strongly about and fought hard to get the kind of community policing effort through the Cops On The Street program that he fought for. But I think that no one would doubt that Mayor Giuliani has shown some leadership, as has the police force and others.

Q Will he be there?

Q Would the Mayor be part of such an event?

MR. MCCURRY: I don't want to speculate further, given that little head-nod that I just got from Mr. Lockhart.

Q Yes, but mayors have welcomed Presidents, I mean, that's routine, from both parties.

MR. MCCURRY: It's been fairly routine that Mayor Giuliani does so from time to time when the President's in New York.

Q Mike, what does he hope to accomplish in this appearance at this Jackson forum?

MR. MCCURRY: He's very impressed with the arguments that Reverend Jackson has been making about empowerment of minorities

and women in inner-city areas and how they can become the potential entrepreneurs of the future, and most importantly, the potential markets for many of this nation's leading private enterprises. The argument that Reverend Jackson often makes on Wall Street and to corporate America is, you are cheating yourselves if you do not include in your plans for the future the market potential of America's inner cities, and you have a vested interest in promoting the inclusion of minorities and women in programs that will make them more proficient in the skills they need for becoming the workers of the future, the entrepreneurs of the future and capitalizing them so they can start up businesses and it's a very, very impressive argument.

I think hearing Jesse Jackson with great fervor and passion and tout the merits of capitalism is always an interesting thing to hear. The President has heard him on that, and I think wants to respond to his message by participating in a conference that the Treasury Secretary will be at, that Chairman Greenspan will be at, that Chairman Levitt of the Exchange will be at, a number of business and corporate leaders will be at. His message will be, we've got to empower these communities so they can share in the prosperity of a growing U.S. economy.

Q Does he have any new initiatives or will he just be reviewing what he's said in the past?

MR. MCCURRY: He'll talk about some of the efforts that you are familiar with and may who a little bit of -- may preview a little bit some of the things that will be coming up in the budget, but they will be consistent with the this administration's commitment to restoring the health of America's inner cities and pursuing the kind of investment strategies that can help those communities and neighborhoods grow.

Q What are the private meetings about, holding hands with the New Yorkers who are angry that he has taken all the fundraising --

MR. MCCURRY: I believe he's going to be meeting with a leader in the Jewish community and maybe some other things, stuff like that.

Q No fundraisers?

MR. MCCURRY: No fundraising aspect to this trip that I'm aware of.

Q He backs Ms. Ferraro's bid, I take it. Although that's in the primary, so I take it he doesn't.

MR. MCCURRY: You can take it that we will honor the tradition of letting good candidates vie for that office, but she clearly is a good candidate as are some of the other rumored and mentioned candidates and announced candidates.

Q Which Jewish community leader tomorrow?

MR. MCCURRY: We'll give you the full schedule and write the story for you tomorrow.

Q Some Western senators have apparently asked the White House for help. They object to some Interior Department proposal banning roads in national forests. Do you know anything about that?

MR. MCCURRY: I know that we have been -- I'm sorry, who did you say?

Q I understood some Western senators complained about --

Q Name one. (Laughter.)

MR. MCCURRY: I know that there haven't been -- there has been some speculation that the Forest Service may be reviewing our policy and our options regarding roadless areas currently in national forests. The concern is one that is fairly obvious. We've got -- they maintain already 372,000 miles of roads, and a lot of them are in need of repair now. But the problem is that those that are poorly built and are not adequately designed and constructed can cause serious environmental damage to areas that are sometimes important habitats for wildlife, and they're obviously important to recreational users of national forests. They cause sometimes soil damage and so forth.

So anyhow, the Forest Service has been considering how they can proceed with building any new roads. They've been talking to all those who have got some stake in the economic livelihood of the forests and uses of the forests. They're not going to adopt any new roadless policies without first taking input from all interested parties, and that would presume that they would want to consult very closely with members of the Senate as well. But the concern that they've got and the reason why they are attempting to address the issue I think are well-placed.

Q Mike, a group of political leaders yesterday called for relaxing the embargo on Cuba to allow food sales. Does the administration have a position on that?

MR. MCCURRY: Have you guys got that? I forgot to take a look at that. Yes, we have a position right here. Let me read it first and see if I agree with it. (Laughter.)

Yes, what this is -- the bottom line is that we have had, because of our humanitarian concerns, we have allowed food sales under some conditions in the past. That's permitted under the Cuban

Democracy Act. We've also allowed firms to export medicines, medical supplies and equipment to Cuba in that time, and we've licensed donations of over \$227 million in medicines and medical supplies.

Whether or not we would work to include other types of humanitarian assistance or, for example, food is something that we do pursue consistent with the Cuban Democracy Act, and there's most likely authority under that act to take a look at.

Q Existing authority then -- you'd see what could be done under existing authority rather than supporting --

MR. MCCURRY: Existing authority and we would consult with Congress further. But a point that I would make about that is that we're talking about the conditions that arise because of the economic policies and the political authority that suppresses the people of Cuba, and the ability that they have to generate a sustenance and livelihood for themselves, which is one of the consequences of the totalitarian system that they have.

Q The FCC said today that the cable TV rates are rising four times as fast as inflation. Does it raise any concerns here? Does the White House have any thoughts on how to control those costs?

MR. MCCURRY: I think that we have been following the debate about deregulation and paying attention to the conditions that consumers face, particularly in the wake of telecommunications deregulation. But let me get some more on that. I haven't looked at that particular finding or study by the FCC.

Q Any Buddy news? We haven't heard from him in a while.

MR. MCCURRY: No, I've kind of -- I think we've had enough of that. (Laughter.)

Q Can we find out how long the interview was?

MR. MCCURRY: Let me check and see if we can do something further for you.

THE PRESS: Thank you.

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National Economic Council

Special Assistant to the National Economic Adviser January
1997-Present

Assist the National Economic Adviser on all aspects of economic, political and budgetary issues. Draft talking points, press guidance, message documents and memoranda involving a wide range of international and domestic issues.

Major issues include fast track authority, the Asian financial crisis, China MFN, tax policy and budget issues. Serve as a conduit to and from NEC Director and his 15 person policy staff. Responsible for prioritizing and analyzing issues for the Director, and coordinating issue interaction with staff from the NEC, other White House offices and Federal agencies. Aided in the formulation, fact checking and proofreading of Presidential briefing materials. Handled press inquiries for the Director and helped in preparation for press conferences and press briefings. Responsible for extensive system of economic statistics and information, briefing books, policy briefs and classified materials.

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elisabeth Steele (CN=Elisabeth Steele/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:22-JAN-1998 19:23:17.00

SUBJECT: For Your Separate Memo

TO: Thurgood Marshall Jr (CN=Thurgood Marshall Jr/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

Martin Luther King,s Birthday: This week fifteen Members of the Cabinet and the members of the Race Advisory Board joined you in commemorating Dr. King,s birthday by participating in service projects around the country that focus on bringing diverse communities together. The Attorney General helped to rehabilitate a home in Jackson, MS, Secretary Slater joined volunteers at Andrew Shue's "Do Something" event at the King Center in Atlanta, Secretary Babbitt rang the liberty bell in Philadelphia, and Secretary Shalala participated in a volunteerism event in Baltimore. In Washington, DC, Director Raines and Chair Yellen spent the day with Horton's kids.

Northeastern Ice Storms: Last week, your Administration, led by FEMA responded aggressively to the ice storms that have hit the Northeast. The Vice President and Director Witt visited ME and TN and the Director visited NY. FEMA, SBA, USDA, and DOE maintained a strong presence in the affected states. The Pentagon responded quickly to a request for air support to transport power trucks from NC to ME.

The President's Initiative on Race: In early December, with the help of the General Services Administration, the Regional Administrators set up approximately 80 Local Town Meetings on race in 24 different states across the country. Each site attracted local press coverage and hosted conversations discussing your Akron Town Meeting. In October, Administrator Alvarez introduced two initiatives to increase the participation of Hispanic and African American-owned businesses in SBA,s programs over the next three years. In the same month, USDA completed work on 56 of the 92 recommendations, or 60 percent, from Secretary Glickman,s Civil Rights Action Team report, which was released last February.

Hate Crimes Conference: On November 10, seven members of your Cabinet and Sub-Cabinet participated in the White House Conference on Hate Crimes. Each member participated in breakout sessions addressing different aspects of hate crimes. Following the breakout sessions, the Cabinet assembled to discuss their findings.

72 regional satellite conferences were held around the country.

Childcare Conference: In October of last year, the Cabinet lent significant support to the White House Conference on Childcare, with events in Washington, D.C., and around the country. HHS, DOL, USDA and GSA sponsored satellite conference sessions. Secretaries Shalala, Herman,

Glickman, Riley, Slater and Cuomo and Director Barram participated in luncheon sessions at the agencies to solicit input from the participants. Regional Administrators sponsored over 90 satellite conferences in 42 states. Reports from the 115 regional satellite sites confirmed an intense interest in the White House Child Care Conference..

Climate Change: Also in October, eleven members of the Cabinet participated in the White House Conference on Climate Change and created constructive working relationships with many of the businesses and environmental participants. The conference was telecast live into 33 Administration-sponsored working sessions in every region of the country. The Cabinet made calls to key Senators and Members of Congress seeking their views on the issue. Secretaries Peña, Glickman and Babbitt, Administrator Browner and Under Secretary Wirth called 40 of the 50 largest editorial boards in the country after your climate change speech at National Geographic. Cabinet and Sub-Cabinet officials have also called numerous regional and national radio outlets.

Back to School: DOEd reported that from August to October, the Cabinet attended over 90 "Back to School" events throughout the country. In addition, Secretary Riley participated in 22 events, while the Department's senior staff and regional administrators joined nearly 330 events in 40 states. The Administration's ten-point "Call to Action" was the focus of each event.

Fast Track: In October, Members of the Cabinet sought the support of key Senators and Members of Congress on Fast Track. The Cabinet held a number of press events this week, including Secretary Albright's interview on Larry King Live and Secretary Glickman and Ambassador Scher's press roundtable on agriculture issues. Secretary Rubin addressed the Business Round Table, met with outside trade groups on Capitol Hill, and delivered a speech on globalization. Ambassador Barshevsky continued to conduct extensive media interviews and visits to the Hill and met with the BRT and trade groups. Secretary Herman used a visit to Houston to speak on Fast Track and hosted the Labor Ministers from eight Central American nations. Secretary Daley met with Washington Business Representatives. Members of your Cabinet also conducted numerous regional media interviews in key markets to educate the American people about the significance of providing you with fast track authority.

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: llevin@mail3.eop.gov@INET@LNGTWY (llevin@mail3.eop.gov@INET@LNGTWY [WHO])

CREATION DATE/TIME:27-JAN-1998 15:07:30.00

SUBJECT: State of the Union Background Packet on Initiatives

TO: Stephanie M. Gowen@eop (Stephanie M. Gowen@eop [ONDCP])

READ:UNKNOWN

TEXT:

Lisa J. Levin

01/27/98 02:46:25 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: David S. Beaubaire/WHO/EOP

Subject: State of the Union Background Packet on Initiatives

PREPARING AMERICA FOR THE 21st CENTURY
Background on President Clinton's Agenda for the Nation
State of the Union Address
January 27, 1998

AN ECONOMY THAT OFFERS OPPORTUNITY

ENTITLEMENT REFORM

Reserve Surplus until Social Security is Reformed

Over the next two years, President Clinton is firmly committed to strengthening Social Security for the 21st century. He therefore proposes that we should not spend any of the projected budget surpluses on anything else until we have reformed Social Security. This proposal, which continues the fiscally responsible policies that have been the hallmark of this Administration, is intended to reserve the surpluses in case they are needed for Social Security reform.

EDUCATION

Small Classes with Qualified Teachers to Improve Reading in
Grades 1-3

President Clinton is proposing a \$12.4 billion initiative over 7 years (\$7.3 billion over 5 years) to help local schools provide small classes with qualified teachers in the early grades. This initiative will help ensure that every child receives personal attention, learns to read independently, and gets a solid foundation for further learning. The new initiative will reduce class size from a nationwide average of 22 in grades 1-3 to an average of 18, providing funds to help local school districts hire an additional 100,000 well-prepared teachers. The initiative will also provide funds to states and local school districts to test new teachers, develop more rigorous teacher testing and certification requirements, and train teachers in effective reading instruction practices. School districts will be accountable for demonstrating gains in reading achievement. These steps will help ensure that first through third grade students are receiving high-quality reading instruction in smaller classes from competent teachers.

Modern School Buildings to Improve Student Learning

For students to learn, schools must be well-equipped and be able to accommodate smaller class sizes. To address these and other critical needs, President Clinton is proposing federal tax credits to pay interest on nearly \$22 billion in bonds to build and renovate public schools. This initiative provides more than double the assistance of the Administration's earlier school construction proposal, which covered half the interest on an estimated \$20 billion in bonds. The tax credits will cost the Treasury \$5 billion over 5 years, and more than \$10 billion over ten years. Of the \$22 billion in bond authority, nearly \$20 billion for a new School Modernization Bonds. Half of this bond authority will be allocated to the 100 school districts with the largest number of low-income children, and the other half will be allocated to the states.

Education Opportunity Zones:

Helping Students in Poor Communities Reach High Standards

This initiative will strengthen public schools and help students master the basic and advanced skills where the need is greatest: in high-poverty urban and rural communities where low expectations, too many poorly prepared teachers, and overwhelmed school systems create significant barriers to high achievement. The Education Department will select approximately fifty high-poverty urban and rural school districts with: (1) a demonstrated commitment to use high standards and tests as tools to identify and provide help to students, teachers and schools who need it; (2) a strategy to prevent students from falling behind by ensuring quality teaching, challenging curricula, and extended learning time; (3) programs to end social promotion and turn around failing schools; and (4) evidence of improved student achievement. Added investments in these communities will accelerate their progress and provide models of successful,

standards-based reform for the nation. The President's initiative will invest \$200 million in FY99, and \$1.5 billion over 5 years, in raising achievement and sharing lessons learned with school districts around the country.

Early Intervention to Promote College Attendance

President Clinton will soon announce a long-term effort to bring college opportunity to children in high-poverty areas by providing their families with early information about financial aid and appropriate academic preparation, as well as mentoring and other support services to help the children stay on track through high school graduation and into college.

LEADING THE GLOBAL ECONOMY

Fast Track

America needs fast track to continue to create higher-paying jobs for more Americans. Without it, America's role as the largest exporter in the world will be put in jeopardy. And with new markets opening around the world, it is more important than ever to give the President traditional trade authority to break down trade barriers that put American products made by American workers at a disadvantage. Fast track legislation is essentially an agreement between Congress and the president on how Congress will consider United States trade agreements negotiated by the President. As part of that deal, the President agrees to extensively consult and coordinate with Congress throughout trade negotiations. In return, Congress votes on legislation implementing trade deals within a fixed period of time, on a up or down basis, and with no amendments. Every president since 1974 has enjoyed fast track authority.

Africa Trade Initiative

We are working with members from both parties to secure swift passage of legislation that will bring the promise of 21st century prosperity to African nations that are prepared to undertake the hard work of reform. This legislation will introduce a new era of prosperity and partnership between African reformers and the United States, expanding trade opportunities for African and American workers, farmers and companies, and hope and opportunity for our children. This legislation will encourage African nations to undertake sound growth policies by expanding trade and encouraging investment.

Child Labor

This initiative will make the U.S. a world leader in the fight to reduce child labor. The initiative focuses on reducing the most intolerable forms on child labor --!&slavery!8 through forced

indentured labor, work by very young children, and work in dangerous conditions -- by increasing the nation's contribution to the International Program for the Elimination of Child Labor (IPEC) from \$3 million to \$30 million. The proposal also calls for additional agents for the U.S. Customs Service to enforce the ban on the importation of goods made with forced or indentured child labor, with a particular focus on rugs from South Asia. On the domestic front, the proposal includes a \$50 million increase in migrant education to serve 100,000 more children of migrant farm workers and a \$9 million increase in the Department of Labor budget to enforce U.S. child labor laws -- especially in the agricultural sector.

Community and Economic Adjustment Initiative

To help communities compete in a global economy, the Community and Economic Adjustment Initiative will borrow a page from the Administration's successful adjustment effort for base closure communities. Modeled after the Defense Department's highly respected Office of Economic Adjustment, the Office of Community and Economic Adjustment (OCEA) will provide grants and other assistance to communities to develop an economic adjustment strategy. The President will propose \$50 million in additional community adjustment assistance as part of the Commerce Department's Economic Development Administration's (EDA) budget.

This will allow us to do more for communities that have suffered through sudden and severe economic dislocation, such as plant closings. As OEA has done for base closure communities, OCEA will closely work with the Departments of Labor, Housing and Urban Development, Transportation, and other federal agencies to make communities aware of all available federal resources and to provide a coordinated Administration response.

TRAINING

Reform of the Federal Job Training System

The President renewed his call for Congressional action to reform the job training system. In his 1995 G.I. Bill for America's Workers, he called for individual empowerment through skills grants, streamlining through One Stop Career Centers, and better results through tough performance standards. The House has passed legislation based on his vision. The Workforce Investment Partnership Act has bipartisan support and is under consideration in the Senate.

A SOCIETY ROOTED IN RESPONSIBILITY

MOVING PEOPLE FROM WELFARE TO WORK

Welfare to Work Housing Vouchers

The President's budget will provide \$283 million in FY99 for 50,000 new housing vouchers for welfare recipients who need housing assistance to get or keep a job. Families could use these housing vouchers to move closer to a new job, to reduce a long commute, or to secure more stable housing to eliminate emergencies that keep them from getting to work every day on time. These vouchers, awarded to communities on a competitive basis, will give people on welfare a new tool to make the transition to a job and succeed in the work place. The proposal will complement the President's \$100 million a year welfare to work transportation plan, part of his NEXTEA bill, which will help welfare recipients make their daily commutes.

Increasing Child Support Collections

off: President Clinton's crackdown on deadbeat parents is paying child support collections rose to a record \$13 billion in 1997, an increase of 63 percent since 1992. In the State of the Union, the President set a goal of increasing collections to \$20 billion by the year 2000.

Falling Welfare Caseloads

The President announced that we have met -- two years ahead of schedule -- the challenge he made in last year's State of the Union to move two million more Americans off of welfare by the year 2000. New caseload numbers show that welfare caseloads fell by 4.3 million since President Clinton took office, two million more than the 2.25 million decline he announced last year. The new figures, from September 1997, show 9.8 million Americans on welfare, down from 14.1 million in January 1993 -- a drop of 30 percent.

Business Welfare to Work Commitments

national In his State of the Union address last year, the President challenged the business community to create jobs so that people can move from welfare to work. Today, nearly 3,000 companies have accepted the President's challenge and joined a new effort, called the Welfare to Work Partnership, which was launched at the White House in May. Now, the President has challenged thousands more companies to join the Partnership to give even more people a chance to work their way off welfare.

HEALTH CARE

Protecting Patients Through a Consumer Bill of Rights and Genetic Screening Protections

The President called on Congress to pass federally enforceable consumer health care protections before it adjourns this fall.

This Health Care Bill of Rights should contain a range of protections, including guaranteed access to needed health care specialists to ensure that patients are provided appropriate high quality care, access to emergency room services when and where the need arises, an assurance that medical records are confidential, and access to a meaningful internal and external appeals process for consumers to resolve their differences with their health plans and health care providers. The nation's health care system has changed dramatically, with more than 100 million Americans now in managed care plans. This legislation will ensure that whether Americans have traditional health insurance or managed care, they are assured quality care. And to ensure that new advances in genetics are used to improve health rather than to discriminate, the President has called for legislation prohibiting the use of genetic screening to discriminate in health insurance and employment.

Creating a Historic 21st Century Research Fund

With Unprecedented Increases in Biomedical Research at the National Institutes of Health (NIH).

Scientists are on the cusp of important new breakthroughs in biomedical research, which could revolutionize the way medical experts understand, treat, and prevent some of our most devastating diseases. To promote this progress, the

President's

budget contains a historic upfront investment in biomedical research -- a 1.15 billion increase in FY 1999 -- and proposes an increase in NIH funding of more than 50 percent over the next five years. Under the President's proposal, the NIH will

devote

over \$20 billion to biomedical research in 2003.

Providing New Options for Americans Ages 55 to 65 to Obtain Health Insurance, Including Buying Into Medicare

Americans ages 55 to 65 are one of the most difficult-to-insure populations: they have less access to and a greater risk of losing employer-based health insurance; and they are twice as likely to have health problems as the population generally. The President's proposal gives this vulnerable population three new ways to gain access to health insurance by: (1) allowing Americans ages 62 to 65 to buy into Medicare, through a premium that ensures that this policy is self-financed; (2) assisting vulnerable displaced workers 55 and over by offering those who have involuntarily lost their jobs and health care coverage a similar Medicare buy-in option; and (3) giving Americans 55 and over who have lost their retiree benefits access to their former employers', health insurance.

TOBACCO

Passing Comprehensive Bipartisan Tobacco Legislation That Reduces Teen Smoking and Changes the Way Tobacco Companies Do Business

Every day 3,000 young people start smoking and 1,000 of them will die prematurely from a tobacco-related disease. The President called on Congress to pass comprehensive national bipartisan legislation that includes five key principles: (1) it must mandate the development of a comprehensive plan to reduce teen smoking, including raising the cost of cigarettes by \$1.50 per pack over the next 10 years as necessary to meet youth smoking targets; (2) it must affirm the FDA's full authority to

regulate

tobacco products; (3) it must include measures to hold tobacco companies accountable, especially for marketing products to children; (4) it must include concrete measures to improve public health, from investing in research to reducing second-hand smoke to expanding smoking cessation; and (5) it must protect the financial well-being of tobacco farmers and their communities from the loss of income caused by our efforts to reduce smoking.

CHILD CARE INITIATIVE

Double the Number of Children Receiving Child Care Subsidies to More than Two Million

The President proposed to expand the Child Care and Development Block Grant to help working families struggling to meet the costs of child care. This block grant is the primary federal subsidy program to pay for child care, enabling low-income parents to work. Funds are distributed by formula to the states to operate direct child care subsidy programs, as well as to improve the quality and availability of care. The President's initiative will more than double the number of children served from the one million served in FY 95 (the latest year for which data are available). The President's budget will increase funding for

the

block grant by \$7.5 billion (plus a state match) over five years, which will enable states to provide subsidies for more than two million children by 2003.

Increase Tax Credits for Child Care for Three Million Working Families

The Child and Dependent Care Tax Credit provides tax relief to taxpayers who pay for the care of a child under 13 or a disabled dependent or spouse in order to work. The credit is equal to a percentage of the taxpayer's employment-related expenditures

for

child or dependent care, with the amount of the credit depending on the taxpayer's income. The President's proposal

increases the

credit for families earning under \$60,000, providing an additional average tax cut of \$358 for these families and eliminating income tax liability for almost all families with incomes below 200% of poverty (\$35,000 for a family of four) that claim the maximum allowable child care expenses. The

President's

budget will include \$5.2 billion over five years to expand the Child and Dependent Care Tax Credit for three million working families.

Provide New Business Tax Credits

The child care initiative includes a tax credit to businesses that provide child care services for their employees, by building or expanding child care facilities, operating existing facilities, training child care workers, or providing child care resources and referral services. The credit covers 25% of qualified costs, but may not exceed \$150,000 per year. The President's budget will include approximately \$500 million over five years for these tax credits.

Promote Early Learning

Research shows that children's experiences in the earliest years are critical to their development and future success. The President's proposed Early Learning Fund provides challenge grants to communities (distributed by states) to improve early learning and the quality and safety of child care for children ages zero to five. Funds may be used for the following activities: providing basic training to child care providers (including first aid and CPR); connecting individual child care providers to centers for education and support; assisting child care providers to meet accreditation and licensing requirements; linking child care providers with health professionals, and supporting the inclusion of young children with special needs in quality child care settings; reducing group sizes and child-to-staff ratios; and providing home visits, parent education, and consumer education about child care. The President's Early Learning Fund builds on state initiatives such as North Carolina's Smart Start, which helps North Carolina's children enter school healthy and ready to succeed. The President's budget will include \$3 billion over five years for this fund.

Increase Head Start and Double the Number of Children Served by Early Head Start

Head Start provides early, continuous and comprehensive child development and family support services, preparing children for a lifetime of learning and development. The President's budget will invest an additional \$3.8 billion over five years to reach his goal of serving one million children by 2002, and doubling the number of infants and toddlers in Early Head Start to 80,000.

Step Up Enforcement of State Health and Safety Standards

Building on the military's model child care program, this proposed initiative will fund state efforts to improve licensing systems and enforce child care health and safety standards,

including by increasing unannounced inspections of child care settings. The President's budget will include \$500 million

over

five years for this program.

Facilitate Background Checks on Child Care Providers

On the day of the White House Conference on Child Care, the President transmitted to Congress the National Crime Prevention and Privacy Compact, which will facilitate effective background checks on child care providers by eliminating state law barriers to sharing criminal history information for non-criminal purposes. Although the vast majority of child care providers are dedicated to the teaching and nurturing of children, one tragedy in child care is too many. Background checks are an important way to ensure that the people watching our children are fit for this responsibility.

Increase Scholarships and Training for Child Care Providers

At the White House Conference on Child Care, the President proposed establishing a Child Care Provider Scholarship Fund to enable states to provide scholarship funds to students working toward a child care credential. Eligible child care workers must commit to remaining in the field for at least one year for each year of assistance received and will earn increased compensation or bonuses when they complete their course work. The President proposed a federal investment of \$250 million over five years, which will support 50,000 scholarships per year. The President is also proposing to expand the Department of Labor's Child

Care

Apprenticeship Program to fund the training of child care providers.

Invest in Research

Because too little is known about our child care system, the President's budget will increase support for data, research,

and

evaluation. This research fund will also support a National Center on Child Care Statistics and a child care hotline that parents can call to get information about how to find child care in their communities and how to identify appropriate, quality care for their children. In addition, the research fund will support demonstration projects to test approaches to help new parents who choose to stay home to care for their newborns or newly adopted children. The President's budget will include

\$150

million over five years for this fund.

Provides After-School Care for up to Half a Million Children a Year

The President proposes a dramatic expansion of the 21st Century

Community Learning Center Program to provide start-up funds (with a local match) to school-community partnerships to establish or expand before- and after-school programs for school-age children. The program increases the supply of after-school care in a cost-effective manner by directing most funds to programs that use public schools and their existing resources, such as computers, gymnasiums, and sports equipment. The program also includes a set-aside to fund programs run by community organizations. The President's budget will request \$800 million of new money for this program, for a total of \$1 billion over five years.

CRIME

Juvenile Crime Strategy

This initiative recognizes the threat juvenile crime poses to our communities and calls on Congress to pass a comprehensive anti-gang and youth violence strategy. The President's proposed legislation targets gangs and violent juveniles by (1) funding for new prosecutors (\$100 million) and probation officers (\$60 million); (2) helping our kids to stay gun- and drug-free by preventing violent juveniles from buying guns when they turn 21; (3) enacting tough new sentences to punish adults who sell drugs to kids and use kids to sell drugs; (4) helping kids to stay in school, off drugs, and out of trouble with new funding to keep schools open later and to promote anti-truancy initiatives and curfews (\$95 million). In addition, the President's Child Care Initiative increases five-fold current funding for Department of Education-sponsored after school programs.

AMERICAN LEADERSHIP IN THE WORLD

NATO Enlargement

Europe's stability and America's security are closely linked. The President's call for enlarging the NATO alliance strengthens

the alliance's core mission of collective defense and helps meet new threats such as regional instability. Enlargement furthers other US objectives including: Encouraging states in the region to settle border and ethnic disputes with neighbors; strengthen civilian control of their militaries; and increase tolerance for ethnic and religious minorities. NATO's enlargement, combined with the Partnership for Peace program, the NATO-Russia Founding Act and the NATO-Ukraine partnership will help erase the outdated Cold War divisions and build, for the first time, an undivided, democratic, and peaceful Europe.

Securing the Peace in Bosnia

The United States has an abiding interest in peace and stability in Bosnia and a compelling interest in the implementation of the Dayton peace accords. After 46 months of the worst war in Europe since WWII, 24 months of implementing peace have helped put

Bosnia on the path to lasting peace and stability. Progress on implementation was made possible because of prudent military support. We can now see the point where civil implementation and peace can be self-sustaining -- but Bosnia's fragile peace still needs the support of American and allied troops when the current NATO mission ends in June. The President still must approve a detailed action plan being prepared by NATO military authorities after a full review of all options. The President will insist that this action plan have the following elements: an achievable mission tied to clear benchmarks, not a deadline; force must be able to protect itself; the U.S. must retain command; European allies must shoulder their full share of responsibility; costs must be manageable; and the plan must have substantial support of the Congress and the American people.

Iraq Weapons of Mass Destruction Program (WMD)

Iraq !, President Clinton made clear that Iraq's efforts to develop nuclear, chemical and biological weapons are unacceptable. U.N. inspectors have done a remarkable job -- destroying more of s WMD potential than was destroyed during the Gulf War itself. But Saddam is now refusing to allow inspectors to complete their mission. All options are on the table to make sure Iraq does not pursue their WMD program with impunity and threaten the international community.

Biological Weapons

President Clinton announced tonight that the United States would lead the effort to erect stronger international barriers against the proliferation and use of biological weapons. Under this new initiative, the United States will seek to strengthen the Biological Weapons Convention (BWC) by requiring nations that have joined the BWC to submit annual declarations about facilities and activities that could be used for Biological weapon purposes and agree to a tough international inspection system including both voluntary and mandatory inspections.

Comprehensive Test Ban Treaty (CTBT)

The President's call for Senate ratification of the CTBT will allow America to maintain a safe and reliable nuclear deterrent while constraining the proliferation of nuclear material and technology to rogue states' weapons programs. CTBT will improve America's ability to detect and deter nuclear explosive testing. CTBT's global network of sensors will strengthen America's ability to monitor nuclear explosive testing across the globe, as well as deter any nation from believing it can conduct a nuclear explosive test undetected by the international community.

U.S. Arrears to the United Nations

The President also highlighted the need for prompt action on the

payment of U.S. arrears to the United Nations. The failure to pay undermines our ability to reform the U.N. and hinders our leadership of that organization at very time the U.N. is working to prevent Iraq from threatening neighbors and the world with weapons of mass destruction. We also need to give the International Monetary Fund the capacity to help prevent global financial crises. Now, more than ever, our security at home and our interests abroad demand that America meet our international obligations, sharpen the tools to improve the stability of the world economy, and increase our leverage in international organizations.

A NATION THAT LIVES BY COMMUNITY

POLITICAL REFORM/REINVENTING GOVERNMENT

Free Television Time

Spending on congressional campaigns has increased more than three times the rate of inflation in the last decades and spending on television is the primary reason. In 1972, candidates spent \$25 million for political ads; in 1996, they spent \$400 million. In his State of the Union, President Clinton announced that will request that the Federal Communications Commission (FCC) require broadcasters to give candidates for Federal office free time as a condition of receiving a new, lucrative license for digital television. It is time to update broadcasters' public interest obligations to meet new political and technological realities.

Enact Bipartisan Campaign Finance Reform

The President remains committed to the enactment of bipartisan campaign finance reform. He is pleased that the leadership in Congress has agreed to schedule a vote this Spring on the McCain-Feingold and Shays-Meehan reform bills. But a vote on these bills is not enough. In his State of the Union the President challenged Congress to enact real reform this year. Acceptable campaign finance reform legislation must meet five criteria: 1) it must be bipartisan; 2) it must be comprehensive; 3) it must reduce the amount of money that is raised and spent on federal elections; 4) it must help level the playing field between challengers and incumbents; and 5) it cannot favor one party over the other.

IRS Reform

President Clinton is strongly committed to reforming the IRS. This spring the Administration will launch the first of 33 Citizen Advocacy Panels. These new panels will be locally-based, independent boards of citizens established to monitor how local IRS offices treat taxpayers and help taxpayers get their problems

solved. These new panels are part of the new era of customer service underway at the IRS. The successful new IRS problem solving days, which have helped thousands of taxpayers get relief, will continue around the country on a monthly basis. Additionally, as of the first of the year, IRS phones are now operating 16 hours a day, six days a week. For the first time, IRS offices will be open Saturday mornings during the tax filing season -- March through mid-April -- to provide taxpayers a convenient opportunity to walk-in and get any questions answered. Also, the IRS expects this year to expand its award-winning Telefile program. This innovative program allowed 4.7 million taxpayers to file their returns with a quick average 10 minute phone call last year.

COMMUNITY EMPOWERMENT

Low-Income Housing Tax Credit

Since its creation in 1986, the Low-Income Housing Tax Credit (LIHTC) has given states tax credits of \$1.25 per capita to allocate to developers of affordable housing. Even though building costs have increased 40 percent in the last decade, the amount of the credit has not been adjusted for inflation. Therefore, President Clinton and Vice-President Gore propose to increase the cap on the LIHTC from \$1.25 per capita to \$1.75 per capita -- restoring the value of the credit to its 1986 level. Estimates suggest that the LIHTC currently helps build 80,000-90,000 affordable housing units each year. The President and Vice President's proposal to increase the cap by 40 percent will create an additional 160,000-180,000 new rental housing units for low-income American families over the next five years. This proposal will cost \$1.6 billion over five years.

Empowerment Zones

Building on the Administration's successful first round of Empowerment Zones which has helped spur the creation of jobs and private investment in America's distressed communities, the President's budget includes a request for \$1.7 billion to support flexible grants to 20 new Empowerment Zone designations. The funding will be made available to the designated communities over a 10 year period. The 15 urban designations will be funded at \$100 million each; and the five rural designations will be funded at \$40 million each. The Departments of Housing and Urban Development and Agriculture will announce a competition this Spring that will lead to the designation of the 20 new Empowerment Zones by December 1998.

Play-by-the-Rules Homeownership Proposal

The President's FY99 budget provides funds for the Neighborhood Reinvestment Corporation to start a new initiative to help provide the opportunity of homeownership to responsible families with a perfect rental history. Under this initiative, we will

help 10,000 lower-income -- and often minority -- families become homeowners. While the method of helping each family buy their own home will differ, responsible families we will be provided homeownership counseling, flexible assistance for downpayment or closing costs, second mortgage loans for debt reduction, or rehabilitation loans.

Homeownership Zones

The FY99 budget includes funds for Homeownership Zones to be used by communities to reclaim abandoned and distressed neighborhoods through the creation of large-scale developments of owner-occupied single-family homes. Funds could be used for property acquisition, housing construction, housing rehabilitation, demolition, site preparation, homeownership counseling, relocation, housing marketing, activities to ensure fair housing, and other activities essential to homeownership.

ENVIRONMENT

Climate Change Initiative

Following the historic agreement reached in Kyoto in December 1997, and as part of the President's and Vice President's ongoing efforts to address climate change, the President is proposing a dramatic new program of tax cuts and R&D aimed at cutting greenhouse gas emissions. The proposed package contains tax cuts to promote energy efficiency and additional research and development spending covering the four major carbon-emitting sectors of the economy (buildings, industry, transportation, and electricity), plus carbon removal and sequestration, Federal facilities, and cross-cutting analyses and research. This package complements the other elements of the Administration's climate change plan, which include working with industry to develop sector-by-sector initiatives to cut emissions, incorporating energy efficiency goals into Federal procurement and energy use, and restructuring the electricity industry. These efforts strive to reduce greenhouse gas emissions by improving efficiency and reducing costs to the consumer. They provide a solid step on the way to meeting the goals of the Kyoto Agreement.

Clean Water Initiative

This initiative will ease threats to the environment and public health by helping states and communities curb polluted runoff from farms and city streets, reducing exposure to harmful organisms and toxic contaminants in drinking water and fish, and promoting community-based watershed management in partnership with landowners and affected industries. The initiative targets the 40 percent of the nation's waterways still unsafe for fishing and swimming. It provides substantial new resources to assist

states in implementing these programs and to create incentives for farmers to adopt practices that protect water quality.

Food Safety Initiative

The Clinton Administration launched a new food safety initiative last year to put in place new science-based preventive systems to improve the safety of seafood, meat, and poultry and begin work on a new early warning system to help detect and respond to outbreaks of food borne illness. Our budget will seek an even more substantial increase in funding to further enhance food safety. The resources will go to a variety of initiatives, including: giving FDA authority to prevent the importation of produce from countries without safety precautions equivalent to our own; hiring FDA inspectors to improve the safety of fruits and vegetables, both domestic and imported; developing new ways for federal inspectors to detect foodborne illnesses in meat and poultry and determine the source of contamination; improving educational outreach on proper food handling; and further expanding our early warning system and strengthening state surveillance activities for foodborne illnesses.

CIVIL RIGHTS

Reforming and Strengthening the Equal Employment Opportunity Commission (EEOC)

This initiative expands the EEOC's ADR program over three years to allow as many as 70 percent of all complainants to choose mediation, rather than the lengthy process of investigation and litigation. In the first year, the EEOC will provide ADR in a projected 16,000 cases -- 20 percent of all incoming cases and double the number currently sent to mediation. In addition, through a combination of increased use of mediation, improved information technology, and an expanded investigative staff, the EEOC will reduce the average time it takes to resolve a private sector complaint from over 9 months to 6 months, and reduce the backlog of cases from 64,000 to 28,000 by the year 2000. The proposal provides \$279 million for the EEOC for FY99 -- \$37 million or 15 percent more than the enacted 1998 budget.

THE MILLENIUM PROJECT

TECHNOLOGY

A Family-Friendly Internet

President Clinton and Vice President Gore support a strategy to protect children and create a safe, educational environment on the Internet that is consistent with our First Amendment values. This strategy includes cracking down on obscenity, child pornography, and online stalking, and encouraging the private sector to develop filtering and blocking technology for parents and teachers that is widely available and effective. This fall,

the Administration will join the private sector and non-profit groups to support Internet Teach-Ins at schools and libraries, which are designed to increase awareness of safe on-line behavior for children and access to good content.

Making the Internet a Global Free-Trade Zone

The Administration is committed to creating an environment in which global electronic commerce can flourish, so that every computer will be a window open to every business, large and small. Over the next several years, Internet commerce could increase to hundreds of billions of dollars per year, boosting U. S. exports and creating new opportunities for small start-up companies. President Clinton has directed the U.S. Trade Representative to work with foreign governments to secure agreement that all products and services delivered across the Internet and all equipment from which the Internet is built -- be free from tariffs.

Cloning

President Clinton has proposed legislation banning the cloning of human beings. The President's legislative proposal prohibits

for

five years the use of somatic cell nuclear technology to create a human being. The legislation directs the National Bioethics Advisory Commission to report to the President in four and half years on whether to continue the ban. The proposal is carefully worded to ensure that it will not interfere with beneficial biomedical and agricultural activities. In March 1997, the President imposed a ban on the use of federal money for cloning human beings.

Save America's Treasures

Many of our most important cultural treasures -- such as the Star Spangled Banner, the Declaration of Independence, and the Bill of Rights -- are seriously at risk. Save America's

Treasures is a

three year, \$150 million initiative that will help stimulate support for the Nation's most important preservation priorities.

The funds will be administered by the Department of Interior under the authority of the National Historic Preservation Act. Half of the money will support preservation projects identified at the national level -- the other half will go to support state and local priorities.

Message Sent To: _____

Patrick.Steel @ usda.gov @ inet
Mike.Derian @ usda.gov @ inet
jason.solomon @ treas.sprint.com
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Isabelle Watkins @ 2124154303 @ fax
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SCANNER RESULTS

Lewinsky Wants to Tell Story
(Jan 25 9:53 am ET)

White House Readies Strategy
(Jan 25 8:04 am ET)

White House Continues to Wait

MESSAGE BODY

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News

Business

Sports

Entertainment

Sci-Tech

Nation

World

[Lifestyle](http://nt.excite.com/202/)

Top Stories

Updated 12:03 PM ET
January 27, 1998

Mrs. Clinton Charges 'Right-Wing Conspiracy'

By Randall Mikkelsen

WASHINGTON (Reuters) - First lady Hillary Clinton Tuesday charged a "vast right-wing conspiracy" was behind allegations of sexual impropriety against President Clinton, as he prepared to deliver his State of the Union speech to Congress.

In an extraordinary interview on the NBC breakfast program "Today", Mrs Clinton said Kenneth Starr, the prosecutor investigating the allegations, was aligned with the president's political opponents.

"Bill and I have been accused of everything, including murder, by some of the very same people who are behind these allegations," she said.

"So from my perspective, this is part of a continuing political campaign against my husband." She accused Clinton's enemies of seeking to "undo the results of two elections."

Among those she named as part of the conspiracy were the Rev. Jerry Falwell, a conservative televangelist; two North Carolina Republican senators, Jesse Helms and Lauch Faircloth; and investigator Starr.

Clinton has been accused of having a sexual affair with a former White House intern, Monica Lewinsky, and urging her to lie about it under oath. Starr has been investigating the charges against the president as part of a wide-ranging probe into Clinton's financial dealings.

The scandal was having a mixed effect on world financial markets. The dollar had weakened against the yen in Tokyo amid concerns over the case, but the U.S. stock market appeared to shrug it off, with the Dow Jones industrial average trading up almost 76 points at mid-morning.

A grand jury, hearing evidence in the case, met on Tuesday for the first time since the scandal erupted. The first person to appear was John Whitehead, the head of the Rutherford Institute, a conservative legal group in Virginia that has been helping represent former Arkansas state employee Paula Jones in her sexual harassment suit against Clinton.

After his grand jury appearance, Whitehead told reporters

outside the federal courthouse in Washington that he turned over documents to the panel, but did not testify.<P>

Asked to comment on Mrs Clinton's charge that the president was the victim of a conspiracy, Whitehead replied: "Show us the facts. Who conspired and where? Who's conspiring to do what? Who are these people?"<P>

Whitehead did not specify which documents were delivered to the grand jury, but possible key documents in the Jones case could include a sworn statement by Lewinsky and a deposition in the case by Clinton.<P>

It was to Jones's lawyers that Lewinsky allegedly denied in a sworn statement that she had an affair with Clinton. However, Lewinsky is reported to have described just such an affair in graphic detail in conversations recorded by a friend, Linda Tripp.<P>

Clinton on Monday forcefully reiterated denials of the allegations that he had sexual relations with Lewinsky and told her to lie about it.<P>

A lawyer for Lewinsky -- now 24 and no longer working for the government -- gave Starr a summary, or proffer, on Monday of what she would tell a federal grand jury in exchange for immunity from prosecution.<P>

It was in this superheated environment that Clinton is to give his State of the Union speech to Congress at 9:00 p.m. EST,

outlining his agenda for the year.<P>

The nationally televised speech is normally one of the most important speeches a president makes in a year, but the run-up has been drowned out by the furious scandal consuming the White House.<P>

Asked if Clinton had any plans to mention the sex scandal in his speech, White House spokesman Mike McCurry said: "None. None in the draft and I'm not aware of any plans for the president to do that."<P>

Clinton will try to shrug off the scandal and promote a view of a reinvigorated government tackling long-term challenges in his State of the Union speech, White House aides said.<P>

Clinton was expected to call for a major overhaul of the Social Security retirement system and urge lawmakers to shore it up with a portion of projected budget surpluses, the aides said.<P>

He also was likely to challenge Congress to reform the Internal Revenue Service as soon as possible.<P>

Other major domestic proposals already previewed include building new public schools and hiring 100,000 teachers, expanding the Medicare health system and widening government assistance for child care.<P>

On foreign policy issues, Clinton was expected to call attention to the continuing standoff with Iraq over weapons inspections and say Iraq's efforts to develop weapons of mass destruction were unacceptable, aides said.<P>

He was also expected to revive his campaign for "fast track" authority to negotiate expanded trade agreements and lay out a case for U.S. involvement in international assistance to struggling Asian economies.<P>

<P>
<I>Related Stories</I>

Clinton Issues Emphatic Denial
(Jan 27 8:08 am ET)

Clinton Issues Emphatic Denial
(Jan 27 4:03 am ET)

Clinton Issues Emphatic Denial
(Jan 27 2:49 am ET)

Clinton Issues Emphatic Denial
(Jan 27 1:37 am ET)

Clinton Issues Emphatic Denial
(Jan 26 10:39 pm ET)

Clinton Makes Forceful Denial
(Jan 26 7:46 pm ET)

Clinton Denies Affair, Coverup
(Jan 26 3:32 pm ET)

Clinton Denies Affair, Coverup
(Jan 26 12:10 pm ET)

Clinton May Speak Out
(Jan 26 9:05 am ET)

Clinton, Aides Consider Moves
(Jan 26 7:04 am ET)

Clinton, Aides Consider Moves
(Jan 26 4:12 am ET)

Allies Defend Clinton
(Jan 25 11:52 pm ET)

Clinton Allies Fire Back
(Jan 25 3:54 pm ET)

Clinton Allies Fire Back
(Jan 25 1:04 pm ET)

Lewinsky Wants to Tell Story
(Jan 25 9:53 am ET)

White House Readies Strategy
(Jan 25 8:04 am ET)

White House Continues to Wait
(Jan 25 4:58 am ET)

White House Continues to Wait
(Jan 25 3:12 am ET)

New Lurid Reports on Sex Scandal
(Jan 24 11:33 pm ET)

Panetta Questions Clinton Future
(Jan 24 6:27 pm ET)

Panetta Questions Clinton Future
(Jan 24 3:52 pm ET)

Panetta Questions Clinton Future
(Jan 24 1:34 pm ET)

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Japan's Finance Minister Quits Over Scandal
<I>(Previous story)</I>

Clinton Prepares Address
<I>(Next story)</I>

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Grand Jury Business Underway
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Earlier Headlines

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Blair to Intervene in Talks
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Starr Hears from Lewinsky
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Contact Reuters

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CREATION DATE/TIME:28-JAN-1998 11:52:58.00

SUBJECT: ABC: SOTU Coverage, 1/27/98

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READ:UNKNOWN

TO: Barry J. Toiv@EOP (Barry J. Toiv@EOP [WHO])
READ:UNKNOWN

TO: Darby E. Stott@eop (Darby E. Stott@eop [WHO])
READ:UNKNOWN

TO: Joshua Silverman@EOP (Joshua Silverman@EOP [WHO])
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TO: Christa T. Robinson@eop (Christa T. Robinson@eop [UNKNOWN])
READ:UNKNOWN

TO: Alison Muscatine@eop (Alison Muscatine@eop [WHO])
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TO: Julie E. Mason@eop (Julie E. Mason@eop [WHO])
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TO: Russell W. Horwitz@eop (Russell W. Horwitz@eop [OPD])
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TO: Jason S. Goldberg@EOP (Jason S. Goldberg@EOP [WHO])
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TO: Karen E. Finney@eop (Karen E. Finney@eop [WHO])
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TO: Rahm Emanuel@eop (Rahm Emanuel@eop [WHO])
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TO: Michelle Crisci@eop (Michelle Crisci@eop [WHO])
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TO: Jill M. Blickstein@eop (Jill M. Blickstein@eop [OMB])
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TO: Michael Waldman@eop (Michael Waldman@eop [WHO])
READ:UNKNOWN

TO: Virginia M. Terzano@ovp@eop (Virginia M. Terzano@ovp@eop [UNKNOWN])
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TO: Gene B. Sperling@eop (Gene B. Sperling@eop [OPD])
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TO: Laura D. Schwartz@eop (Laura D. Schwartz@eop [WHO])
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TO: Steven J. Naplan@eop (Steven J. Naplan@eop [NSC])
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TO: Kevin Moran@eop (Kevin Moran@eop [WHO])
READ:UNKNOWN

TO: Heidi Kukis@OVP@EOP (Heidi Kukis@OVP@EOP [UNKNOWN])
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TO: Daniel J. Gunia@eop (Daniel J. Gunia@eop [OA])
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TO: Anne M. Edwards@eop (Anne M. Edwards@eop [WHO])
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TO: Lori Anderson@eop (Lori Anderson@eop [WHO])
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TEXT:
Message Creation Date was at 28-JAN-1998 11:44:00

ABC News Special Report
Aired on JANUARY 27, 1998

THE STATE OF THE UNION ADDRESS
SAM DONALDSON, COKIE ROBERTS, PETER JENNINGS

ANNOUNCER: This is an ABC News Special -- the State of the Union Address
and the
Republican Response. Now reporting from Capitol Hill, Peter Jennings.

PETER JENNINGS, ABC News: Good evening, and welcome to our coverage of Bill
Clinton's State of the Union address to the 105th Congress.

This is, as many of you know, the traditional response to the
constitutional
requirement that the president shall, from time to time, report to the

Congress
on the State of the Union. Since radio and especially since television,
this is
also an address to the nation.

Tonight, Bill Clinton comes to Capitol Hill not only to lay out his
legislative
wish list in the sixth year of his presidency, but to try to change the
subject.
He is deeply embroiled in a political crisis, as you know. And not many
people
he will speak to up here tonight are willing to say with absolute
conviction
tonight that he will make it through the seventh and eighth years of his
presidency.

Our intention tonight, as always, is to listen with you to his address and
then
to talk about the substance of it and the politics of this week in
Washington.

Let's go to the House chamber. Members of the House and the Senate have
gathered. The members of the Supreme Court is here. The diplomatic corps
is
here. Friends of the President's -- interesting cross-section of the
people in
the President and Mrs. Clinton's box this evening.

Mr. Gingrich has been spending most of the day trying to avoid the subject
of
the President's political crisis. Senator Gore has been talking to many of
us in
the press today about the President's mood today, which he describes as
very
upbeat.

The President has rehearsed his State of the Union a number of times, both
over
the weekend and yesterday. Senator Gore, as we know, is taking the
position
that everybody -- or Vice President Gore -- is taking the -- the President
of
the Senate, of course, his role here tonight.

Vice President Gore taking the position that everybody else in the White
House
does, that they will not be criticizing Kenneth Starr at all. But there is
concern, as you heard from Mrs. Clinton particularly today, that the
President
is being attacked by his enemies. Sam Donaldson is with us. Sam, a quick
comment, as we get under way, about the President's mood, as you know it?

SAM DONALDSON, ABC News: Well, the mood seems to be all right, as far as
it's

been reported to us by aides. Mr. Clinton is prepared to give one heck of a speech. He's going to emphasize all of these initiatives he has. Most of them have been leaked already.

And he's not going to talk about the one thing that people will be expecting him to talk about, that is the scandal. So it's kind of like the dog that didn't bark from the standpoint of the way the audience is going to look at this.

PETER JENNINGS: Mrs. Clinton, as we said, has been out front of everybody in the administration today -- there arriving with Mrs. Gore. And as we said, a cross section of people tonight, a cross section of the country, in their view, joining her in their box this evening.

Mrs. Clinton will also be on Good Morning America tomorrow to talk about this. But she has been very clear and very angry and very forthright today about what she regards as a vast right-wing conspiracy. She gets a warm welcome.

Cokie Roberts is with us, of course, tonight on Capitol Hill. Cokie, the mood up here as you pick it up?

COKIE ROBERTS, ABC News: It's subdued is the way I would describe it. I've been in the House dining room on many a State of the Union night, and it was much quieter than usual and fewer people than usual. But you have had the same number of people line up on either side of the aisle to be shown with the President as he comes in. Nobody's avoiding him here. They're eager to be seen with him.

SERGEANT AT ARMS: Mr. Speaker, the President's Cabinet.

(Applause)

PETER JENNINGS: The President's cabinet. We're not altogether sure, I'm sorry to say, who the one Cabinet member is left at the White House today. But here's Madeleine Albright, the Secretary of State, more out front. Bob Rubin is Secretary of the Treasury. Ms. Albright more up front than almost anybody else in the Cabinet on saying that she believes in President. The President's being attacked by his enemies.

There will be a lot of talk about foreign policy tonight. And up on the Hill here, there is, among Republicans and Democrats, great concern. Bruce Babbitt, Secretary of the Interior. And of course, the Attorney General Janet Reno, who may not be the most popular person at the White House today, as it was she who gave Kenneth Starr, the independent prosecutor, the permission to go ahead and expand his investigation, which has led to all of the controversy in Washington this week.

Secretary Riley just coming in there, the Secretary of Education. It was at the -- an educational event yesterday in the White House in the Roosevelt Room that the President said again, even more emphatically than the first time, that he had not had a relationship with Monica Lewinsky.

Sandy Berger there right in the center of your screen, the head of the President's council. And right behind him is one of the men who has been most responsible, Gene Sperling, most responsible for the drafting of the President's State of the Union address. Been in democratic politics for a very long period of time.

We are been told that Bill Daley, the Secretary of Commerce, is left behind. The President's chief of staff Erskine Bowles.

Sam, all of these -- Sam Donaldson, all of these members of the President's Cabinet tonight have been cautiously supportive, in some cases, very overt in others and staying out of the limelight yet in others. Right?

SAM DONALDSON: Well, the other day, the President asked four members, as you know, to come out and talk to reporters. Madeleine Albright, the Secretary of State, among them. And they -- each one said they believed the President. Other members of the Cabinet, as you say, have been cautious.

Bill Cohen, the Secretary of Defense, has been quoted in the papers as having told a private gathering that -- and I'm certain he didn't realize he was going to be quoted -- that if there is evidence against the President, he is going to have to resign. And that's the only note that we've heard from the Cabinet

that's a little out of place.

PETER JENNINGS: You hear the same thing, of course, from some senior members of the Democratic Party up here, Cokie, including Senator Moynihan of New York.

COKIE ROBERTS: Yes. Yes, you do. And you have people being privately very hostile and publicly very cautious. Part of what's happening here, Peter, is the Democrats like this speech that the President's going to give tonight. This is what they call "their agenda."

The Republican agenda they say the President did before -- welfare reform, balancing the budget. Now, this is what they're interested in -- education, child care, Social Security, and they're really disappointed that they think they're going to have trouble getting it through because of what they all describe as this cloud hanging over the presidency. So it's not just that they are uncertain about his future. It's that they're uncertain about the agenda and then, of course, uncertain about their own futures, which makes them very unpleasant.

PETER JENNINGS: One of the things we will undoubtedly get tonight, which will certainly please Madeleine Albright, is an expression of bipartisanship on Capitol Hill in the Congress on the issue of foreign policy. And there are any number of foreign policy issues which are pressing, not the least of which is Iraq, financial crisis in Asia, how long American troops will stay -- that's Erskine Bowles, the President's chief of staff.

How long American troops will stay in Bosnia, whether the International Monetary Fund will be refinanced. Bill Cohen -- he's about to go off on a tour of Europe and Russia and may extend his trip to go down and talk to some of the member -- American allies in Persian Gulf. But one of the things we can certainly expect up here tonight is to hear universal support for the President to put Saddam Hussein on notice one more time. Whether it has any effect is yet another matter.

But John McWethy, a quick comment from you over at the Pentagon. The mood everywhere here seems to be that military action is now inevitable, right?

JOHN MCWETHY, ABC News: I think that the prospect of military action,

Peter, is
now quite likely. They're barreling down that road at a rapid pace,
hoping that
diplomacy will replace the threats they are now making.

PETER JENNINGS: So you can expect from the President tonight, as we said,
not a
long passage on Iraq, but certainly an attempt to make him clear that they
are
getting closer.

SERGEANT AT ARMS: Mr. Speaker, the President of the United States.

PETER JENNINGS: Wilson Livingood (ph), Sergeant at Arms -- the traditional
introduction of the President.

(Applause)

PETER JENNINGS: We believe that every member of the House and all but one
member
of the Senate are in this chamber tonight. Some possibility that Senator
Craig
(ph) of Idaho is watching this from his office. He said he would.

President saying hello to Donna Shalala, Health and Human Services. And
he is,
we believe -- he may be there because Senator Trent Lott, the Majority
Leader in
the Senate, said he would urge all members to come. But he did say earlier
today that he would sit out in his office.

And none of the members of the escort committee for the President, no one
offered an opportunity to escort the President today chose not to take it.

(Applause)

Pres. BILL CLINTON: Thank you. Thank you. Thank you.

PETER JENNINGS: Any number of commentators up here today have made the
point
that this is an occasion to salute the office of the presidency, if not
always
the individual in question, and that they are here to honor the message
and the
history of the message, not necessarily the messenger.

Pres. BILL CLINTON: Thank you very much. Thank you.

PETER JENNINGS: And here to pay tribute, as it happens in no other country
in
the world, to American democracy.

Pres. BILL CLINTON: Thank you very much. Thank you.

Rep. NEWT GINGRICH, Speaker of the House: Members of Congress, I have the high privilege and the distinct honor of presenting to you the President of the United States.

(Applause)

Pres. BILL CLINTON: Thank you. Thank you. Please. Thank you very much. Thank you. Thank you. Thank you. Thank you very much. Thank You. Thank You.

(Applause)

[President Clinton delivers the State of the Union Address.]

(Applause)

PETER JENNINGS: Second longest State of the Union speech the President has ever given -- 72 minutes, an hour and 12 minutes. One hundred and three applause lines. Counting such things, a tradition in many respects, State of the Union address. Not overly partisan. Talking about the heroes of both parties, inclusion of real Americans and certainly optimistic about the country's future.

We'll take a couple of minutes now to ask some of my colleagues with us this evening to give me a quick take just on the speech and its impact. And we'll come back and discuss the details a little later on. Sam Donaldson?

SAM DONALDSON: Well, Peter, it sounded more like a speech that was a speech rather than a call to arms. A great list of things to do, but there was no real focus.

You know, a President can get done one, maybe two big things if he's lucky at a time. This president didn't tell us of all that laundry list, what the things were that were more important than others.

PETER JENNINGS: OK, Sam.

SAM DONALDSON: But it was a good speech to listen to.

PETER JENNINGS: Come back to you. Cokie Roberts?

COKIE ROBERTS: But Bill Clinton does very well with these kinds of speeches,

Peter. Even when we are getting tired, the American people are paying attention, and these are issues they care about -- child care, education, Social Security, saving Social Security. Very important issues. I think this was an important moment for him and that he will benefit from it.

PETER JENNINGS: Student of presidential speeches, our resident historian tonight, Michael Beschloss.

MICHAEL BESCHLOSS, Presidential Historian: You know, Peter, I think what Bill Clinton hoped this would do would signal that he's changing the tone of his administration, coming back to certain democratic ideas traditionally, like health care and the environment. But I still think that, as we look back on this years from now, the big test of this night is going to be whether it has helped him to surmount his personal political crisis that descended upon him only six days ago.

PETER JENNINGS: We will come back to that after Senator Lott responds for the Republicans. But on the speech and impact, George Will in our Washington bureau.

GEORGE WILL, ABC News: Peter, the President began by wrapping himself in that which Americans love most -- I refer not to the flag, but to Social Security. So he did identify with the broadly popular activities of the federal government.

However, everything a president says is in the subjunctive mood until Congress is persuaded. He mentioned in one passage rather plaintively that he had been denied already in his second term what every president for two decades has had, fast-track authority. He was denied that largely because his own party deserted him. He's already in a rocky patch.

PETER JENNINGS: OK, George, thanks very much. Various other people want to have things to say, both about the speech and about the political environment in which it was given tonight.

We will come back in just a couple of minute now to hear the Republican response from Senator Trent Lott. First time he's ever made a big televised speech like this. And then, we shall follow that with some pretty hard-hitting

analysis
from my colleagues on what this night means in political and historical
terms.

Hope you'll stay with us. We'll be right back.

ANNOUNCER: This ABC News Special -- the State of the Union Address and the
Republican Response from Washington -- will continue in a moment.

(Commercial Break)

END

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jordan Tamagni (CN=Jordan Tamagni/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:30-JAN-1998 17:44:36.00

SUBJECT:

TO: Michele Jolin (CN=Michele Jolin/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

TEXT:

To the Congress of the United States:

For the last five years, this Administration's economic agenda has been guided by a simple but profound vision: to ensure that the American Dream within reach for everybody who is responsible enough to work for it, and to find a way to bring our people together into one America. The Administration's philosophy of opportunity, responsibility and community is now our guidepost to the 21st century.

When this Administration took office in 1993, deficits were much too big and growing bigger, unemployment was unacceptably high, and wages were stagnant. To reverse this course, we took a new approach, putting in place a bold three-part strategy to shrink the deficit and balance the budget, invest in our people and open markets to American goods and services. Our goal was to give America's workers the tools and training they need to help them thrive in our changing economy.

The strategy has succeeded: American businesses have generated more than 14 million new jobs; unemployment reached its lowest level in 24 years, while core inflation fell to its lowest level in 30 years; economic growth last year was the strongest in a decade; and the benefits of that growth are being shared by all Americans, as poverty is dropping and wages are on the rise. We also saw the biggest drop in welfare rolls in history, as our efforts to move people from welfare to work paid off. Many challenges remain, but Americans are enjoying the fruits of an economy that is steady and strong.

The Clinton Administration's Economic Strategy

From the beginning, this Administration's economic strategy has had three crucial elements -- reducing the deficit, investing in our people, opening markets abroad and expanding U.S. exports.

Deficit reduction. The Administration's 1993 deficit reduction plan set our nation on a course of fiscal responsibility, while making critical investments in the skills and well-being of our people. When President Clinton took office, the deficit was \$290 billion and projected to go much higher. This year the deficit will fall to just \$10 billion and possibly lower. That is a reduction of \$280 billion -- more than 90 percent. Our deficit today is the smallest share of our economy since

1970. And, for the first time in 50 years the deficit has gone down five years in a row. And this year, the President has proposed a budget that will eliminate the deficit, the first balanced budget in 30 years.

Investing in our People. In the new economy, the most precious resources America has are the skills and ideas of working Americans. Investing in the education and health of our people will help all Americans reap the rewards of the our growing, changing economy. Those who are better educated, who are flexible, who have the skills to move from one job to another and seize new opportunities, will be rewarded.

The 1997 balanced budget agreement includes the largest increase in aid to education since 1965, and the biggest increase to help people go to college since the G.I. Bill was passed 50 years ago. The budget has \$1 billion more for Head Start, it establishes the America Reads program to mobilize a million volunteers to promote literacy, and contains money to help connect every classroom and library in this country to the Internet by the year 2000.

It also contains a new HOPE Scholarship to guarantee all Americans access to at least two years of college; other tuition tax credits for all college and skills training; an IRA that allows tax-free withdrawals to pay for education; the biggest increase in Pell Grants in two decades; a million, total, work-study slots; and doubling of aid for dislocated workers.

There is still more that needs to be done to address the challenges of educating our people. We need to increase the quality of education in our public schools. We need to provide more options to parents in public school through public school choice and allowing teachers to organize new charter schools within public school districts. We need national standards and voluntary national exams to begin with 4th grade reading and 8th grade math.

We have also taken measures to enhance worker security and improve the well-being of working families. The Family and Medical Leave law signed into law in 1993 ensures that millions of people do not have to choose between being good parents and good workers. The Kennedy-Kassebaum law helps millions to keep their health care if they take a new job or if someone in their family gets sick. The minimum wage was increased, the earned income tax credit (EITC) was expanded, and a \$500-per-child tax credit was provided. The new balanced budget also spends \$24 billion to expand health care to 5 million of the most vulnerable Americans -- 5 million children, almost all in working families, without health insurance. That is the largest investment in health care since the creation of Medicaid in 1965.

Opening Markets and Expanding Exports. To create good jobs and increase wages, we must open markets abroad and expand U.S. exports. Indeed, about a third of the economic growth that has produced 13 million new jobs over the past five years has come from selling more American

products overseas.

We have concluded more than 240 trade agreements in the first four years of this administration. In the areas covered by the over 20 agreements signed with Japan, our exports are up by more than 80 percent. And the recently signed information technology agreement, covering 90 percent of information technology services in the world, amounts to a \$5-billion tax or tariff cut on high-value added American products.

Because of the importance of trade to our economy and our workers, it is critically important that fast track negotiating authority be renewed. In general, U.S. markets have been more open to the world for decades. Our goal is to open more foreign markets to U.S. exports.

Fast track authority is a tool that has been given to Presidents of both parties for more than 20 years. It allows the President to negotiate a trade agreement, and then requires that Congress take an up or down vote on the agreement as a whole. This authority gives the President the ability to create open and fair trade for business and working people, and to advance our nation's prosperity.

Seizing the benefits of our growing, changing economy

Going forward, the central challenge for our nation's economy is ensuring that American workers are equipped to seize the benefits of our changing economy. Information and technology and global commerce are leading the transformation of the global economy. The new strength of a nation will be found in the skills, knowledge, and imagination of its people.

This Administration's strategy -- balancing the budget, investing in our people, opening markets abroad -- will support and enhance America's strength in this new economic era. It is a strategy for an economy of the 21st century, removing barriers to our economy's potential and providing our people with the strength, the skills, the security, and the flexibility needed to reap the rewards of our growing, changing economy.

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Anna E. Cushing (CN=Anna E. Cushing/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:30-JAN-1998 16:04:34.00

SUBJECT: fast-track

TO: KYLE_R (KYLE_R @ A1 @ CD @ LNGTWY [UNKNOWN]) (OPD)

READ:UNKNOWN

TEXT:

Bob, is this lang. still o.k. to go out to people writing in urging POTUS to continue efforts to gain f.t.a.? Pls. let me know. thx. anna

Thank you for your letter supporting fast-track authority for the President.

As you know, I believe that fast-track authority is crucial to enhancing America's ability to bring down trade barriers - - giving American companies the opportunity to open new markets and ensuring U.S. leadership in the world. The renewal of fast-track authority remains a priority for my Administration, and we will work hard to secure it this year.

I appreciate knowing your views and look forward tow working with you and other interested parties on this vital issue. Again, thanks for writing.

ARMS Email System
RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Dag Vega@EOP@LNGTWY@LNGTWY (Dag Vega@EOP@LNGTWY@LNGTWY [WHO])

CREATION DATE/TIME: 2-FEB-1998 06:33:54.00

SUBJECT: ABC: This Week, 2/1/98

TO: jgibbons@ostp.eop.gov@INET@LNGTWY (jgibbons@ostp.eop.gov@INET@LNGTWY [OSTP])
READ:UNKNOWN

TO: Barry J. Toiv@EOP (Barry J. Toiv@EOP [WHO])
READ:UNKNOWN

TO: Darby E. Stott@eop (Darby E. Stott@eop [WHO])
READ:UNKNOWN

TO: Joshua Silverman@EOP (Joshua Silverman@EOP [WHO])
READ:UNKNOWN

TO: Christa T. Robinson@eop (Christa T. Robinson@eop [UNKNOWN])
READ:UNKNOWN

TO: Alison Muscatine@eop (Alison Muscatine@eop [WHO])
READ:UNKNOWN

TO: Julie E. Mason@eop (Julie E. Mason@eop [WHO])
READ:UNKNOWN

TO: Russell W. Horwitz@eop (Russell W. Horwitz@eop [OPD])
READ:UNKNOWN

TO: Jason S. Goldberg@EOP (Jason S. Goldberg@EOP [WHO])
READ:UNKNOWN

TO: Karen E. Finney@eop (Karen E. Finney@eop [WHO])
READ:UNKNOWN

TO: Rahm Emanuel@eop (Rahm Emanuel@eop [WHO])
READ:UNKNOWN

TO: Michelle Crisci@eop (Michelle Crisci@eop [WHO])
READ:UNKNOWN

TO: Jill M. Blickstein@eop (Jill M. Blickstein@eop [OMB])
READ:UNKNOWN

TO: Michael Waldman@eop (Michael Waldman@eop [WHO])
READ:UNKNOWN

TO: Virginia M. Terzano@ovp@eop (Virginia M. Terzano@ovp@eop [UNKNOWN])
READ:UNKNOWN

TO: Gene B. Sperling@eop (Gene B. Sperling@eop [OPD])
READ:UNKNOWN

TO: Laura D. Schwartz@eop (Laura D. Schwartz@eop [WHO])
READ:UNKNOWN

TO: Steven J. Naplan@eop (Steven J. Naplan@eop [NSC])
READ:UNKNOWN

TO: Kevin Moran@eop (Kevin Moran@eop [WHO])
READ:UNKNOWN

TO: Heidi Kukis@OVP@EOP (Heidi Kukis@OVP@EOP [UNKNOWN])
READ:UNKNOWN

TO: Daniel J. Gunia@eop (Daniel J. Gunia@eop [OA])
READ:UNKNOWN

TO: Jeremy M. Gaines@eop (Jeremy M. Gaines@eop [WHO])
READ:UNKNOWN

TO: Paul K. Engskov@eop (Paul K. Engskov@eop [WHO])
READ:UNKNOWN

TO: Anne M. Edwards@eop (Anne M. Edwards@eop [WHO])
READ:UNKNOWN

TO: Steven A. Cohen@eop (Steven A. Cohen@eop [WHO])
READ:UNKNOWN

TO: Lori Anderson@eop (Lori Anderson@eop [WHO])
READ:UNKNOWN

TEXT:
Message Creation Date was at 2-FEB-1998 06:23:00

ABC This Week
Aired on FEBRUARY 01, 1998

Interviews with WILLIAM GINSBURG, ATTORNEY FOR MONICA LEWINSKY
REP. JOHN KASICH (R-OH), CHAIRMAN, REP. RICHARD GEPHARDT (D-MO),
ANN COULTER, CENTER FOR INDIVIDUAL RIGHTS,
PATRICIA IRELAND, PRESIDENT OF NOW, RONALD NOBLE,
and JOSEPH DIGENOVA, FORMER U.S. ATTORNEY

ANNOUNCER: From ABC News, This Week, with Sam and Cokie, and featuring
George Will.

ROBERTS: This Week, as the president takes the high road...
(BEGIN VIDEO CLIP)

WILLIAM J. CLINTON, PRESIDENT OF THE UNITED STATES: The state of our
union

is strong.

(APPLAUSE)

(END VIDEO CLIP)

ROBERTS: ... the investigation into the alleged affair with Monica Lewinsky

moves to a grand jury.

(BEGIN VIDEO CLIP)

LEON PANETTA, FORMER WHITE HOUSE CHIEF OF STAFF: I believe I answered all of

the questions that were asked of me.

(END VIDEO CLIP)

DONALDSON: While the president's polls are the highest ever, Republicans

begin to attack.

(BEGIN VIDEO CLIP)

U.S. SENATOR JOHN ASHCROFT (R-MO)?: If these allegations are true, you have

disgraced yourself, you have disgraced this country, you have disgraced the

office, and you should leave.

(END VIDEO CLIP)

DONALDSON: How is this crisis going to affect the agenda on Capitol Hill as

the president sends up his budget? We'll ask House Minority Leader Chairman

Richard Gephardt and Budget Committee Chairman John Kasich.

ROBERTS: And how are women reacting to all this? We'll ask the president of

the National Organization for Women, Patricia Ireland, and conservative attorney Ann Coulter.

DONALDSON: And our roundtable with ABC News analyst Bill Kristol and George

Stephanopoulos.

Welcome to our program. According to the public opinion polls, the majority of the American people don't believe the president. They don't believe him when

he says he didn't have a sexual affair with Monica Lewinsky. But at the same time, a significant percentage of those people say it doesn't matter to them.

And the president's approval rating, his job approval rating, is at an all-time high.

Cokie, as they say outside the Beltway, go figure.

ROBERTS: Well, of course, a lot of that could change depending on the evidence. And here to tell us what's happening along those lines and in the negotiations is ABC's Jackie Judd.

JUDD: Good morning, Cokie.

Well, the arm-wrestling match between William Ginsburg, Monica Lewinsky's attorney, and the independent counsel, Ken Starr, goes on. Ginsburg is now talking about taking his client home to California to see her father.

Ken Starr is telling reporters: "We are proceeding. We are collecting the facts of this investigation." A clear signal he's sending that with or without Lewinsky he's proceeding.

What's interesting here, Cokie, is the evolution of William Ginsburg's comments through the week. Earlier on when -- when the talks with Starr's office seemed to be on track, he seemed to be at least suggesting that what she had said in her sworn affidavit that there was no sexual relationship was not the complete story.

By the end of the week, when the talks had broken off, he was talking about the possibility of joining the president's attorneys, if they chose to do this, to try to quash the -- Ken Starr's grand jury. And also, he was trying to severely undercut the credibility of Linda Tripp. She's, of course, the woman who taped the conversations and started this whole thing.

Cokie.

ROBERTS: Thank you very much, Jackie.

Well, joining us now is Monica Lewinsky's attorney, William Ginsburg. Thank you for being back with us. And of course, George Will, from ABC.

Mr. Ginsburg, what about what Jackie just said? Has this been an evolving story?

GINSBURG: No, it's the same story this week as it was last week. The press has evolved it and respun it every way that they conceivably can. The story remains the same. Nothing has changed.

ROBERTS: Nothing has changed in terms of your negotiations with Kenneth Starr? Or in terms of what exactly it is that Monica will say, if she says something?

GINSBURG: I'm not in negotiation with Kenneth Starr. The prosecutor and the office of the independent counsel has the ability to give limited or full immunity. When he or they are ready to do that, whether it's limited or full immunity, they will do so.

DONALDSON: Mr. Ginsburg, you said at one point, you'd offered a full proffer -- that is, what your client would say. But there are sources elsewhere who say, in fact, it was sort of a verbal thing. It was all at sea. And she is not prepared to say what she said on those tapes.

GINSBURG: Well, you know, I -- I -- I may -- I used the Harry Truman quote the other day on Barbara Walters show. I said they -- they -- they think we give them hell. In fact, we give them the truth. And sometimes they think it's

hell.

It's up to them to fit what we say is a complete proffer into their case if they choose to do so.

DONALDSON: I'm glad you mentioned Barbara Walters, because you also said to

Barbara -- and I quote -- about the relationship from the standpoint of phone

calls the president might have made to your client. You said it was a hi, hello, how are you doing, fine. That's it. ``They were colleagues. I know that's hard to believe, but the president and his staff do talk."

Mr. Ginsburg, I think to most people that's impossible to believe.

GINSBURG: I don't know. And as a matter of fact, I am seeking now in my investigation information from other White House interns and people who work in

legislative affairs where Monica worked to determine just how interactive the

president is with those people. It's not inconceivable to me that someone working in an area where people work together could be interactive there.

The president's a human being.

DONALDSON: Well, are you telling me while others are desperately trying to

find, to put it delicately, other women that might have been associated with

the president, you're trying to find other people who he's just called up late

at night and said, hi, hello, how are you, fine...

GINSBURG: No.

DONALDSON: ... interns who were on his staff and two years later he just

wants to make a call?

GINSBURG: That's not what I'm saying.

DONALDSON: Well, then, what are you saying?

GINSBURG: What I'm saying -- I'm saying I'm talking to other interns to find

out what the inner workings of the White House is with interns...

DONALDSON: What are they telling you?

GINSBURG: ... and other people in legislative affairs.

People who work close to the president in legislative affairs are telling me

there is interaction with the president. I'm not --

I haven't fully completed my investigation. So...

DONALDSON: By interns?

GINSBURG: No, I was about to say...

DONALDSON: OK.

GINSBURG: But I am finding that interns don't usually have that interaction.

GINSBURG: Interns generally look and peek around corners and see people in

the White House. Legislative affairs employees have a different relationship.

DONALDSON: Well, what was the difference, then, with Monica Lewinsky?

GINSBURG: Monica Lewinsky was a legislative affairs person, and that's where

I'm trying to focus my investigation at this point.

DONALDSON: Not when she was at the Pentagon?

GINSBURG: No, at the Pentagon she was not a legislative affairs. That's true.

WILL: Part of this unfolding drama began when Ms. Tripp felt that Mr. Bennett had called her a liar -- the president's lawyer. You have recently said

that Ms. Tripp, in spite of what she says, was never privy to any conversation

between your client and Mr. Clinton. And you said of Ms. Tripp, "People often

do what they have to do to make their story sound right." It sounds as though

you're saying she's embroidering or lying.

GINSBURG: No, not at all. I am so frustrated that I don't know what to do

with myself. I have no right to get the evidence against my client or in favor

of my client or what's out there.

ROBERTS: You mean the tapes?

WILL: The tapes.

GINSBURG: The tapes.

WILL: But you've not heard the tapes?

GINSBURG: I've not heard the tapes. Until I have all of the pieces of the

puzzle in place, the context, the situation, I am in no position to call anyone

a liar. I was very careful to say that the statement released by Ms. Tripp sounded like prepublication for a book. But I can't put anything in context until

I have all the pieces of the puzzle in place, and I won't try.

WILL: Mrs. Clinton and others have faulted the independent counsel's, Mr.

Starr, tactics in this. Can you tell me, in your judgment, is Mr. Starr using

tactics that (a) are not used every day against poor people in Southwest Washington? And when he uses them in Northwest Washington involving the president, is he doing something inappropriate?

GINSBURG: I think the tactics being used by the prosecutors in this case

have some unusual aspects to them. But in general...

WILL: What are they?

GINSBURG: In general, they are used against all people, including poor people in other parts of Washington and the country.

The unusual part of this is the stings and the wires -- that is, the intervention of phone calls. And that's what scares me the most about all of this.

WILL: Doesn't that happen all the time...

GINSBURG: I don't think so.

WILL: ... to get more pieces?

GINSBURG: Very rarely, no.

WILL: I know your answer when asked about whether or not your client met

with the president on the evening of December 28th is that's an attorney-client

privilege. You won't talk about it, right?

GINSBURG: I won't. That's right.

WILL: OK. Now when someone takes the Fifth Amendment, that is that person's right, but it's also right to make certain inferences about the person who has to take the Fifth Amendment. Is it not reasonable for Americans to come to an invidious conclusion about the president when he will not confirm that there even was such a meeting?

GINSBURG: No, it's not...

WILL: Why not?

GINSBURG: It's not appropriate. First of all, assertion of your constitutional rights under the Fifth Amendment, or any other amendment -- and there are a bevy of constitutional rights -- is part of what makes this democracy work and frankly has a lot to do, if it's used, with legal strategy and the ability to try a case. Invidious innuendo and suggestion is an issue that we as lawyers have to handle.

But just the assertion of a right under the Fifth Amendment or the Fourth Amendment or the First Amendment is not enough...

DONALDSON: What's Ms. Lewinsky's mood these days? I mean, how does she feel being cooped up?

GINSBURG: She's having fits. That's why I'm taking her back to California to see her dad. She'll be there for a few days. And I'm hoping the change of environment will do her some good.

ROBERTS: And then is that it? Does it all just blow over, Mr. Ginsburg? We've just have two weeks of drama, and it's over.

GINSBURG: No, it -- hardly for her. She is going to have to remake her life.

ROBERTS: No, but I mean legally?

GINSBURG: Oh, that's a great question. I don't know where we're going legally. I really don't. I can work this case in California as well as I can work here, and that's what I'll do.

By the way, if there is anyone out there who wants to say something nice about Ms. Lewinsky -- and I know there are people because they've called me and they've asked when -- the time is now. I'm asking people to come forward.

If they call you people, I would hope you would entertain them instead of just looking at the one side of evidence.

DONALDSON: I haven't found a lot of people within the White House who would call you now. Thanks very much, Mr. Ginsburg.

Still to come, the minority leader of the House of Representatives, Richard Gephardt, and the chairman of the House Budget Committee, John Kasich.

Next, the women's reaction to the crisis in the White House with Patricia

Ireland, the president of NOW, and Republican attorney Ann Coulter.

(COMMERCIAL BREAK)

DONALDSON: Patricia Ireland and Ann Coulter, welcome. Glad to see you.

COULTER: Thank you.

IRELAND: Thank you.

DONALDSON: I don't know sort of where to begin. So let me just begin this

way. If people say, I don't believe the president, I think he did have an affair with her, but it doesn't matter, what do you make of that? Ms. Ireland.

IRELAND: Well, I think that people draw a clear distinction, despite the radio talk show hosts or commentators who are trying to blur that distinction, that sexual harassment is unwanted sexual attention. And if the president had a sexual relation with Monica Lewinsky, it was consensual.

That is a distinction that I think people are trying to blur that people who oppose women's rights issues.

DONALDSON: Does the word "adultery" mean anything any more?

IRELAND: Oh, I think it...

COULTER: Crime in the district.

(LAUGHTER)

IRELAND: I think it does mean something, and I think that many of us are not going to rise to the bait of saying that a charge made is a charge proven.

ROBERTS: But you say that, Ms. Ireland, but at the same time there are all kinds of regulations coming out in companies all over America saying that chief executives cannot have consensual sexual relations with lower people on the staff. Certainly the military -- we've seen lots of examples this year. Why is this different?

IRELAND: Well, in our own office we have a policy against officers or staff having personal relations with interns. And I think certainly that the president of the United States or a county supervisor should not be using what

Kissinger identified as the aphrodisiac of power to have sexual relations. But that's a different question than the legal questions.

DONALDSON: Let me put the same question to Ann Coulter, which is if people say they don't believe the president but it doesn't matter, what do you make of that?

COULTER: I think it's a staggering Orwellian spectacle. It is just like in
"1984" where, you know, Winston Smith is harangued into saying two plus two equals five. That is what the American people, at least according to the polls, a certain percentage are willing to say.

We'll engage in this ritualized public lying. We think he had sex with Monica Lewinsky. He came on TV. And it was an important enough issue for him to come on TV and tell us he didn't have sex with her. He lied to us. We don't care. Our mutual funds are doing well.

DONALDSON: But they are saying that. Again, you started to give the answer. Why do you think the people who are saying that are saying it? Would they say it -- would a woman say that about her own husband? Hey, he's providing a good living for me.

COULTER: No, it's worse than that. He's our leader. This is a free country. It's a self-governing country. It's either for ideological purposes, which is frightening, or because their mutual funds are doing all right. And I would like to say I do not think this is a political issue. This is completely nonpolitical.

I don't care if you're a Democrat or a Republican or a man or a woman, the polls seem to indicate if you believe the polls -- and I don't particularly -- that women are giving him more favorable ratings than men. I don't care about that. He has lied to the American people on TV. I don't care if it's about...

IRELAND: You don't know that, Ann. How do you know that?

DONALDSON: We don't know that.

COULTER: I do not believe anyone sitting at this table...

IRELAND: That's not the question.

COULTER: ... thinks that Monica Lewinsky did not have sex with President

Clinton. I do not believe any American believes that.

How can you maintain these two positions at the same time? On one hand, we all believe he had sex with Monica. On the other hand...

IRELAND: Look, last week...

DONALDSON: Not everyone. Mrs. Clinton doesn't believe it.

COULTER: I don't believe that.

IRELAND: Last week we were hearing, for instance, that the president had said under oath that he had had a sexual affair with Gennifer Flowers. This week we're hearing no, that's not so. The rumors are flying.

COULTER: No, we haven't heard that.

IRELAND: I've heard that on network news. I've heard one story versus another story all week long. And I think that the American public, and women in particular, are not about to be rushed to judgment.

ROBERTS: Well, why did women rush to judgment on Clarence Thomas?

IRELAND: Well, we weren't. In fact, what we were dealing with in Clarence

Thomas' case is a Senate that was trying to sweep it under the rug, that was

trying their own little cover-ups, saying we don't have to reopen hearings, we

don't have to ask a question.

ROBERTS: But this was -- these women were marching up the steps of the Senate office building. We haven't seen anything like that.

WILL: Ms. Ireland, Ms. Ireland...

IRELAND: We were trying to force a hearing, and we did.

DONALDSON: Let George in here.

WILL: In the Anita Hill case, Anita Hill followed Clarence Thomas from one

federal agency to another. She called him repeatedly when she left Washington.

She invites him to come to Oklahoma afterwards.

WILL: And then, 10 years later, at a crucial moment in a confirmation hearing, she says, I just remembered he's been sexually beastly. And women at

that point said, these are self-legitimizing claims because women don't make

such things up. Wasn't that said then?

IRELAND: You have perverted the history of that, George. In fact, she was a

reluctant witness. The Senate was trying to bury those charges. The outrage

that built between the news media getting those leaks and the time that the

demonstrations took place was because we wanted to make sure that the public

had a right to hear both sides and make on judgment.

WILL: Women don't make these things up we were told.

IRELAND: When we saw her under oath, him under oath, heard there evidence,

judged their demeanors, that's when people put on Anita Hill -- "We Believe

Anita Hill" buttons.

WILL: When Gennifer Flowers, Paula Jones, Kathleen Willey, Monica Lewinsky

-- some people think there's a pattern here.

IRELAND: If there is a pattern, it appears to be a pattern of consensual

sex. If we believe Paula Jones...

(CROSSTALK)

When Paula Jones said that when she said no to President Clinton, he said,

I wouldn't want you to do anything you don't want to do and never made

another
pass.

COULTER: It's still a felonious assault.

IRELAND: He didn't touch her.

COULTER: It's still a criminal act, as what he did to Willey was. This isn't just, you know, saying, honey, or even any thing about pubic hairs. These are crimes in every state of the union.

What Clarence Thomas did, even if true, it's only speech. What he did to Kathleen Willey, what he did -- or is alleged to have done -- to Paula Jones, these are crimes, these are torts (ph).

DONALDSON: We'll give you your time. Go ahead. We'll give you...

COULTER: That was it. These are crimes, they're torts (ph). Sexual assault, indecent exposure...

(CROSSTALK)

... only In New Jersey, it's called the NOW bill, because it was pushed through by the National Organization for Women, a law that makes dropping your pants, indecent exposure essentially the equivalent of rape in New Jersey, to dropping your pants -- the NOW bill.

ROBERTS: Now, I'm puzzled about your reaction, that you seem to think that as long as its consensual, it's OK.

IRELAND: No, I didn't say that.

ROBERTS: Well, but that seemed -- well, then, what are you saying?

IRELAND: Well, I'm saying that if we're talking about sexual harassment, I think it's an effort by those who oppose women's rights to get Clinton, get the feminists, and demean the laws by saying, oh, now you're talking about free speech, consensual sex. That's not what the laws require.

DONALDSON: Do you think they planted this woman? I mean, the idea of a conspiracy, a lot of people don't like the president, particularly on the right.

IRELAND: I also didn't say conspiracy.

WILL: But do you really think that there was a conspiracy that was able to plant Monica Lewinsky to seduce an unsuspecting commander in chief?

IRELAND: No, I think that in fact that opponents of women's rights and opponents of Clinton have jumped on this like wild and want to take us to task as if we've been inconsistent when in fact...

ROBERTS: Well, let me ask you about this then. The president said this week, I didn't have sex with that woman. Do you think that's language that's appropriate?

IRELAND: I think it's an unfortunate phrase. Absolutely. I think that he is

not coming forward in a forthright, complete way that the American public can believe. And I think that's a different question than whether Monica Lewinsky

is being coerced, not by Bill Clinton, but by the FBI and Ken Starr.

They ambushed her, held her for nine hours without her attorney, threatened she and her mother with an indictment.

COULTER: She was shopping at Crate n' Barrel. That's not...

IRELAND: And suddenly it's Clinton who is supposed to be the one who coerced her?

DONALDSON: George.

WILL: Ms. Ireland, federal employees are shown sort of as a group a film, a sensitizing film about sexual harassment, introduced by President Clinton, in which it says even consensual sex is intolerable because there's a third-party damage here, to the work force and morale and all of that.

Is that wise? I mean, if you agree with that, you agree that the consensual aspect that you're making so much of is not sufficient.

IRELAND: I would distinguish between what the law requires and what good policy requires. And the law does require that it be unwanted. Good policy, as we have said, might very well dictate that an elected official at any level should not be having sex with employees or interns.

COULTER: No, that's not true. All the male interns...

DONALDSON: We're going to give you the last word. We're about out of time. So please go ahead.

COULTER: Male interns and the female interns have a cause of action against Clinton because they didn't get job benefits for, you know, having sex with him.

IRELAND: That was due Walter Cain (ph), not to any sexual relation.

COULTER: You know, I don't care if Monica Lewinsky or Linda Tripp are, you know, Nazis bombing Oklahoma City building or crack addicts. It's just irrelevant.

DONALDSON: You don't?

COULTER: All that matters is everyone knows the president had sex with this woman, and he went on TV and gave this ritualized line...

IRELAND: Did you see it?

COULTER: ... saying I didn't have sex. Nixon never did this, ever, ever.

DONALDSON: OK.

COULTER: He was never so bold and crude in his lies.

DONALDSON: Thank you very much, Ms. Coulter, Ms. Ireland. We appreciate this spirited debate.

(LAUGHTER)

And coming up, the leading Democrat in the House, Congressman Richard Gephardt. And next the chairman of the Budget Committee, Republican Congressman John Kasich.

(COMMERCIAL BREAK)

ROBERTS: Joining us now, John Kasich, chairman of the House Budget Committee. Thank you for being with us.

KASICH: Thanks, Cokie.

ROBERTS: Mr. Kasich, if the president did have an affair with Monica Lewinsky, should he resign?

KASICH: Well, the issue really is, Cokie, if the president lied, he's going to have...

ROBERTS: Well, he's told the American people he didn't have an affair. So if he had one...

KASICH: Well, if -- if he -- if he lied, he's going to pay a very high price. We're going to have to look at the facts and determine what that really means. But if, in fact, the president lied, it will severely wound his presidency and will -- will erode the office of president, not here in Columbus, Ohio.

Most people would just like the president to be found innocent. But they want to find out what the facts are.

It's been interesting. I've been listening to you talk about his approval rating. His personal approval rating, by the way, has plummeted about 20 points.

The people out here at the dry cleaner or the gym or the -- the pharmacy say they really want to know whether he told the truth or not. And if he did not tell the truth, there will be a very high price to pay. And then the Congress will look at what the facts are. And I think we've got to wait until we know precisely what the facts are.

But let's make it clear: If he did not tell the truth, he will have very serious problems. Whether he's removed, no one can judge. But it will be such an erosion of the presidency, it will be very, very unfortunate for our country. But it will be a reality.

ROBERTS: Well, as you know, some Republicans are saying privately that this would be politically ideal for them to have the president stay as a weakened president for the next couple of years and just make it easier to run against him, both in '98 and 2000.

KASICH: Look, Cokie. You -- I didn't see your show last week, but I heard

about it. The fact is no one in this country should be hoping that the president did this, because we've got enough young people who don't believe in

-- in any authority figures. We've got tremendous cynicism in this country. And

to create more would be negative for our country.

And, Cokie, at some point, who cares about politics? We've got to care about our country. So I hope the president will have been found not to have done this.

But if he did, we also know that if you -- if you lie, if you do not tell the truth, you'll pay a price for it.

WILL: Cokie asked you for a judgment of political morality. And, Congressman, you really gave her a political prediction. She said, "Should he resign if he lied?"

And you said, "If he lied, he'll have a lot of problems."

Let me reinvoke you to make a judgment of the sort that Senator Ashcroft made yesterday.

KASICH: George, we have...

WILL: Should he resign if he lied?

KASICH: George, we'd have to know exactly what the facts are. I don't think that -- that will be a decision for the president.

WILL: Yes.

KASICH: If the president told a lie on that, it will then be up to the Congress to take a look at whether -- if he told a lie under oath, then he's got a problem legally...

WILL: My -- forgive me...

KASICH: ... and then we take a look at it.

WILL: Forgive me. But my question is, should he feel obligated to resign, in your judgment, if he lied?

KASICH: George, I -- I don't want to speak for him.

WILL: OK.

KASICH: If I were in that position, I would have to think hard about what my decision would be. But I'm not sure that -- that because you tell a lie, or somebody else tells a lie, I ought to be in a position to tell them what actions they ought to take.

If he tells a lie, it's going to be so severe that, I'm sure, it's one of the things he'll consider.

WILL: Let me ask you how all this might seep back into your business, which is legislation. A lot of Americans, perhaps a majority today, say: He lied, but so what? We'll judge him on other grounds.

WILL: When you come to consider, say, day care, which is family policy, and

the president says, trust me, I know right from wrong about families and day care ought to be done in the following way, will this -- all this episode weaken his authority to address right from wrong regarding families and children, for example?

KASICH: Well, George, there's no question that if in fact he lied, his whole presidency will have been eroded. You know, when you ask me what should he do, and I give you a little sound byte, and somebody can put it on the air, we're talking about the presidency. I want to be very precise and very careful about this kind of a discussion.

But I can tell you that if in fact he did not tell the truth, his programs are in deep trouble. Frankly, his programs are in deep trouble now, because on one hand, he declares the era of big government at an end, and then he turns around and gives us 50 examples as to why he wants to expand the government as in his State of the Union.

WILL: Congressman, when you read all the help that came suddenly pouring forth for Ms. Lewinsky when she was about to be deposed regarding her relations with the president and when the president will not even say whether a meeting occurred let alone what happened at a meeting on December 28th, what inference do you draw from this strategy of silence?

KASICH: Well, George, you know, look, people can say things about you. They can say things about me. What I'm interested in are what the facts are. And at some point, the president will have to make a full accounting for this relationship.

But I think in our country -- and you're a scholar of the Constitution -- because you keep your silence or because you wait to speak at a certain time doesn't mean we presume that you're guilty. We're all interested in the facts. But let's let the facts come out before we make a lot of statements and start calling on people to do certain things.

DONALDSON: Mr. Kasich, you're the budget chairman in the House. This may shock you, but I want to ask you about the budget.

KASICH: Good.

DONALDSON: The president is sending one up tomorrow. It's the first balanced budget in 20, 30 years. What is it that you like about it, and what is it

that
you don't like about it, in a brief moment?

KASICH: Well, what I don't like, Sam, is that there's going to be an awful lot of new spending, an awful lot of new taxes in that budget. And frankly, we really need to achieve, I think, three things. One is we need to return power to people by breaking the trusts or monopolies of the federal government. The president is rebuilding those monopolies and trying to expand government.

Secondly, you know, I think in our country we need a renewed sense of values that comes from faith in God.

And finally, I think that it really gets down to personal responsibility.

People need to heal this country without more lawyers or more laws or relying on somebody else. And I think the president makes a stronger federal government. It actually makes the case as to why you should eliminate state and local government and run everything from Washington. That's wrong.

DONALDSON: Well, the president says any surpluses in the future ought to be set aside because of the Social Security problem as a short-term solution while you're working out a long-term solution. But is it not correct that any surpluses, absent new legislation, would simply reduce the national debt, and that in the future, if you needed more money for Social Security, you'd have to reborrow?

KASICH: Well, Sam, the fact is that I think that's what the president is talking about, reducing debt as it comes due. And Americans are for paying down debt. But if the surplus is big enough, then I think we can have some tax cuts for Americans where they can have a little money back to solve their day care problems or their health care problems.

DONALDSON: Well, the reason I bring it up, I mean, it's one thing to be able to say, using the third rail of American politics, Social Security, touch not this money because it's for Social Security, when in fact -- correct me if I am wrong -- it's not being set aside, if there's a surplus for Social Security. It simply reduces the national debt.

KASICH: Well, Sam, that is exactly right. Now let me make it clear. Republicans are for preserving Social Security and for fixing it. Chairman Archer and I have just put a bill in to create

a commission. But you're right. It just would be used to reduce the national debt, which is a good thing for all Americans, young and old.

ROBERTS: Mr. Kasich, we're about out of time. But tell us when are you going to announce for president?

KASICH: Well, I don't have any intention of announcing today, Cokie. I've got to make a long assessment. Things are looking pretty good. I've got a good team. People seem to respond pretty well, and I seem to be raising some money to help me keep a Republican majority in the Congress.

But this is a long assessment period. And if I have the money, you know, I may just come on the show and tell you. I'm going to need you and Sam to go out and put up yard signs, and maybe George can drive the truck.

(LAUGHTER)

ROBERTS: Thank you.

DONALDSON: Will, the truck driver. I never thought of it that way. It's good.

ROBERTS: Thank you very much, Chairman Kasich. We'll see about those yard signs.

Next, the House minority leader, Democrat Richard Gephardt.

(COMMERCIAL BREAK)

DONALDSON: Joining us now from St. Louis, Missouri, the Democratic leader in the House of Representatives, Dick Gephardt.

Mr. Gephardt, welcome.

GEPHARDT: Good morning.

DONALDSON: It's good to have you on our program.

GEPHARDT: Good to be with you.

DONALDSON: I think everyone understands that the evidence, if there is any, against the president has not been presented, and obviously he has said he had no sexual relationship with Monica Lewinsky. And at this point, I think a lot of people take him at his word.

DONALDSON: But the question is, if he turns out to be lying about that, what should happen to him?

GEPHARDT: Well, Sam, that's a hypothetical question, and Harry Truman, another Missourian once said, I don't answer iffy questions. I really think we shouldn't jump to conclusions. I think the president deserves the benefit of the doubt. I think we all ought to take a deep breath, slow down, and wait and see how this occurs. But really to jump to conclusions is not fair to anybody.

DONALDSON: Mr. Gephardt, do you think it would be all right to have a

sexual
relationship with a intern?

GEPHARDT: I don't. And the president has denied that. And again,
I don't think we ought to jump to these conclusions.

The American people are stable and smart. They're taking their time.
They're
not getting carried away. And frankly, Sam, what I hear out here -- I was
in a
neighborhood meeting yesterday. People here are not interested in the
scandal a
day in Washington. They want to know about health care, education, child
care.
And in my district, we're trying to repair Highway 21, the most dangerous
road
in Missouri.

DONALDSON: Certainly is, Mr. Gephardt. I've been on it.

But let me just say to you that the reason we're asking this question
is not
because of some prurient interest, but because all the polls, which say
that
the majority of the American people don't believe the president, but a
very
significant portion of that number say it's all right with them. And I
simply
want to ascertain whether you think it's all right if in fact he's lied
about
it.

GEPHARDT: Look. Again you're assuming facts that aren't there.

DONALDSON: I'm not. I'm simply citing...

GEPHARDT: We haven't established these facts.

DONALDSON: You say the public is not rushing to judgment. The public
apparently has some opinions, and I've just recited them to you.

GEPHARDT: Look, I don't think that's a good thing to do. But let's wait
and
see what the facts are before we start into a million hypotheticals. We
could
think up a million things that we might think are wrong and say, do you
think
this is wrong. Of course, a lot of things are wrong.

WILL: Congressman, Hillary Clinton says that Ken Starr is on a
political
vendetta and that among his abuses is he's intimidating witnesses. Do you
share
her criticism of Ken Starr?

GEPHARDT: Well, George, I think he's been at this for four years. He
spent
\$40 million. I think any objective observer could say, when is he going to
bring this to an end? I mean, how long does this go on? I think we've got
to
look at this special prosecutor law and make changes in it.

WILL: Well, I'll come to that in just a moment. But the president can
fire
an independent counsel for cause, and cause would be abuse of power. And
the

first lady clearly has accused him of abuse of power.

Isn't by logic the president almost required to fire him? If he's intimidating witnesses and on a vendetta?

GEPHARDT: I don't think the president will do that. I don't think the president should do that. This special counsel has been --independent counsel's

been appointed under the law. He is supposedly doing his job.

But I just think that after four years and \$40 million, we got to start asking some questions about how this law is working. I think, maybe, it's not

working at all well, and we ought to change the law, limit an independent counsel to one particular fact situation, get it done in a meaningful time, and

let's move on.

WILL: Let me ask you about another proposal coming from across the river in

Carbondale, Illinois, from former Senator Paul Simon, who says, let's get rid

of the independent counsel with all its separation of powers problems anyway.

Let's politicize the attorney general by having the attorney general picked for

a 10-year term from --confirmed by the Senate, but from a short list prepared

by, say, a panel of judges. Does that sound reasonable to you?

GEPHARDT: It's something we ought to look at. What we're doing now is not

working. We've had two recent independent counsels. One went for seven years

and cost multiples of millions of dollars. This one's gone for four years and

spent \$40 million and really hasn't come up with much of anything.

ROBERTS: Mr. Gephardt, I will only ask you one thing on this line, and then

we'll move on to the Democratic Party.

But I'm just curious -- Congress is filled with interns. Have you ever had a

situation where you've given interns a series of gifts and had many telephone

conversations with interns over and over?

GEPHARDT: No, and obviously you've got to treat people in the right way, in the appropriate way.

GEPHARDT: Again, these facts are not established. We've got to get this out.

We can't rush to judgment and try to jump to conclusions. The president has

denied that any -- all the allegations that have been made. And he deserves the

benefit of the doubt.

And I must tell you again the people that I talk to out here in my district

are interested in their problems. And they want to know when we're going to get

to their problems and stop talking about other problems in Washington.

ROBERTS: Well, what about that? We've just heard John Kasich say that the agenda, which is, I would assume, would be your way of dealing with their problems, isn't going to happen any way. That regardless of the president's problems, that the agenda's in trouble.

GEPHARDT: Cokie, I think it is going to happen. The president's speech the other night and the agenda he laid out is very popular with the American people. That's one of the reasons that his ratings are high. He is addressing problems that people feel very strongly about.

They are worried about their children's education. They're worried about child care. They are worried about doing something about Medicare and Social Security.

The economy is good, I say that. But they feel very strongly about these concerns, and they want us to solve these problems, and I think we're going to do it this year.

ROBERTS: Well, it's interesting. At the same time that the president's approval is so high, polls are showing that the Republicans on that question of which party should hold the House of Representatives, that the Republicans are winning that question. So what are we seeing here?

GEPHARDT: Well, Cokie, those aren't the surveys I'm looking at. The last four major surveys I've seen show that we're about 10, 11 points ahead in the generic poll for the control of Congress. I think Democrats are going to regain control of the Congress primarily because of what I just said.

Democrats are the party that appears to be trying to solve the problems that people feel very strongly about. The Republicans are the party of no. They don't want to do anything. They don't want to address the problems. They just think that incumbents will be popular, and we'll just go to the election. People don't want to do that.

DONALDSON: Are you going to continue to say no to the president's request for "fast track" authority?

GEPHARDT: I am very much for fast-track authority. I am for free trade treaties. But I want the legislation to say to other countries that they must include an agreement that they will try to enforce their workers laws and their environment laws. I think that's only fair and reasonable, and I think there's a majority in Congress who would vote for that kind of trade authority.

DONALDSON: Is that a yes? You'll continue to say no?

GEPHARDT: It's a yes to the right kind of fast track.

(LAUGHTER)

And if we can get that, we'd pass it.

DONALDSON: Thank you very much, Congressman Gephardt. Thanks for coming. And come back, will you?

GEPHARDT: Thank you.

DONALDSON: All right. Up next, our weekly roundtable with George Stephanopoulos and Bill Kristol.

(COMMERCIAL BREAK)

ROBERTS: Well, last week at this time this table declared that Bill Clinton could not survive. Some even said he might not make it through the week. We will not name names.

But joining us again, ABC News analyst George Stephanopoulos, Bill Kristol.

Now gentlemen, what say ye?

DONALDSON: Well, write a personal reply.

(LAUGHTER)

I'm still sticking to what I said last week, but you have conveniently forgotten what I said. I'll repeat it. If the evidence demonstrates the president is not telling the truth -- we don't know that yet. Maybe there is no

evidence. But if the evidence shows the president is not telling the truth,

he's lied about this,

I believe he'll resign. And I think he'll resign within days of the presentation of that evidence.

STEPHANOPOULOS: I don't think he'll resign.

DONALDSON: And that's what I said last week, and I'm sticking to my story.

STEPHANOPOULOS: I don't think he'll ever resign. But he will be in big trouble.

You know, there is a historical precedent here, and it goes back to 1992.

After the Gennifer Flowers story broke in New Hampshire, the president's approval ratings went -- well, he was governor then. The approval ratings went up, because people don't really want this rubbed in their faces. But then the draft came in. Second question's about credibility. He dropped 17 points in three days.

STEPHANOPOULOS: This is a long, long game. The White House had a very good week, but it's not over.

WILL: In July, going into July 1973, which was the 13th month, going into the second year of the Watergate affair, Nixon had won. And then Herbert Butterfield got debriefed and a taping system was revealed.

I'm not saying that tapes are going to go forward. You have to be confident of the president's position. You have to assume that all the shoes have dropped. And given the pattern of this gentleman, you can't assume that.

ROBERTS: Imelda Marco's closet could be there. Yes. But...

KRISTOL: Well, given the pattern, you know, it will -- some facts will come out about three more interns over the next month, and he'll be at 92 percent in the polls.

(LAUGHTER)

WILL: I don't think so.

KRISTOL: It's really quite remarkable, though.

WILL: I don't think that.

KRISTOL: It's been a pretty amazing week.

WILL: I think what the public -- he has a constituency for an "even if"

answer. That is, people are saying no when asked should the president resign

even if he lied. That's a hypothetical. What if it becomes should the president

resign even though he lied. Then things change.

STEPHANOPOULOS: You know, there's a different word. And it's when the word

"because" comes in that he gets into trouble.

He's sticking with a hard-core denial right now. Sooner or later, he has to

explain why he was talking to Monica Lewinsky, sending her gifts. And in some

ways, the explanation will be more problematic than the denial.

ROBERTS: But does he have to? I mean...

STEPHANOPOULOS: Of course, he does.

ROBERTS: Mrs. Clinton said on GOOD MORNING AMERICA this week that the president and Vernon Jordan were not going to say anything more. The investigation is ongoing. It's very convenient. And that that's that.

DONALDSON: Well, there are two courts -- the court of public opinion is the stronger one. That's the dangerous one.

ROBERTS: Well, that's the one where he's having a good time.

DONALDSON: The court that Kenneth Starr is -- well, the court that Kenneth

Starr is working on, though, is a court that could provide the evidence that

changes public opinion.

STEPHANOPOULOS: But you know, the president is helped by Ken Starr, because

he's just incompetent or unethical or both. He hauls in low-level White House

officials. He can't control his informants, like Linda Tripp, and he has a lot

of leaks out of his grand jury.

DONALDSON: But, George, he may not have the evidence.

ROBERTS: But really, what is the deal with Ken Starr? I mean, it does look

like -- I mean, we just heard \$40 million. What's happening here?

KRISTOL: I don't think he's unethical. But I have talked to several members

of the vast right-wing conspiracy this week. I wish it were as vast as Mrs.

Clinton thinks it is.

ROBERTS: Well, we are all part of it. It's exciting.

KRISTOL: Yes, it's got about 32 people in it.

DONALDSON: When they accuse me of being a right winger, I think it's all through.

KRISTOL: I think it's all through, too.

(LAUGHTER)

And there's not a whole lot of confidence in Kenneth Starr. I mean, he's a decent man. He was a good judge. He was a serious solicitor general. He is not a prosecutor.

And the truth is when you are dealing with, in my view, a president who's willing to lie and a White House that is willing to stonewall, you need a real prosecutor.

DONALDSON: But, Bill...

KRISTOL: You need a Rudy Giuliani who's going to go in there and put people up before the grand jury one after another, no preparation, no messing around, no building a case from the little guy to the medium-sized guy to the big guy, put Clinton under oath, put these people under oath -- what happened on the night of December 28th in the White House? And if they don't tell the truth, indict them for perjury the next day. But that's not Kenneth Starr.

STEPHANOPOULOS: And, Bill, you're right, because he's holding Monica Lewinsky out there. It now looks like he's trying to get her to change her story by sweating her out in public for a week. And it just doesn't make any sense.

DONALDSON: But you're talking about the president's strong statement. You're right. He came out last Monday and couldn't have been more forceful. He wagged his finger at the American public and said you listen to me. And the body language was terrific, and he made a forceful denial.

ROBERTS: About that woman.

DONALDSON: About that woman -- I'm quoting him. But if he turns out to have lied, I think people are not going to think that that was a wonderful statement, and someday he will have to explain it.

STEPHANOPOULOS: I agree with you. I totally agree with you.

ROBERTS: George,...

DONALDSON: I mean, this incomprehensible thing for Mr. Ginsburg that somehow presidents of United States call up interns just to say, how are you doing, I'm just fine. Nobody in the world believes that.

(LAUGHTER)

ROBERTS: Do you -- we've alluded to the polls here. But what do you make of them?

WILL: Well, I think the country is decent and wants the results of the election to hold. They don't want to reverse. They want to think well of the president, and I understand that.

Look what they now have to believe, though.

They have to believe that Gennifer Flowers lied, that the Clinton-Flowers tapes were essentially lies, that Paula Jones was sent forward to the hotel room for innocent reasons, that she then lied about what happened in the room, that Kathleen Willey lied, and that Monica Lewinsky spent 20 hours lying to Ms. Tripp. It's getting real hard.

You know, the Queen of Hearts in "Through The Looking Glass" says I can believe impossible things. I believe six impossible things before breakfast. But it's getting hard to do.

DONALDSON: But most of the public would agree with you. They don't believe that, but they still say it's OK, some of them.

STEPHANOPOULOS: No, no, no, it's not that. It's just they prefer not to think about it.

DONALDSON: Yes.

STEPHANOPOULOS: In many ways, it's like this whole episode has turned the whole country into a dysfunctional family.

ROBERTS: Great.

STEPHANOPOULOS: They just want it to go away. Don't tell us. We don't want to see this guy.

DONALDSON: But suppose it won't go away.

STEPHANOPOULOS: I don't disagree with that.

DONALDSON: We're going to have this spectacle next...

ROBERTS: How do you -- how do you interpret the polls? How do you explain the polls?

KRISTOL: No, I -- I think we're all right. The American people are nice. The president of the United States went on television and looked them in the eye and said, there's nothing to this story. They want to believe the president of the United States.

ROBERTS: Would they want to believe it if their pocketbooks were empty and that the...

WILL: Yes, yes.

ROBERTS: Yes?

WILL: Yes.

KRISTOL: Yes, but I don't think the economy is the key. And I think it is that the American people are nice people. They're too nice, in fact, too trusting.

And also let's -- remember this, no one else has gone on TV and said the president of the United States isn't telling the truth. The Republican leader had a response to the State of the Union and did not even make a hypothetical statement.

If it's true, he has to go. The Economist magazine this week, a centrist magazine that endorsed Bill Clinton for president in 1992, has on its cover,

"If It's True, Go."

People take cues from their leaders. And I do think that was a clever political move...

ROBERTS: Well, you know...

KRISTOL: ... for the Republicans to stay out of it.

ROBERTS: ... the question is...

KRISTOL: But -- but they have not seen anyone on TV...

ROBERTS: But you said that they take cues from their leaders.

KRISTOL: ... saying...

ROBERTS: And one of the questions that we now have is, what is this going to mean for the country, the parties down the line? And one of the most disturbing

polls I saw this week was one that said 44 percent of the people said that if

their 21-year-old daughter had the opportunity to serve as an intern at Bill

Clinton's White House that they would not want their daughters to do that.

Now, what kind of cue is that to take from a leader?

STEPHANOPOULOS: And that's where the long-term, chronic political problems

are going to be for the president. You know, he's -- he also has to do something for Democrats and for his Vice President Al Gore. He said there was

nothing -- no improper relationship.

Eventually, when this discussion of what the relationship is comes out, he's

going to have to either apologize or concede mistakes. Or he's going to leave a

lot of Democrats in the country thinking that we are really lowering standards.

DONALDSON: You say eventually. We're going to have a spectacle next Friday.

There's a news conference scheduled with the president of the United States and

the prime minister of Britain, Tony Blair. Now the first question from Helen

Thomas, whoever gets that, is going to be, Mr. President, what was your relationship?

I suppose he'll say, I can't discuss that, the proper time's not now.
But there will have to be additional questions? We're not going to be quiet,
because these questions have to be asked...

STEPHANOPOULOS: And that will work for the president. You guys will make...

ROBERTS: Right.

DONALDSON: It will. I understand that. It will work for the president to be

seen as these yapping curs of the press. I would like to suggest to the White

House that they ought to have a news conference with Tony Blair and then a separate news conference with

the president, at which time we would not ask those questions at the Tony

Blair...

STEPHANOPOULOS: Good luck...

DONALDSON: ... Bill Clinton news conference.

(LAUGHTER)

ROBERTS: When you say -- you say the American people are too nice. George

says that this could lead to a lowering of the standards for the country.

I

mean, is that one of the long-term effects of this whole thing?

KRISTOL: Sure, I mean, Bill Bennett has an explanation of this. If the polls, he -- if the polls go down, Clinton's in trouble. If the polls stay high, the country's in trouble. And I really do believe that.

What was that famous C.S. Lewis, the great British author? If we -- if we --

"if we mock honor, we shouldn't be surprised to find traitors in our midst."

If we have a culture that mocks honesty, we're not going to take lying seriously.

WILL: This is a...

KRISTOL: And I do think that is worrisome.

WILL: This is a great uncontrolled experiment now under way about having

vulgarians in the most conspicuous offices in the republic. And it can't be

good. It has to add to the coarsening of life in America.

But let me say conservatives are complicit in this. First of all, because

they have not adequately policed the lunatics on their side, giving Mrs. Clinton an opportunity to wave them as a bloody banner.

But second, conservatives have gone round over the years saying the government is incompetent and run by liars and can't deliver the mail. And then

they turn around and say, this is terrible because it's not delivering values

and moral lessons. If you can't deliver a post card, you can't deliver the mail. And the general libeling of government is part of the problem.

DONALDSON: Well, we're certainly already coarsening the dialogue. I mean,

the kinds of jokes that are now accepted in not just newsrooms, but

everywhere,
and women as well as men initiate them, are ones that I would not have
thought
we would have told. Certainly, three months ago, had we told them, we'd be
up
in sexual harassment charges immediately.

ROBERTS: Well, that's something that we -- right away, we've had that
conversation here. But there are stories in the paper today that people
who are
experts on this subject say, well, now, the rules could all change. Are we
really seeing a change here?

STEPHANOPOULOS: I think that's probably overrating a little bit. This
is not
over yet, and I think that there still can be a very strong reaction
against
all of this talk, if it turns out to be true.

People are suspending judgment. They're not making judgments yet, and
we
have a long way to go.

ROBERTS: Is it possible we'll never know?

DONALDSON: No, we'll know. Oh, no, the system will work. The mills of
the
gods grind slow but exceedingly fine.

STEPHANOPOULOS: Even if we don't know, people will make judgments.

KRISTOL: But I don't know. Whatever happens to Clinton -- and I still
think
he will not make it through this -- it seems to me we could have a
cultural
reaction to this that could be very important over the next five or 10
years.

ROBERTS: Well, and we will see. That's all for now. Sam and I will be
back
with some final notes.

(COMMERCIAL BREAK)

DONALDSON: Well, this week, the president is going to be busier than
that
one legged man at a kicking contest, Cokie.

On Monday, he unveils his budget. On Tuesday, he goes to Albuquerque,
New
Mexico -- I'll be with him -- to sell his budget.

On Wednesday, a big East Room ceremony on another subject.

Thursday, the prime minister of Britain comes. Big pomp and
circumstance.

On Friday, the joint news conference.

Lots of stuff in the air, perhaps no answers though.

ROBERTS: Well, and we don't know how this all plays out in terms of
this
legal case. It is reported that Bruce Lindsey, the president's aide and
good
friend, will be going before the grand jury this week. And of course, we
don't

know what will happen in the Monica Lewinsky immunity situation.

Congress, meanwhile, will be up there, and word now on the Hill, as the
Democrats say, we want the president's agenda.

DONALDSON: OK. For the latest in the crisis in the White House, stay with ABC News. Tomorrow morning, GOOD MORNING AMERICA, with Charlie Gibson and Lisa McRee -- we'll have all the latest developments.

ROBERTS: And finally, at 11:30 a.m. Eastern Time, Bill Kristol will be online. That's abcnews.com on America Online. Key word -- "ABC News." That's all for this Sunday morning. Have a good week.

END

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert D. Kyle (CN=Robert D. Kyle/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 4-FEB-1998 19:22:49.00

SUBJECT: fast-track

TO: Anna E. Cushing (CN=Anna E. Cushing/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

Anna - I made a few edits. It's good, as you see below. Bob

----- Forwarded by Robert D. Kyle/OPD/EOP on 02/04/98

07:22 PM -----

Anna E. Cushing

02/04/98 09:57:21 AM

Record Type: Record

To: Robert D. Kyle/OPD/EOP

cc:

Subject: fast-track

Bob, could you let me know about this language . . . anything we should add/change? thx. anna

----- Forwarded by Anna E. Cushing/WHO/EOP on 02/04/98

09:43 AM -----

Anna E. Cushing

01/30/98 04:04:27 PM

Record Type: Record

To: KYLE_R @ A1 @ CD @ LNGTWY

cc:

Subject: fast-track

Bob, is this lang. still o.k. to go out to people writing in urging POTUS to continue efforts to gain f.t.a.? Pls. let me know. thx. anna

Thank you for your letter supporting fast-track authority for the President.

As you know, I believe that fast-track authority is crucial to enhancing America's ability to bring down trade barriers - - giving American

companies the opportunity to open new markets and ensuring U.S. leadership in the world. Please be assured that I will continue to work with Congress to renew this authority.

I appreciate knowing your views and look forward to working with you and other interested parties on this vital issue. Again, thanks for writing.

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Christopher J. Lavery (CN=Christopher J. Lavery/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:18-FEB-1998 13:42:10.00

SUBJECT: Chuck, I think this is what you were looking for.

TO: Honorable Jimmie Lou Fisher (Honorable Jimmie Lou Fisher @ 15016823842 @ fax [UNKNOWN])

READ:UNKNOWN

TEXT:

PREPARING AMERICA FOR THE 21st CENTURY

Background on President Clinton,s Agenda for the Nation

State of the Union Address

January 27, 1998

PREPARING AMERICA FOR THE 21st CENTURY

B,s Agenda for the Nation

State of the Union Address

January 27, 1998

ECONOMY THAT OFFERS OPPORTUNITY

Entitlement Reform

Social Security

Education

Smaller Classes with Qualified Teachers to Improve Reading in Grades 1-3

Modern School Buildings to Improve Student Learning

Education Opportunity Zones: Helping Students in Poor Communities Reach High Standards

Expanding Access to Safe After-School Care

Mentoring: Early Intervention to Promote College Attendance

Leading the Global Economy

Community Economic Adjustment Initiative

Fast Track Trading Authority

Africa Trade Initiative

Child Labor

Training

GI Bill for Workers

A SOCIETY ROOTED IN RESPONSIBILITY

Moving People from Welfare to Work

Welfare-to-Work Housing Vouchers
Increasing Child Support Collections
Falling Welfare Caseloads
Business Welfare-to-Work Commitments

Health Care

Consumer Bill of Rights & Genetic Screening Protections
Providing New Options for Americans Ages 55 to 65
to Access Health Insurance
21st Century Research Fund

Tobacco

Passing Bipartisan Tobacco Legislation

Child Care

Double the Number of Children Receiving
Child Care Subsidies to More than Two Million
Increase Tax Credits for 3 Million Families
Provide New Business Tax Credits
Promote Early Learning
Provide After-School Care
for up to Half a Million Children
Step Up Enforcement of State Health
and Safety Standards
Facilitate Background Checks on
Child Care Providers
Increase Scholarships for Training
for Child Care Providers
Invest in Research
Increase Head Start and Double the Number of Children Served by Early
Head Start

Crime

Juvenile Justice Crime Bill
-- Preventing Under 21s from buying guns
-- New Prosecutors and Probation Officers
-- Tough, New Sentences on Drug Dealers
-- Funding to Keep Schools Open Later and Promote Anti-Truancy Initiatives
and Curfews

Foreign Policy

NATO Enlargement
Securing the Peace in Bosnia
Nuclear Test Ban Treaty
Strengthening the Biological Weapons Convention
U.S. Arrears to the United Nations

A NATION THAT LIVES BY COMMUNITY

Political Reform/Reinventing Government

Free Television Time
Enact Bipartisan Campaign Finance Reform
IRS Reform

Community Empowerment

Low-Income Housing Tax Credit
Second Round of Empowerment Zones
& Play-By-the-Rules Homeownership Proposal
Homeownership Zones

Environmental Protection

Climate Change initiative
Clean Water Initiative
Food Safety

Civil Rights

Reforming and Strengthening the EEOC

THE MILLENNIUM PROJECT

Technology

A Family-Friendly Internet
Making the Internet a Global Free-Trade Zone
Cloning

Culture

Save America's Cultural and Historical Treasures

AN ECONOMY THAT OFFERS OPPORTUNITY

ENTITLEMENT REFORM

Reserve Surplus until Social Security is Reformed

Over the next two years, President Clinton is firmly committed to strengthening Social Security for the 21st century. He therefore proposes that we should not spend any of the projected budget surpluses on anything else until we have reformed Social Security. This proposal, which

continues the fiscally responsible policies that have been the hallmark of this Administration, is intended to reserve the surpluses in case they are needed for Social Security reform.

EDUCATION

Small Classes with Qualified Teachers to Improve Reading in Grades 1-3

President Clinton is proposing a \$12.4 billion initiative over 7 years (\$7.3 billion over 5 years) to help local schools provide small classes with qualified teachers in the early grades. This initiative will help ensure that every child receives personal attention, learns to read independently, and gets a solid foundation for further learning. The new initiative will reduce class size from a nationwide average of 22 in grades 1-3 to an average of 18, providing funds to help local school districts hire an additional 100,000 well-prepared teachers. The initiative will also provide funds to states and local school districts to test new teachers, develop more rigorous teacher testing and certification requirements, and train teachers in effective reading instruction practices. School districts will be accountable for demonstrating gains in reading achievement. These steps will help ensure that first through third grade students are receiving high-quality reading instruction in smaller classes from competent teachers.

Modern School Buildings to Improve Student Learning

For students to learn, schools must be well-equipped and be able to accommodate smaller class sizes. To address these and other critical needs, President Clinton is proposing federal tax credits to pay interest on nearly \$22 billion in bonds to build and renovate public schools. This initiative provides more than double the assistance of the Administration's earlier school construction proposal, which covered half the interest on an estimated \$20 billion in bonds. The tax credits will cost the Treasury \$5 billion over 5 years, and more than \$10 billion over ten years. Of the \$22 billion in bond authority, nearly \$20 billion for a new School Modernization Bonds. Half of this bond authority will be allocated to the 100 school districts with the largest number of low-income children, and the other half will be allocated to the states.

Education Opportunity Zones:

Helping Students in Poor Communities Reach High Standards

This initiative will strengthen public schools and help students master the basic and advanced skills where the need is greatest: in high-poverty urban and rural communities where low expectations, too many poorly prepared teachers, and overwhelmed school systems create significant barriers to high achievement. The Education Department will select approximately fifty high-poverty urban and rural school districts with:

- (1) a demonstrated commitment to use high standards and tests as tools to

identify and provide help to students, teachers and schools who need it; (2) a strategy to prevent students from falling behind by ensuring quality teaching, challenging curricula, and extended learning time; (3) programs to end social promotion and turn around failing schools; and (4) evidence of improved student achievement. Added investments in these communities will accelerate their progress and provide models of successful, standards-based reform for the nation. The President's initiative will invest \$200 million in FY99, and \$1.5 billion over 5 years, in raising achievement and sharing lessons learned with school districts around the country.

Early Intervention to Promote College Attendance

President Clinton will soon announce a long-term effort to bring college opportunity to children in high-poverty areas by providing their families with early information about financial aid and appropriate academic preparation, as well as mentoring and other support services to help the children stay on track through high school graduation and into college.

LEADING THE GLOBAL ECONOMY

Fast Track

America needs fast track to continue to create higher-paying jobs for more Americans. Without it, America's role as the largest exporter in the world will be put in jeopardy. And with new markets opening around the world, it is more important than ever to give the President traditional trade authority to break down trade barriers that put American products made by American workers at a disadvantage. Fast track legislation is essentially an agreement between Congress and the president on how Congress will consider United States trade agreements negotiated by the President. As part of that deal, the President agrees to extensively consult and coordinate with Congress throughout trade negotiations. In return, Congress votes on legislation implementing trade deals within a fixed period of time, on a up or down basis, and with no amendments. Every president since 1974 has enjoyed fast track authority.

Africa Trade Initiative

We are working with members from both parties to secure swift passage of legislation that will bring the promise of 21st century prosperity to African nations that are prepared to undertake the hard work of reform. This legislation will introduce a new era of prosperity and partnership between African reformers and the United States, expanding trade opportunities for African and American workers, farmers and companies, and hope and opportunity for our children. This legislation will encourage

African nations to undertake sound growth policies by expanding trade and encouraging investment.

Child Labor

This initiative will make the U.S. a world leader in the fight to reduce child labor. The initiative focuses on reducing the most intolerable forms on child labor -- slavery through forced or indentured labor, work by very young children, and work in dangerous conditions -- by increasing the nation's contribution to the International Program for the Elimination of Child Labor (IPEC) from \$3 million to \$30 million. The proposal also calls for additional agents for the U.S. Customs Service to enforce the ban on the importation of goods made with forced or indentured child labor, with a particular focus on rugs from South Asia. On the domestic front, the proposal includes a \$50 million increase in migrant education to serve 100,000 more children of migrant farm workers and a \$9 million increase in the Department of Labor budget to enforce U.S. child labor laws -- especially in the agricultural sector.

Community and Economic Adjustment Initiative

To help communities compete in a global economy, the Community and Economic Adjustment Initiative will borrow a page from the Administration's successful adjustment effort for base closure communities. Modeled after the Defense Department's highly respected Office of Economic Adjustment, the Office of Community and Economic Adjustment (OCEA) will provide grants and other assistance to communities to develop an economic adjustment strategy. The President will propose \$50 million in additional community adjustment assistance as part of the Commerce Department's Economic Development Administration's (EDA) budget. This will allow us to do more for communities that have suffered through sudden and severe economic dislocation, such as plant closings. As OEA has done for base closure communities, OCEA will closely with the Departments of Labor, Housing and Urban Development, Transportation, and other federal agencies to make communities aware of all available federal resources and to provide a coordinated Administration response.

TRAINING

Reform of the Federal Job Training System

The President renewed his call for Congressional action to reform the job training system. In his 1995 G.I. Bill for America's Workers, he called for individual empowerment through skills grants, streamlining through One Stop Career Centers, and better results through tough performance standards. The House has passed legislation based on his vision. The Workforce Investment Partnership Act has bipartisan support and is under consideration in the Senate.

A SOCIETY ROOTED IN RESPONSIBILITY

MOVING PEOPLE FROM WELFARE TO WORK

Welfare to Work Housing Vouchers

The President's budget will provide \$283 million in FY99 for 50,000 new housing vouchers for welfare recipients who need housing assistance to get or keep a job. Families could use these housing vouchers to move closer to a new job, to reduce a long commute, or to secure more stable housing to eliminate emergencies that keep them from getting to work every day on time. These vouchers, awarded to communities on a competitive basis, will give people on welfare a new tool to make the transition to a job and succeed in the work place. The proposal will complement the President's \$100 million a year welfare to work transportation plan, part of his NEXTEA bill, which will help welfare recipients make their daily commutes.

Increasing Child Support Collections

President Clinton's crackdown on deadbeat parents is paying off: child support collections rose to a record \$13 billion in 1997, an increase of 63 percent since 1992. In the State of the Union, the President set a goal of increasing collections to \$20 billion by the year 2000.

Falling Welfare Caseloads

The President announced that we have met -- two years ahead of schedule -- the challenge he made in last year's State of the Union to move two million more Americans off of welfare by the year 2000. New caseload numbers show that welfare caseloads fell by 4.3 million since President Clinton took office, two million more than the 2.25 million decline he announced last year. The new figures, from September 1997, show 9.8 million Americans on welfare, down from 14.1 million in January 1993 -- a drop of 30 percent.

Business Welfare to Work Commitments

In his State of the Union address last year, the President challenged the business community to create jobs so that people can move from welfare to work. Today, nearly 3,000 companies have accepted the President's challenge and joined a new national effort, called the Welfare to Work Partnership, which was launched at the White House in May. Now, the President has challenged thousands more companies to join the Partnership to give even more people a chance to work their way off welfare.

HEALTH CARE

Protecting Patients Through a Consumer Bill of Rights and Genetic Screening Protections

The President called on Congress to pass federally enforceable consumer health care protections before it adjourns this fall. This Health Care Bill of Rights should contain a range of protections, including guaranteed

access to needed health care specialists to ensure that patients are provided appropriate high quality care, access to emergency room services when and where the need arises, an assurance that medical records are confidential, and access to a meaningful internal and external appeals process for consumers to resolve their differences with their health plans and health care providers. The nation's health care system has changed dramatically, with more than 100 million Americans now in managed care plans. This legislation will ensure that whether Americans have traditional health insurance or managed care, they are assured quality care. And to ensure that new advances in genetics are used to improve health rather than to discriminate, the President has called for legislation prohibiting the use of genetic screening to discriminate in health insurance and employment.

Creating a Historic 21st Century Research Fund⁸

With Unprecedented Increases in Biomedical Research at the National Institutes of Health (NIH).

Scientists are on the cusp of important new breakthroughs in biomedical research, which could revolutionize the way medical experts understand, treat, and prevent some of our most devastating diseases. To promote this progress, the President's budget contains a historic upfront investment in biomedical research -- a 1.15 billion increase in FY 1999 -- and proposes an increase in NIH funding of more than 50 percent over the next five years. Under the President's proposal, the NIH will devote over \$20 billion to biomedical research in 2003.

Providing New Options for Americans Ages 55 to 65 to Obtain Health Insurance, Including Buying Into Medicare

Americans ages 55 to 65 are one of the most difficult-to-insure populations: they have less access to and a greater risk of losing employer-based health insurance; and they are twice as likely to have health problems as the population generally. The President's proposal gives this vulnerable population three new ways to gain access to health insurance by: (1) allowing Americans ages 62 to 65 to buy into Medicare, through a premium that ensures that this policy is self-financed; (2) assisting vulnerable displaced workers 55 and over by offering those who have involuntarily lost their jobs and health care coverage a similar Medicare buy-in option; and (3) giving Americans 55 and over who have lost their retiree benefits access to their former employers' health insurance.

TOBACCO

Passing Comprehensive Bipartisan Tobacco Legislation That Reduces Teen Smoking and Changes the Way Tobacco Companies Do Business

Every day 3,000 young people start smoking and 1,000 of them will die prematurely from a tobacco-related disease. The President called on Congress to pass comprehensive national bipartisan legislation that includes five key principles: (1) it must mandate the development of a comprehensive plan to reduce teen smoking, including raising the cost of cigarettes by \$1.50 per pack over the next 10 years as necessary to meet youth smoking targets; (2) it must affirm the FDA's full authority to regulate tobacco products; (3) it must include measures to hold tobacco companies accountable, especially for marketing products to children; (4) it must include concrete measures to improve public health, from investing in research to reducing second-hand smoke to expanding smoking cessation; and (5) it must protect the financial well-being of tobacco farmers and their communities from the loss of income caused by our efforts to reduce smoking.

CHILD CARE INITIATIVE

Double the Number of Children Receiving Child Care Subsidies to More than Two Million

The President proposed to expand the Child Care and Development Block Grant to help working families struggling to meet the costs of child care. This block grant is the primary federal subsidy program to pay for child care, enabling low-income parents to work. Funds are distributed by formula to the states to operate direct child care subsidy programs, as well as to improve the quality and availability of care. The President's initiative will more than double the number of children served from the one million served in FY 95 (the latest year for which data are available). The President's budget will increase funding for the block grant by \$7.5 billion (plus a state match) over five years, which will enable states to provide subsidies for more than two million children by 2003.

Increase Tax Credits for Child Care for Three Million Working Families

The Child and Dependent Care Tax Credit provides tax relief to taxpayers who pay for the care of a child under 13 or a disabled dependent or spouse in order to work. The credit is equal to a percentage of the taxpayer's employment-related expenditures for child or dependent care, with the amount of the credit depending on the taxpayer's income. The President's proposal increases the credit for families earning under \$60,000, providing an additional average tax cut of \$358 for these families and eliminating income tax liability for almost all families with incomes below 200% of poverty (\$35,000 for a family of four) that claim the maximum allowable child care expenses. The President's budget will include \$5.2 billion over five years to expand the Child and Dependent Care Tax Credit for three million working families.

Provide New Business Tax Credits

The child care initiative includes a tax credit to businesses that provide child care services for their employees, by building or expanding child care facilities, operating existing facilities, training child care workers, or providing child care resources and referral services. The credit covers 25% of qualified costs, but may not exceed \$150,000 per year. The President's budget will include approximately \$500 million over five years for these tax credits.

Promote Early Learning

Research shows that children's experiences in the earliest years are critical to their development and future success. The President's proposed Early Learning Fund provides challenge grants to communities (distributed by states) to improve early learning and the quality and safety of child care for children ages zero to five. Funds may be used for the following activities: providing basic training to child care providers (including first aid and CPR); connecting individual child care providers to centers for education and support; assisting child care providers to meet accreditation and licensing requirements; linking child care providers with health professionals, and supporting the inclusion of young children with special needs in quality child care settings; reducing group sizes and child-to-staff ratios; and providing home visits, parent education, and consumer education about child care. The President's Early Learning Fund builds on state initiatives such as North Carolina's Smart Start, which helps North Carolina's children enter school healthy and ready to succeed. The President's budget will include \$3 billion over five years for this fund.

Increase Head Start and Double the Number of Children Served by Early Head Start

Head Start provides early, continuous and comprehensive child development and family support services, preparing children for a lifetime of learning and development. The President's budget will invest an additional \$3.8 billion over five years to reach his goal of serving one million children by 2002, and doubling the number of infants and toddlers in Early Head Start to 80,000.

Step Up Enforcement of State Health and Safety Standards

Building on the military's model child care program, this proposed initiative will fund state efforts to improve licensing systems and enforce child care health and safety standards, including by increasing unannounced inspections of child care settings. The President's budget will include \$500 million over five years for this program.

Facilitate Background Checks on Child Care Providers

On the day of the White House Conference on Child Care, the President transmitted to Congress the National Crime Prevention and Privacy Compact, which will facilitate effective background checks on child care providers by eliminating state law barriers to sharing criminal history information for non-criminal purposes. Although the vast majority of child care

providers are dedicated to the teaching and nurturing of children, one tragedy in child care is too many. Background checks are an important way to ensure that the people watching our children are fit for this responsibility.

Increase Scholarships and Training for Child Care Providers

At the White House Conference on Child Care, the President proposed establishing a Child Care Provider Scholarship Fund to enable states to provide scholarship funds to students working toward a child care credential. Eligible child care workers must commit to remaining in the field for at least one year for each year of assistance received and will earn increased compensation or bonuses when they complete their course work. The President proposed a federal investment of \$250 million over five years, which will support 50,000 scholarships per year. The President is also proposing to expand the Department of Labor's Child Care Apprenticeship Program to fund the training of child care providers.

Invest in Research

Because too little is known about our child care system, the President's budget will increase support for data, research, and evaluation. This research fund will also support a National Center on Child Care Statistics and a child care hotline that parents can call to get information about how to find child care in their communities and how to identify appropriate, quality care for their children. In addition, the research fund will support demonstration projects to test approaches to help new parents who choose to stay home to care for their newborns or newly adopted children. The President's budget will include \$150 million over five years for this fund.

Provides After-School Care for up to Half a Million Children a Year

The President proposes a dramatic expansion of the 21st Century Community Learning Center Program to provide start-up funds (with a local match) to school-community partnerships to establish or expand before- and after-school programs for school-age children. The program increases the supply of after-school care in a cost-effective manner by directing most funds to programs that use public schools and their existing resources, such as computers, gymnasiums, and sports equipment. The program also includes a set-aside to fund programs run by community organizations. The President's budget will request \$800 million of new money for this program, for a total of \$1 billion over five years.

CRIME

Juvenile Crime Strategy

This initiative recognizes the threat juvenile crime poses to our communities and calls on Congress to pass a comprehensive anti-gang and youth violence strategy. The President's proposed legislation targets gangs and violent juveniles by (1) funding for new prosecutors (\$100 million) and probation officers (\$60 million); (2) helping our kids to stay gun- and drug-free by preventing violent juveniles from buying guns

when they turn 21; (3) enacting tough new sentences to punish adults who sell drugs to kids and use kids to sell drugs; (4) helping kids to stay in school, off drugs, and out of trouble with new funding to keep schools open later and to promote anti-truancy initiatives and curfews (\$95 million). In addition, the President's Child Care Initiative increases five-fold current funding for Department of Education-sponsored after school programs.

AMERICAN LEADERSHIP IN THE WORLD

NATO Enlargement

Europe's stability and America's security are closely linked. The President's call for enlarging the NATO alliance strengthens the alliance's core mission of collective defense and helps meet new threats such as regional instability. Enlargement furthers other US objectives including: Encouraging states in the region to settle border and ethnic disputes with neighbors; strengthen civilian control of their militaries; and increase tolerance for ethnic and religious minorities. NATO's enlargement, combined with the Partnership for Peace program, the NATO-Russia Founding Act and the NATO-Ukraine partnership will help erase the outdated Cold War divisions and build, for the first time, an undivided, democratic, and peaceful Europe.

Securing the Peace in Bosnia

The United States has an abiding interest in peace and stability in Bosnia and a compelling interest in the implementation of the Dayton peace accords. After 46 months of the worst war in Europe since WWII, 24 months of implementing peace have helped put Bosnia on the path to lasting peace and stability. Progress on implementation was made possible because of prudent military support. We can now see the point where civil implementation and peace can be self-sustaining -- but Bosnia's fragile peace still needs the support of American and allied troops when the current NATO mission ends in June. The President still must approve a detailed action plan being prepared by NATO military authorities after a full review of all options. The President will insist that this action plan have the following elements: an achievable mission tied to clear benchmarks, not a deadline; force must be able to protect itself; the U.S. must retain command; European allies must shoulder their full share of responsibility; costs must be manageable; and the plan must have substantial support of the Congress and the American people.

Iraq Weapons of Mass Destruction Program (WMD)

President Clinton made clear that Iraq's efforts to develop nuclear, chemical and biological weapons are unacceptable. U.N. inspectors have done a remarkable job -- destroying more of Iraq's WMD potential than was destroyed during the Gulf War itself. But Saddam is now refusing to allow inspectors to complete their mission. All options are on the table to make sure Iraq does not pursue their WMD program with impunity and threaten the international community.

Biological Weapons

President Clinton announced tonight that the United States would lead the effort to erect stronger international barriers against the proliferation and use of biological weapons. Under this new initiative, the United States will seek to strengthen the Biological Weapons Convention (BWC) by requiring nations that have joined the BWC to submit annual declarations about facilities and activities that could be used for Biological weapon purposes and agree to a tough international inspection system including both voluntary and mandatory inspections.

Comprehensive Test Ban Treaty (CTBT)

The President's call for Senate ratification of the CTBT will allow America to maintain a safe and reliable nuclear deterrent while constraining the proliferation of nuclear material and technology to rogue states' weapons programs. CTBT will improve America's ability to detect and deter nuclear explosive testing. CTBT's global network of sensors will strengthen America's ability to monitor nuclear explosive testing across the globe, as well as deter any nation from believing it can conduct a nuclear explosive test undetected by the international community.

U.S. Arrears to the United Nations

The President also highlighted the need for prompt action on the payment of U.S. arrears to the United Nations. The failure to pay undermines our ability to reform the U.N. and hinders our leadership of that organization at very time the U.N. is working to prevent Iraq from threatening neighbors and the world with weapons of mass destruction. We also need to give the International Monetary Fund the capacity to help prevent global financial crises. Now, more than ever, our security at home and our interests abroad demand that America meet our international obligations, sharpen the tools to improve the stability of the world economy, and increase our leverage in international organizations.

A NATION THAT LIVES BY COMMUNITY

POLITICAL REFORM/REINVENTING GOVERNMENT

Free Television Time

Spending on congressional campaigns has increased more than three times the rate of inflation in the last decades and spending on television is the primary reason. In 1972, candidates spent \$25 million for political ads; in 1996, they spent \$400 million. In his State of the Union, President Clinton announced that will request that the Federal Communications Commission (FCC) require broadcasters to give candidates for Federal office free time as a condition of receiving a new, lucrative license for digital television. It is time to update broadcasters' public interest obligations to meet new political and technological realities.

Enact Bipartisan Campaign Finance Reform

The President remains committed to the enactment of bipartisan campaign finance reform. He is pleased that the leadership in Congress has agreed to schedule a vote this Spring on the McCain-Feingold and Shays-Meehan reform bills. But a vote on these bills is not enough. In his State of the Union the President challenged Congress to enact real reform this year. Acceptable campaign finance reform legislation must meet five criteria: 1) it must be bipartisan; 2) it must be comprehensive; 3) it must reduce the amount of money that is raised and spent on federal elections; 4) it must help level the playing field between challengers and incumbents; and 5) it cannot favor one party over the other.

IRS Reform

President Clinton is strongly committed to reforming the IRS. This spring the Administration will launch the first of 33 Citizen Advocacy Panels. These new panels will be locally-based, independent boards of citizens established to monitor how local IRS offices treat taxpayers and help taxpayers get their problems solved. These new panels are part of the new era of customer service underway at the IRS. The successful new IRS problem solving days, which have helped thousands of taxpayers get relief, will continue around the country on a monthly basis. Additionally, as of the first of the year, IRS phones are now operating 16 hours a day, six days a week. For the first time, IRS offices will be open Saturday mornings during the tax filing season -- March through mid-April -- to provide taxpayers a convenient opportunity to walk-in and get any questions answered. Also, the IRS expects this year to expand its award-winning Telefile program. This innovative program allowed 4.7 million taxpayers to file their returns with a quick average 10 minute phone call last year.

COMMUNITY EMPOWERMENT

Low-Income Housing Tax Credit

Since its creation in 1986, the Low-Income Housing Tax Credit (LIHTC) has given states tax credits of \$1.25 per capita to allocate to developers of affordable housing. Even though building costs have increased 40 percent in the last decade, the amount of the credit has not been adjusted for inflation. Therefore, President Clinton and Vice-President Gore propose to increase the cap on the LIHTC from \$1.25 per capita to \$1.75 per capita

* restoring the value of the credit to its 1986 level. Estimates suggest that the LIHTC currently helps build 80,000-90,000 affordable housing units each year. The President and Vice President's proposal to increase the cap by 40 percent will create an additional 160,000-180,000 new rental housing units for low-income American families over the next five years. This proposal will cost \$1.6 billion over five years.

Empowerment Zones

Building on the Administration's successful first round of Empowerment Zones which has helped spur the creation of jobs and private investment in America's distressed communities, the President's budget includes a

request for \$1.7 billion to support flexible grants to 20 new Empowerment Zone designations. The funding will be made available to the designated communities over a 10 year period. The 15 urban designations will be funded at \$100 million each; and the five rural designations will be funded at \$40 million each. The Departments of Housing and Urban Development and Agriculture will announce a competition this Spring that will lead to the designation of the 20 new Empowerment Zones by December 1998.

&Play-by-the-Rules 8 Homeownership Proposal

The President's FY99 budget provides funds for the Neighborhood Reinvestment Corporation to start a new initiative to help provide the opportunity of homeownership to responsible families with a perfect rental history. Under this initiative, we will help 10,000 lower-income -- and often minority -- families become homeowners. While the method of helping each family buy their own home will differ, responsible families we will be provided homeownership counseling, flexible assistance for downpayment or closing costs, second mortgage loans for debt reduction, or rehabilitation loans.

Homeownership Zones

The FY99 budget includes funds for Homeownership Zones to be used by communities to reclaim abandoned and distressed neighborhoods through the creation of large-scale developments of owner-occupied single-family homes. Funds could be used for property acquisition, housing construction, housing rehabilitation, demolition, site preparation, homeownership counseling, relocation, housing marketing, activities to ensure fair housing, and other activities essential to homeownership.

ENVIRONMENT

Climate Change Initiative

Following the historic agreement reached in Kyoto in December 1997, and as part of the President's and Vice President's ongoing efforts to address climate change, the President is proposing a dramatic new program of tax cuts and R&D aimed at cutting greenhouse gas emissions. The proposed package contains tax cuts to promote energy efficiency and additional research and development spending covering the four major carbon-emitting sectors of the economy (buildings, industry, transportation, and electricity), plus carbon removal and sequestration, Federal facilities, and cross-cutting analyses and research. This package complements the other elements of the Administration's climate change plan, which include working with industry to develop sector-by-sector initiatives to cut emissions, incorporating energy efficiency goals into Federal procurement and energy use, and restructuring the electricity industry. These efforts

strive to reduce greenhouse gas emissions by improving efficiency and reducing costs to the consumer. They provide a solid step on the way to meeting the goals of the Kyoto Agreement.

Clean Water Initiative

This initiative will ease threats to the environment and public health by helping states and communities curb polluted runoff from farms and city streets, reducing exposure to harmful organisms and toxic contaminants in drinking water and fish, and promoting community-based watershed management in partnership with landowners and affected industries. The initiative targets the 40 percent of the nation's waterways still unsafe for fishing and swimming. It provides substantial new resources to assist states in implementing these programs and to create incentives for farmers to adopt practices that protect water quality.

Food Safety Initiative

The Clinton Administration launched a new food safety initiative last year to put in place new science-based preventive systems to improve the safety of seafood, meat, and poultry and begin work on a new early warning system to help detect and respond to outbreaks of food borne illness. Our budget will seek an even more substantial increase in funding to further enhance food safety. The resources will go to a variety of initiatives, including: giving FDA authority to prevent the importation of produce from countries without safety precautions equivalent to our own; hiring FDA inspectors to improve the safety of fruits and vegetables, both domestic and imported; developing new ways for federal inspectors to detect foodborne illnesses in meat and poultry and determine the source of contamination; improving educational outreach on proper food handling; and further expanding our early warning system and strengthening state surveillance activities for foodborne illnesses.

CIVIL RIGHTS

Reforming and Strengthening the Equal Employment Opportunity Commission (EEOC)

This initiative expands the EEOC's ADR program over three years to allow as many as 70 percent of all complainants to choose mediation, rather than the lengthy process of investigation and litigation. In the first year, the EEOC will provide ADR in a projected 16,000 cases -- 20 percent of all incoming cases and double the number currently sent to mediation. In addition, through a combination of increased use of mediation, improved information technology, and an expanded investigative staff, the EEOC will reduce the average time it takes to resolve a private sector complaint from over 9 months to 6 months, and reduce the backlog of cases from 64,000 to 28,000 by the year 2000. The proposal provides \$279 million for the EEOC for FY99 -- \$37 million or 15 percent more than the enacted 1998 budget.

THE MILLENNIUM PROJECT

TECHNOLOGY

A Family-Friendly Internet

President Clinton and Vice President Gore support a strategy to protect children and create a safe, educational environment on the Internet that is consistent with our First Amendment values. This strategy includes cracking down on obscenity, child pornography, and online stalking, and encouraging the private sector to develop filtering and blocking technology for parents and teachers that is widely available and effective. This fall, the Administration will join the private sector and non-profit groups to support &Internet Teach-Ins 8 at schools and libraries, which are designed to increase awareness of safe on-line behavior for children and access to good content.

Making the Internet a Global Free-Trade Zone

The Administration is committed to creating an environment in which global electronic commerce can flourish, so that every computer will be a window open to every business, large and small. Over the next several years, Internet commerce could increase to hundreds of billions of dollars per year, boosting U.S. exports and creating new opportunities for small start-up companies. President Clinton has directed the U.S. Trade Representative to work with foreign governments to secure agreement that all products and services delivered across the Internet and all equipment from which the Internet is built -- be free from tariffs.

Cloning

President Clinton has proposed legislation banning the cloning of human beings. The President's legislative proposal prohibits for five years the use of somatic cell nuclear technology to create a human being. The legislation directs the National Bioethics Advisory Commission to report to the President in four and half years on whether to continue the ban. The proposal is carefully worded to ensure that it will not interfere with beneficial biomedical and agricultural activities. In March 1997, the President imposed a ban on the use of federal money for cloning human beings.

Save America's Treasures

Many of our most important cultural treasures -- such as the Star Spangled Banner, the Declaration of Independence, and the Bill of Rights -- are seriously at risk. &Save America's Treasures 8 is a three year, \$150 million initiative that will help stimulate support for the Nation's most important preservation priorities. The funds will be administered by the Department of Interior under the authority of the National Historic Preservation Act. Half of the money will support preservation projects identified at the national level -- the other half will go to support state and local priorities.

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jon P. Jennings (CN=Jon P. Jennings/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 5-MAR-1998 19:36:30.00

SUBJECT: Hot Issues for Westport, Cincy, San Jose, Boston, NYC

TO: Brian Murphy (CN=Brian Murphy/OU=who/O=gov @ who [UNKNOWN])

READ:UNKNOWN

TEXT:

----- Forwarded by Jon P. Jennings/WHO/EOP on 03/05/98
07:40 PM -----

JDorskind @ doc.gov

03/05/98 07:20:11 PM

Record Type: Record

To: Jon P. Jennings/WHO/EOP

cc: hubbard_K @ al.eop.gov, AMcNameel @ doc.gov, UnknownName @ doc.gov,

UnknownName @ doc.gov

Subject: Hot Issues for Westport, Cincy, San Jose, Boston, NYC

March 5, 1998

MEMORANDUM FOR THURGOOD MARSHALL, JR.

FROM: Jim Dorskind

Director, Executive Secretariat

SUBJECT: Hot Issues for Westport, CT, Cincinnati, OH, San
Jose, CA,

Boston, MA, and New York, NY

Westport, CT

The Economy: The local economy in Connecticut from Bridgeport to the New York State line (Fairfield County) is very positive, finally emerging from a long recession. Housing starts are way up, unemployment is way down. In fact, many Fairfield County firms are reporting difficulties in finding enough employees to hire. Construction of office space in Fairfield County is expanding once again. This economic upsurge is underlined by the fact

that the State of Connecticut will experience a large budget surplus this year. For the first time ever, more people work in Fairfield County than commute from that area into New York City. In fact, firms from Manhattan are relocating into Fairfield County. For example, Swiss Bank is currently building its North American headquarters in Stamford and will move some 1,000 jobs from New York City.

Cincinnati, OH

None identified.

San Jose, CA

None identified.

Boston, MA

Labor Shortage: Massachusetts unemployment in December 1997 was 3.8 percent, (3.0 percent in the Greater Boston area). The labor shortage now influences virtually every sector; high technology to services to manufacturing. The paucity of employable workers has made training and retraining programs a necessity. Further, it has given rise to concerns that companies may begin to abandon Massachusetts in favor of locations with more available workers. One private forecasting group is already predicting a drop in the state's GDP growth to 3.4 percent from 1997's 4.4 percent.

Fast Track: Fast track authority and expanding free trade continue to be topics of discussion. Larry Liebenow, CEO of Quaker Fabrics, Fall River, MA, was recently quoted in the press saying that if the company "had similar access to the rest of Latin America as we do to Mexico, we would increase sales 15 percent, adding close to 300 people."

New York, New York

Currently, no issues.

Jim Dorskind
Director, Executive Secretariat
Office of the Secretary, U.S. Department of Commerce
Ph: 202-482-3934 Fax: 202-482-4576 jdorskind@doc.gov

ARMS Email System

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Nelson W. Cunningham (CUNNINGHAM_N) (WHO)

CREATION DATE/TIME:23-MAR-1998 19:08:18.76

SUBJECT: FAST TRACK PROSPECTS GROW DIM FOR 1998

TO: Thomas F. McLarty (MCLARTY_T) (WHO)
READ:NOT READ

TO: Eric Farnsworth (FARNSWORTH_E) Autoforward to: Remote Addressee (Eric
Farnsworth@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Steve Ronnel (RONNEL_S) Autoforward to: Remote Addressee (Steven J.
Ronnel@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

TO: Ana Maria Salazar (SALAZAR_A) Autoforward to: Remote Addressee (Ana M.
Salazar@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Daniel Lesmez (LESMEZ_D) Autoforward to: Remote Addressee (Daniel
Lesmez@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Carl Lingenfelter (LINGENFELT_C) Autoforward to: Remote Addressee (Carl
Lingenfelter@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

TO: Nelson W. Cunningham (CUNNINGHAM_N) Autoforward to: Remote Addressee (Nelson
W. Cunningham@eop@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

CC: Patricia A. McHugh (MCHUGH_P) Autoforward to: Remote Addressee (Patricia A.
McHugh@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

CC: Ana M. Duque (Ana M. Duque@eop@LNGTWY@EOPMRX)
READ:NOT READ

TEXT:

Date: 03/23/98 Time: 18:25

CFast track prospects grow dim for 1998

WASHINGTON (AP) The Clinton administration is voicing increasing doubt about its ability to win congressional passage this year of what had been one of the president's top economic priorities renewed authority to negotiate trade agreements.

U.S. Trade Representative Charlene Barshefsky told reporters Monday that the ``painfully short" number of days that Congress is scheduled to be in session this year were clouding the prospects

for winning approval of so-called fast track legislation. It would grant the president authority to negotiate new trade agreements that Congress must approve or reject without amendments.

An all-out administration effort to win fast-track authority last November failed to overcome stiff opposition in the House. At the time, the administration insisted it would try again in 1998 even though the chances for success looked even less likely in a congressional election year.

On Monday, Barshefsky blamed the curtailed congressional calendar for delays in pushing fast track.

"It is a painfully short legislative calendar," Barshefsky said when asked about the chances of getting fast track approved this year. Congress, anxious to get out on the campaign trail, hopes to adjourn by Oct. 10 and is scheduled to meet no more than 70 days before then.

Barshefsky insisted the administration was "exploring every possibility" but other administration officials have been even more pessimistic.

Commerce Secretary William Daley told reporters last week that fast track passage this year was "unlikely," especially in light of last year's extensive opposition.

Labor and environmental groups opposed the legislation unless it contained more safeguards for worker rights and the environment. They want to ensure that any new free trade agreements don't expose American workers to unfair competition from developing countries with lax labor or environmental standards.

Clinton needs fast track to achieve creation of a Western Hemisphere free trade area by the year 2005. He is scheduled to launch those negotiations at a summit with 33 other hemisphere leaders in Santiago, Chile, April 17-19.

The administration can launch negotiations without fast track authority. However, it is unlikely deal-making would progress very far if Clinton lacks that authority since other countries don't want to enter into hard bargaining unless they know Congress won't renegotiate whatever agreements are reached.

Barshefsky and other trade ministers met last week in San Jose, Costa Rica, to develop a blueprint for how the negotiations will proceed. Clinton and the others leaders are expected to endorse it next month.

The proposal calls for nine negotiating groups covering such areas as market access, investment, services and agriculture to begin meeting later this year.

In a compromise among cities seeking to serve as the negotiation site, the trade ministers recommended that the talks begin in Miami this year and move after two years to Panama City, Panama, with the final two years in Mexico City.

APNP-03-23-98 1838EST

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jeffrey A. Weinberg (CN=Jeffrey A. Weinberg/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME: 3-APR-1998 11:31:20.00

SUBJECT: Title I of S.1404 - Federal Commission on Statistical Policy

TO: William P. Marshall (CN=William P. Marshall/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TO: Robert G. Damus (CN=Robert G. Damus/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

TO: Robert N. Weiner (CN=Robert N. Weiner/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

CC: James C. Murr (CN=James C. Murr/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

CC: James J. Jukes (CN=James J. Jukes/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

CC: Katherine K. Wallman (CN=Katherine K. Wallman/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

TEXT:

This is a follow up of my e-mail to you last Friday with draft comments on Title I of S. 1404.

Justice OLC (Eric Greenberg and Todd Peterson) have reviewed Title I of S. 1404 and the OMB staff draft comments. OLC believes that the Commission is just advisory. Therefore, the method of appointing its members does not raise constitutional concerns about the President's appointment authority. Justice OLC defers on the argument about infringement on the prerogatives of the President and is okay with our making it. Justice OLC was okay with the other arguments opposing the provisions of Title I, including the discussion of fast track consideration of the legislation proposed by the Commission.

Accordingly, we will be circulating a draft Statement for the Record on S. 1404 that objects to Title I based on the prerogatives of the President and the fast track authority.

ARMS Email System

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jon P. Jennings (CN=Jon P. Jennings/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 6-APR-1998 09:56:51.00

SUBJECT: Hot Issues for Chicago and Kansas City

TO: Brian Murphy (CN=Brian Murphy/OU=who/O=gov @ who [UNKNOWN])

READ:UNKNOWN

TEXT:

----- Forwarded by Jon P. Jennings/WHO/EOP on 04/06/98
10:02 AM -----

JDorskind @ doc.gov

04/03/98 03:12:05 PM

Record Type: Record

To: Jon P. Jennings/WHO/EOP

cc: JDoyle @ doc.gov

Subject: Hot Issues for Chicago and Kansas City

Jon -- This is almost not worth sending, but it's all we've been able to get. Use it as you like. I'll see you at Bibb's going-away soiree.

jd

MEMORANDUM FOR THURGOOD MARSHALL, JR.

FROM: James A. Dorskind
Director, Executive Secretariat

SUBJECT: Hot Issues for Chicago, IL and Kansas City,
MO

Chicago, IL

Helms-Burton Act: The Chicago Chamber of Commerce, and most businesses in Chicago, are against the trade restrictions imposed by the Helms-Burton Act and support Administrative initiatives that lead to freer and fairer trade practices in Cuba and worldwide.

Fast Track Authority: The Chicago Chamber of Commerce, Governor Edgar and

businesses throughout the State of Illinois support the restoration of Fast Track negotiating authority.

Kansas City, MO

None identified.

Jim Dorskind
Director, Executive Secretariat
Office of the Secretary, U.S. Department of Commerce
Ph: 202-482-3934 Fax: 202-482-4576 jdorskind@doc.gov

ARMS Email System

RECORD TYPE: PRESIDENTIAL (ALL-IN-1 MAIL)

CREATOR: Nelson W. Cunningham (CUNNINGHAM_N) (WHO)

CREATION DATE/TIME: 9-APR-1998 17:41:17.86

SUBJECT: MCLARTY SEES TRADE PROGRESS EVEN WITHOUT FAST TRACK

TO: Thomas F. McLarty (MCLARTY_T) (WHO)
READ:NOT READ

CC: David C. Leavy (LEAVY_D) (NSC)
READ: 9-APR-1998 20:00:19.95

CC: Steve Ronnel (RONNEL_S) Autoforward to: Remote Addressee (Steven J.
Ronnel@EOP@LNGTWY@EOPMRX) (WHO)
READ:NOT READ

CC: Eric Farnsworth (FARNSWORTH_E) Autoforward to: Remote Addressee (Eric
Farnsworth@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

CC: Carl Lingenfelter (LINGENFELT_C) Autoforward to: Remote Addressee (Carl
Lingenfelter@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

CC: Ana Maria Salazar (SALAZAR_A) Autoforward to: Remote Addressee (Ana M.
Salazar@eop@lngtwy@eopmrk) (WHO)
READ:NOT READ

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Date: 04/09/98 Time: 16:07

AMcLarty sees trade progress even without fast track

WASHINGTON (AP) Congress' refusal to give President Clinton expanded trade negotiating authority won't hamper next week's formal launching of free-trade talks among Western Hemisphere nations, a top White House official said Thursday.

But Mack McLarty, Clinton's envoy to the 34-nation conference, suggested that "fast-track" authority will eventually be needed to shape the pacts.

"We are confident Congress will give the president the tools he needs to finish the job," McLarty said in a speech to the National Press Club previewing next week's Summit of the Americas in Santiago, Chile.

At the last meeting of the hemisphere's 34 democratically elected leaders, in Miami in December 1994, a goal was set for establishment of a free-trade zone throughout the Americas by 2005. McLarty said that goal remains, despite Clinton's setback in Congress.

Although all presidents since Gerald Ford have had the special trade negotiating authority, Clinton's lapsed and Congress so far has refused to renew it.

After Clinton listed fast-track authority a key economic priority of his second term, the administration had the renewal bill withdrawn last November in the face of heavy Democratic opposition much of it fueled by organized labor and environmental groups. They are still unhappy with the North American Free Trade Agreement that earlier linked markets in Canada and Mexico with the United States.

Clinton vowed to fight for it again this year and administration officials had hoped to have the authority in time for next week's meeting. But the administration has yet to make the move, and officials have recently suggested that the battle would not be renewed until 1999.

"Certainly in a better world, we would like to have fast-track authority. But I think we can make significant progress in the near term without it," said McLarty, who was White House chief of staff in Clinton's first term.

In particular, fast-track authority would allow the United States to begin specific negotiations with Chile, one of the fastest-growing of Latin American economies and the first country in South America expected to join NAFTA.

McLarty also defended the decision not to invite Cuba's Fidel Castro to next week's gathering.

He said that even as some U.S. trading partners in Europe are seeking expanded economic ties with Cuba, "regrettably there have not been changes in Cuba" of note since it was excluded from the 1994 Summit of the Americas.

"It is the one country that is being left behind as Latin America has found its voice of confidence and its seat on the world stage," McLarty said.

McLarty said that at the April 16-19 gathering, Western Hemisphere leaders are expected to renew a commitment to providing every child in the Americas "with a basic education by year 2010."

He also said he expected agreements on environmental awareness and combatting narcotics and that the United States would seek

establishment of justice study centers throughout the region ``to strengthen the rule of law."

The administration will also speak out strongly in favor of freedom of expression and a free press throughout the hemisphere, McLarty said.

On moving toward free trade, McLarty said, ``We should not underestimate the importance or the difficulty in achieving a true consensus on these issues. Now we are negotiating with order and determination over the pace of negotiations and other specific issues, but not on the overall goals. We are agreed on that."

``The president is committed to the free-trade area, he is committed to these negotiations. And to complete them, he is committed to obtaining fast-track negotiating authority," McLarty said.

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CREATION DATE/TIME:13-APR-1998 20:08:15.00

SUBJECT: ADMINISTRATION: CONGRESS BACKING NOT NEEDED FOR ...

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Date: 04/13/98 Time: 18:40

AAAdministration: Congress backing not needed for successful summit

WASHINGTON (AP) Top administration officials asserted Monday that congressional failure to pass trade legislation sought by President Clinton would not tarnish the upcoming Summit of the Americas in Chile.

"The United States is a 7 trillion-pound gorilla," said U.S. Trade Representative Charlene Barshefsky, referring to the economy's dollar size. That alone assured that Clinton's views on the economy and trade would be heeded, she said.

At a White House briefing, Barshefsky and other top officials sought to downplay Clinton's inability to win from Congress the enhanced trade-negotiating authority he needs to forge free-trade alliances with Latin American countries.

At the same time, the officials agreed that Clinton at some point would need the authority if free-trade were to go forward.

"Obviously, as we come to the conclusion, or before we get to the conclusion of these negotiations, that is something that we will need to have, and it's something the president is deeply committed to obtain and we will continue to work towards that objective," said National Security Adviser Sandy Berger.

Clinton flies to Santiago, Chile, later this week for a meeting of all 34 democratically elected leaders of North, South and

Central America.

At the first Summit of the Americas in Miami in 1994, the leaders pledged to establish a free-trade zone throughout the hemisphere by 2005, with "concrete progress" by 2000.

However, in an embarrassing setback to Clinton, he had to withdraw his proposal for "fast track" trade authority last November rather than suffer a defeat in the House. While the legislation had a fair amount of Republican support, it has scant Democratic backing, largely because of the opposition of labor and environmental groups.

Administration officials said negotiations are still on track for a free-trade zone by 2005.

Fast-track authority enables presidents to negotiate trade deals without having to gain congressional approval for every step. Once the agreement is done, it is put on a "fast track" toward congressional approval, with Congress having only the right to approve or reject the pact but not amend it.

Presidents since Gerald Ford have had the authority and Clinton had it in his first term, using it to bring Mexico into the North American Free Trade Agreement (NAFTA). But the power has since lapsed and not been renewed.

Barshefsky noted that in the absence of fast-track trade authority in the United States, many Latin American countries have formed free-trade alliances among themselves.

"That acceleration has occurred, I believe, because countries see a potential window of opportunity that they might not have envisioned had the U.S. had fast track right now. That's not from our point of view an overly positive development," she said.

"But we do want to ensure that the United States remains at the center, as the center of a constellation of trading relationships," she added.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 13, 1998

PRESS BRIEFING BY
NATIONAL SECURITY ADVISER SANDY BERGER,
SPECIAL ENVOY FOR THE AMERICAS MACK MCLARTY,
UNITED STATES TRADE REPRESENTATIVE CHARLENE BARSHEFSKY

The Briefing Room

3:43 P.M. EDT

MR. RUBIN: Okay. It's a briefing on the President's trip to Santiago by the National Security Adviser, Samuel Berger; the United States Trade Representative, Charlene Barshefsky; and the Counselor to the President and Special Envoy for the Americas, Mack McLarty. Thank you.

MR. BERGER: Thank you, Eric. I'm pleased to be joined by Charlene Barshefsky and Mack McLarty. Together we want to preview for you the President's to Chile this week, both for a state visit and for the Santiago Summit of the Americas.

I'd like to spend a few minutes describing what we hope to accomplish during this trip and how it fits into the President's focus on the Western Hemisphere. I'll also run through the schedule of key events. Mack will speak about the summit in more detail, the road traveled from Miami, and what we'll be focusing on in Santiago. And then Charlene will talk about our vital trade agenda in the Americas and update you on where we are with respect to the free trade area of the Americas.

Let me start, first of all, on the focus that the President has placed on our hemisphere over the past year. The state visit to Chile and the Santiago Summit are the culmination of a yearlong engagement with the Americas, arising from -- originating back, actually, three and a half years ago with the first Summit of the Americas, which the President convened in Miami in 1994. As you know, the President then last year went to Mexico, Central America, and the Caribbean in May, and in October went to Venezuela, Brazil, and Argentina.

The objective of these trips, of these visits is to build upon an extraordinary convergence of our hemisphere around values and interests we share -- in democracy, open market economies, and cooperation against common threats. There has been a quiet revolution in this hemisphere, and the President is determined to build upon it.

As the chart that is not behind me illustrates, but the one that's behind the one that's behind me -- 34 of the 35 nations today in the hemisphere embrace democracy and free markets, as you can see, compared to the time of the '67 and '56 summits. Now, lest you add up the numbers and say that our crack graphics squad cannot add, there obviously have been an additional number of countries in the hemisphere during this period.

Decades of civil war and coups have given way generally in the hemisphere to peace and stability. Despite the peso crisis in Mexico and the effects of the Asian financial problems, economic reforms in the hemisphere have resulted in the lowest inflation and highest growth in two decades. Forty-two percent of all US exports -- Ross Perot does this somehow easier, I don't know quite how he does it -- forty-two percent of all U.S. exports, \$286 billion go to

hemispheric countries in 1997. That represents a 17 percent increase in exports in 1997.

Q From when?

MR. BERGER: From the year before. Versus a 5.6 rise worldwide. And if you look at this chart, you see the extent of our overall exports that go to the western hemisphere. And quite a bit of that is to Latin America, but when you take out Latin America, Canada, and the Caribbean, it's \$308 billion. The result is -- in a sense these two charts capture the two important trends of democratization and economic growth and economic market opening which resulted in the hemisphere being united as never before as we enter the 21st century.

Now, Mack will talk more about the road from Miami to Santiago, but it certainly has been a road that has been marked by a number of concrete realizations of commitments that were made in Miami. In Miami we agreed to expedite ratification of a protocol providing that any state that ceased to become a democracy would be expelled from the OAS. That was done in October '97. We agreed to initiate a process of regional confidence building. Since then we have established an OAS committee on hemispheric security. On the economic integration side, you can see from these charts, what is happening is not only economic growth but economic integration between us as and the hemisphere and within the hemisphere, within regional groups within the hemisphere.

We talked at the summit about eradicating poverty and trying to combat disease. In 1995, for example, the First Lady launched a measles elimination program. Those cases today have been reduced from 23,000 in 1994 to roughly 2,000 in the hemisphere today. In Miami we agreed to recommend that multilateral development emphasize microenterprises, microlending. The Inter-American Development Bank has adopted a five-year \$500 million strategy to promote microenterprises.

In the area of the environment, there were a number of commitments made in Miami, national action plans to take the lead out of gasoline. In 1996 12 countries had eliminated leaded gas, and by 2001 there will be 20.

Those are simply illustrative of a series of the roughly 100 commitments that were made in Miami and the progress that has been made on most of them.

Now, the people in Latin America have chosen democracy and open markets, but for democracy and markets to endure they must deliver for their people. That is, their people need to understand that democracy delivers, that democracy works. They need to move beyond the basic building blocks of elections and market economics to the second generation of issues faced by all democracies, but particularly new democracies: education, rule of law, health care, worker rights, press freedom, anti-corruption. And this is precisely what the agenda and the focus of the summit in Santiago will be -- the second-generation issues that these countries face together, and where cooperation can help give democracy deeper roots. And Mack will have more to say about this in a few minutes.

On the economic integration side, the Miami Summit set forth a vision of bringing the Americas together around open markets through a Free Trade of the Americas Agreement by the year 2005. In Santiago the leaders will launch negotiations with timetables and a work plan. They will direct their trade ministers to begin negotiations with the objective of concrete progress by the year 2000. Charlene will talk more about that.

They will establish a mechanism to allow labor, the environment, and other civil groups to contribute to this FTAA process. And they will also pursue commitments to strengthen bank regulation and market oversight to promote stability in financial markets, something that since Miami we have come to learn is far more important.

Now, let me talk a bit about Chile itself, because the first two days of the trip is a state visit to Chile, and it will really give the President an opportunity to spotlight Chile's quite impressive achievements. Chile is a country that has succeeded in achieving both an increase in economic growth and a decrease in its poverty rate. Its annual growth since 1990 has averaged 6.9 percent, while its poverty rate has dropped from 40 percent in 1990 to 23 percent in 1997.

President Frei is committed to providing access to computer networks, for example, for all 1,500 secondary schools and 50 percent of primary schools by the year 2000.

The Chile of today has emerged from the turbulent and dark past that we are all too familiar with to become a vibrant democracy working to ensure that all of its citizens share in the fruits of an open market economy.

Now let me briefly just run through the schedule so you can know where you're going to be at various points. We will leave Wednesday at about 8:30 p.m. and arrive in Santiago at 6:30 a.m. in the morning -- a delightful red-eye, all-night flight.

On Thursday the President will meet with President Frei. They will finalize and then sign a U.S.-Chile communique on which we've been working. They will tour a neighborhood of Santiago and have a roundtable conversation with community leaders, which will provide an opportunity to discuss Chile's record of economic growth and poverty reduction. And then finally -- not finally, next to finally -- the President will address business leaders, which together with the event in a poor neighborhood, will provide I think the two sides of the coin that we've talked about so much; that is, economic growth to provide opportunity, a social safety net in order to make sure that that opportunity is spread widely. And then that evening there will be a state dinner.

On Friday we will helicopter to Valparaiso, where the President will address a joint session of the Congress, in which he undoubtedly will highlight Chile's success in reclaiming its

democracy and spreading the benefits of its prosperity to more of its people. We'll tour a rural area near Valparaiso, and return to Santiago.

Saturday begins the summit. In the morning most of the events will take place in the Sheraton Hotel. In the opening session the President and President Frei will make opening remarks which will be open to the press. Then they will have sessions during the day from 10:00 a.m. to 6:00 p.m., three discussions: one on democracy, one on education, one on poverty alleviation. And then that evening there will be a summit gala for leaders and spouses.

And then on Sunday the summit resumes at 9:00 a.m. at the Sheraton. There will be two leader discussion sessions, one on trade, and the final one, which really has no specific agenda will be essentially an open-ended discussion. At about 12:30 the summit will conclude at the former Congress building with statements from several leaders, including President Clinton, President Frei, Prime Minister Chretien, since Canada is likely to be the host of the next Summit of the Americas.

The President will then go speak to the staff and families at the embassy, as he always does when he travels. And we will depart for Washington about 3:45 p.m. and a mere 10 hours later we will be back in Washington.

Let me ask Charlene and then Mack to speak and then we'll take -- Mack, then Charlene.

MR. MCLARTY: Sandy, thank you. The President and our administration has had a policy of sustained engagement and the intense Presidential focus that was noted in Sandy's comments for the past several years, in fact, beginning from the first days of the administration.

We are well aware, the President is acutely aware, of our history in the region from time to time, which has been marked by intervention or neglect. I think he is also keenly aware of this quiet revolution that Sandy noted, a profound change, in many ways as profound as the fall of the Berlin Wall. We have both, from time to time, used the phrase "this is not your father's Latin America," which is, I think, a good way of describing some of the changes -- remarkable changes of 34 out of 35 countries are now democratic. In Central America we don't have the United States and the Soviet Union in a Cold War battlefield or civil wars there. And in fact the export market for U.S. goods in Central America is larger than all of the former Soviet states put together.

The real story from an economic standpoint has been the taming of hyperinflation, which, of course, was the cruelest burden to those below the poverty line. Some example of that is Argentina in 1989 had an inflation rate of 5,000 percent; today it's .3 percent with a 7 percent annualized growth rate. As the minister of finance told us in Brazil when we traveled there, our inflation rate, Mr.

President, is 5 percent; the difference is, that is an annual figure not a weekly one. So a remarkable economic change.

In terms of the sustained engagement, our goal is to create what we have phrased as a Greater Americas, based on mutual trust, respect, and reward. And we have certainly discussed with the American people about our views regarding Latin America. After all, we are the fifth largest Hispanic nation in the world, the United States, and in turn, to sharpen and improve their views of us.

Sandy has already noted the first-term record of the convening of the summit -- restoring peace in Guatemala, as friends of that process; restoring democracy in Haiti; the support of the Mexico peso crisis; and the passage of the NAFTA; as well as the two presidential trips to the region, including two summits with the Central American leaders and the Caribbean leaders.

The Vice President has traveled to the region five times, emphasizing economic growth and environmental stewardship. The First Lady has traveled to the region four times, emphasizing issues of health care, poverty, and including all aspects of women's inclusion in society as well as indigenous people.

Now, the Miami Summit affirmed what is called the first generation of reform, which are free and fair elections, stable and open economies. And I think it's fair to say an architecture was put in place to further that progress, and one of the centerpieces -- not the only, but one of the centerpieces was the Free Trade Area of the Americas by the year 2005.

We have made real progress on that road from Miami to the promise of Santiago, but the key point here is that progress is not assured and not guaranteed. It is critical in my view, as someone from the private sector, to have a second generation of reform in order to sustain the first generation, the macroeconomic reform.

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I think most of us would agree the bright line between foreign policy and domestic policy has blurred. You'll see that at this summit. From a U.S. perspective, whether it's jobs, the economy, energy prices, gasoline prices with summer vacations coming up, education, fighting the drug trade, alleviating poverty, or protecting the air we breathe, the issues we will discuss at this summit are the issues that affect our citizens and families here at home. They are issues that our people care about and care about deeply.

The summit agenda will very much follow the Miami agenda: first, strengthening our respective democracies; secondly, trade and economics, including financial coordination, which I think should be emphasized and highlights; thirdly, addressing poverty; and fourth, of course, emphasizing education. We'll certainly try to

marshal resources, particularly where we have leverage in the multilateral organizations -- the Inter-American Development Bank, the World Bank, the Pan-American Health Organization -- particularly focusing those resources on education.

I think in terms of education the emphasis to strengthen the resources devoted in Latin America to primary and secondary education is particularly important to strengthen their democracies and their economies. There are clearly dramatic changes in terms of distance learning taking place throughout the hemisphere and indeed the world and our own country. And some of the same issues, including resources, teachers in the classroom, size of the classroom, and so forth, will be very much discussed at the summit.

I think it's a fair question to ask, how is improving education in Latin America going to help people here in the United States? I think the answer is, good schools make good neighbors. Education advances our economic and security interest in the region. First, it expands the middle class that buys U.S. goods and services that are noted on this chart. Secondly, it reduces the opportunity to buy or sell illegal drugs to be part of that undercurrent and undertow. It reduces illegal immigration by encouraging people to stay at home with their families, and it makes for more stable democracies, and with partners who are ready and willing and able, as they have demonstrated, to stand by us not only in the hemisphere, but in terms of our peacekeeping efforts in Bosnia and our efforts in the Persian Gulf.

You have a number of presidents who have spent a number of years devoting their efforts to education, including President Clinton. President Cardoso has been a lifelong teacher and academician, as has his wife; President Zedillo a former Minister of Education; President Frei, President Figueres and others have talked about and been dedicated to educational reform for at least a decade, if not longer.

I think all of us would agree in this global economy, which Ambassador Barshefsky will talk about, the key to inclusive growth both here in this hemisphere and worldwide, is education. And in many ways I think that will be the legacy of this summit.

In terms of democracy, I think we will see an emphasis on broader democratic participation, certainly the strengthening of the judicial system in Latin America -- a fair, open professional judiciary is key to any modern contemporary working democracy. Attorney General Reno, Justice Breyer have worked very diligently on this effort.

Press freedom -- something important specifically to all of you in this room, is an issue we have pushed, encouraged, and the President raised it when he went to Argentina on our last trip, and the hemisphere embraced it. And through the inter-American human rights part of the OAS, no new bureaucracy, we will establish, I think, at this summit a special rapporteur to advocate for freedom of

expression.

Now, that may be perhaps even more important than just the fundamental tenant of freedom of expression, because over the past 10 years 200 journalists have been killed in Latin America and some in the United States in pursuit of a story, doing their job professionally and responsibly. And I think this effort will clearly help address these crimes of impunity.

I think, finally, corruption is certainly a very important issue in the hemisphere. The hemisphere is leading the way with the signing of the Corruption Convention over a year ago, and that measure, as I think was announced here, has been sent to our Congress for ratification.

The region clearly still has too much poverty -- over 150 million below the poverty line, despite the progress that Sandy noted. And these targeted issues, while they can be viewed as rather mundane, are critical for including everyone in an open-market democracy in terms of microcredit to small business -- which I certainly can identify with coming from a small business, a family-owned business -- land titling; and certainly women's issues and inclusion in the economy and the democracy.

In terms of the economic issues, Charlene will speak to the trade issues specifically. I'd just like to note a couple of things very briefly. First of all, we should look at not only trade, economic integration, which is obviously occurring in a rather dramatic way, but we should look also at investment and we should look at financial coordination, that is, the stability of the banking system and the financial markets. We've seen what can happen seriously in Mexico, in this hemisphere, when that does not take place in the right way, and certainly in Asia. And I think Latin America in many ways has become a model to emulate there, as opposed to avoid, and has shown a remarkable resilience in the face of Asia contagion because they've had the capacity and the will to act in relatively modern financial systems.

In terms of energy on the economy, three of our four top energy suppliers are from this hemisphere. And I think all of us understand the relation to energy prices, inflation, and our overall economy.

In terms of the FTAA launch, there is a true consensus we'll have a comprehensive and a credible launch, and that should not be taken for granted and it should not be minimized. The importance of it I think is very clear, with 40 percent of our exports going to this hemisphere, with our exports growing twice the rate to this hemisphere as any other region in the world.

One fact, as a business person, about half of the population in Latin America is under 21 years of age. So if you project that market potential out in a natural market, the numbers obviously become very compelling and very important. We export more

to Brazil than we do to China, more to Chile where we are visiting than we do to India.

In terms of the summit process, I think the region has found its voice on the world stage. We have a much more mature dialogue in the region than in any times, I think, in the past. I think it is time to put our consultations on a more regular basis and I think this Santiago summit will accomplish that. We'll schedule the next time and place for the next summit meeting. I think the agenda has been one reached by consensus and I think, in that regard, we have a common agenda. The issues that we address in Santiago are issues that matter to the American people and to the people throughout the Americas.

I think the real opportunity of Santiago is to change the very shape and nature of the character of our relationship in the hemisphere, and to have truly a foundation for both security and prosperity as we move toward the 21st century.

AMBASSADOR BARSHEFSKY: I'll try and be brief. We've talked about the political declaration that the leaders made in 1994 at Miami, that there should be a free trade area of the Americas. As important as that political declaration was in 1994, the formal launch of these negotiations following three and a half years of preparatory work, ensures the realization of the Miami vision. There will be a free trade area of the Americas. A comprehensive launch will be initiated in Santiago, along with all that that implies.

And let me tell you what has been agreed. First off, the entire negotiating structure from here to 2005 has been agreed. The first three years of the process will be hosted by Miami. The final two and a half years of the process will be co-chaired by the United States and Brazil. We in the United States were very concerned about this launch that is in the start and the conclusion, because there are two parts of a negotiation that matter, and only two: the setup in the beginning, and the end.

The middle will always go as the middle goes -- up and down, sometimes fast, sometimes slow, the trajectory is usually positive. But the setup is very, very important, and that's Miami. And the conclusion, by co-chairing with our other major hemispheric partner, ensures that we will indeed conclude the agreement on time.

We have also agreed on concrete progress by 2000. I think this will largely be reflected in the negotiation and adoption of a series of business facilitation measures. Let me give you some illustrative examples of what that might encompass: customs, meaning customs coordination, meaning paperless entry with respect to customs; a series of provisions related to government procurement and transparency in government procurement -- there is very little transparency of the process in our hemisphere now; services trade, I think we'll see some progress there of a very concrete nature. I

also think we'll see some progress with respect to telecommunications trade and some other areas.

We have also for the first time established a committee within the FTAA itself to receive the views of labor, environmental NGOs, and other groups who obviously have a stake in the outcome of the process. The setting up of this committee is really rather a milestone in the history of the FTAA thus far. Our hemisphere has been reluctant to establish a committee within the FTAA to listen to the views of civil society broadly and to take those views into account in the course of the negotiation.

This year there has been rather -- I should say over the last several years -- there has been rather a change of attitude, and I think a growing recognition in our hemisphere that people -- all segments of society -- need to feel empowered by this process of hemispheric integration, not disempowered by it. And so we have for the first time now established a committee within the FTAA to be chaired by the ministers themselves, that is to say, by those most responsible directly to their political constituencies, to take into account these views and to translate these views, where appropriate, into negotiating objectives.

In addition to, as Mack said, a credible launch, the launch will be very comprehensive, covering all areas of trade and covering areas of trade we can project into the future -- so global electronic commerce now figures prominently on the agenda, as it should, since Internet usage in our hemisphere has the highest rate of usage, the highest growth rate in the world, including in Asia, interesting.

Economically, as you know, the markets of Latin America are the most dynamic, and the most dynamic export markets for us. And let me just add for your use a couple of extra numbers. As Sandy Berger said, in 1997, our exports for Latin America and the Caribbean grew more than three times as fast as our exports to the rest of the world. During the second half of 1997, we exported more to our hemisphere than to the entirety of the European Union.

In 1997, Mexico surpassed Japan as our second largest trading partner. Think about that a minute. Mexico has an economy one-twelfth the size of Japan. We sell more to Mexico than we do to Japan, and they have now surpassed Japan as our second largest trading partner.

And last, our export increases to the Western Hemisphere accounted for 63 percent of our export growth worldwide in 1997. That is to say, 63 percent of the growth in our exports globally stayed in our hemisphere, went to our hemisphere. And much of that is accounted for indeed by Canada and Mexico.

Let me just say in closing that because of the economic transformation in Latin America, including, as Mack pointed out, reigning in hyperinflation, you have 500 million consumers, a

burgeoning middle class, and extraordinary opportunity for American exports. And this is exports in all of the categories that we see, and in all of these categories we've experienced substantial growth already -- and that is in goods, in services, in agriculture as well.

You also have a wave of privatization in our hemisphere, and as we look at areas like power generation, energy, telecommunications, the United States is well poised to capture those opportunities as well. And this range of opportunity will be enhanced substantially as Latin American barriers come down. Their tariff barriers alone average four times what ours are to their products, and non-tariff barriers in Latin America remain a persistent problem. So we see a substantial expansion of opportunity for the United States as we pursue the FTAA.

And by opportunity, of course, I mean U.S. jobs, because that's what the bottom line is here from our point of view. We already have an economy in which, of new jobs created, one in five depend on exports. One in five new jobs are in manufacturing and dependent on exports. And we know that exports pay on average 15 percent more than non-export related jobs.

Our future in terms of increasing U.S. economic growth is in exports; it is in opening markets abroad where the other 96 percent of the world's population lives, and most particularly, in our hemisphere, which we ought to view as our neighborhood. We need to remain well-positioned to capture that opportunity, and that is what the FTAA will do.

MR. BERGER: Questions. Have we worn you down?

Q -- have you been able to convince the labor unions that this is such a good thing for them?

MR. BERGER: We will obviously be consulting as we go along in these negotiations with labor and business, with Congress and all other affected segments of society, to convey what I think is clear, and that is that the future of America's economic growth and a greater production of jobs is going to come in greater trade.

Q How far can you negotiate until you need fast track? How many months or years until you absolutely --

MR. BERGER: Let me answer and then I'll ask Charlene to answer. We launched the Uruguay Round of the GATT negotiations -- in Uruguay, by the way -- (laughter) -- without fast track authority, and did not have fast track authority for over two years in those negotiations. Obviously, as we come to the conclusion -- or before we get to the conclusion of these negotiations, that is something that we will need to have, and it's something the President is deeply committed to obtain, and we will continue to work towards that objective. But I don't think it is necessary for the launch of these

negotiations.

Charlene.

AMBASSADOR BARSHEFSKY: Yes, if I might say, I think the fast track question points up to a kind of split dynamic that's occurring in our hemisphere. The launch of these negotiations is as well positioned as it could possibly be. That's with or without fast track. We have precisely the launch, the scope, the U.S. at the center of it, that we want it to have, and that we would have had whether we had fast track now or not.

But what you see in our hemisphere, on the other hand, is an acceleration in sub-regional integration -- that is, in countries integrating with each other around the United States, not with the United States. And so you see an acceleration of ties between Mercosur -- that is, Brazil, Argentina, Paraguay and Uruguay -- and the Central American countries. An acceleration of the ties between Mercosur and the Andeans; an acceleration between Canada and Chile; between Chile and certain of the Central Americans; or between Chile and Mexico; Mexico and Mercosur; the EU and Mercosur; Asia and Mexico.

That acceleration has occurred, I believe, because countries see a potential window of opportunity that they might not have envisioned had the U.S. had fast track right now. That's not from our point of view an overly positive development. We don't object to these sub-regional arrangements, obviously, where they expand trade, as most tend to do. But we do want to ensure that the United States remains at the center, as the center of a constellation of trading relationships. The FTAA launch helps us reassert that central role, but the acceleration of sub-regional integration is something I think we have to look at very carefully.

Q When do you need to have fast track, though? The launch is next week, but obviously, you're going to need -- and it looks now like the administration is not going to even push again until next year.

AMBASSADOR BARSHEFSKY: We have said all along that the timing of fast track depends on two things -- one is the substance, and the second is the chemistry, both of which we continue to consult with Congress on. And, as Sandy has said, fast track remains a priority for this administration.

Q -- going to be embarrassing, really, because this was the goal, wasn't it -- to have Chile on board for a NAFTA thing? It sounds like everything you've said is a rationale of trying to get around the fact that you failed in --

MR. BERGER: I'll say a couple of things, Helen. First of all, what we set out to do in Miami in 1994 was to launch a free trade area for the Americas, a negotiation at this summit; we're going to do that. And those negotiations will proceed vigorously.

There is, in addition to that, obviously more to this summit, as there was more to Miami, than trade. And I think one of the things that I've talked about, Mack has talked about, are the other issues that increasingly are important to the quality of democracy and the quality of society in these countries. Obviously, to take full advantage of the growth in this hemisphere and to reach fruition in a free trade agreement we will need to have fast track authority. But I believe we will have it.

MR. MCLARTY: Sandy, let me just reenforce a couple of points there. First of all, I think the Miami summit, it should be restated -- if the centerpiece, as many suggested, was the establishment of the FTAA with Chile having a comprehensive trade agreement, the heart of the Miami summit was democracy -- the 34 countries that had moved toward democracy; indeed, established political liberty and democracy. And they are two sides of the same coin.

Secondly, I think we should keep agreements in perspective. What is driving this process and these numbers are not trade agreements. What is driving this process is the interconnective global economy and the private sector, both businesses large and small, and ultimately the consumers' knowledge of and desire for lower priced, competitively priced goods and services.

So I think Helen, had the President and the administration -- and I have heard this on my some 40 or so trips to Latin America -- not made a concerted effort to achieve fast track, then I think you would have some concerns and problems. I think it is well recognized in these democratically elected governments that, as we discussed earlier, our batting average on legislation and trade legislation is very good. They have their own Congresses, and they're not always successful in a perfectly straight line either.

So I think what is important is to move forward with momentum on this agenda, as Ambassador Barshefsky has noted. And finally, I would suggest the actual summit agenda, which was reached by consensus, was actually essentially agreed upon in large measure over a year ago, well before the fast track vote even took place.

Q Ambassador Barshefsky, you said that the United States is at the center of this process. In Santiago, Brazil will be signing a number of trade agreements, and the President won't be signing any. I wonder, most commentators seem to think that Brazil is now at the center of this process. How do you avoid having the President look like he's become superfluous?

AMBASSADOR BARSHEFSKY: Well, should I start with the fact that we're a \$7 trillion economy? The United States will always be at the center. But your question goes exactly to the point I made before, which is you see an acceleration in the coming together of sub-regional arrangements to the exclusion of the United States. And

this is really where fast track becomes important -- not for the launch; the Uruguay Round was launched without fast track and we're well positioned here, excellently positioned here with respect to the launch of the FTAA negotiations.

Where the rubber hits the road is where you see other countries integrating around us, and for that we're going to need fast track authority.

I do think, now that there will be this comprehensive launch of negotiations, we will soon see countries focus their resources on that. And I think that will begin to subsume a lot of this other sub-regional activity, but for right now what you see, in this last six months especially since the fast track vote was postponed, is an acceleration with respect to the level of sub-regional negotiation. But in terms of the United States, the United States is a 7 trillion pound gorilla.

MR. MCLARTY: One quick thing, I think the negotiations are not win-lose. I think the FTAA is clearly a win-win proposition, and I think the markets are indeed very complementary of each other. I think we see that in terms of resources -- I spoke of energy -- and of investments in the region, which Charlene spoke of, infrastructure projects -- so I want to make sure when we talk about the center of what we do need to have is the position in the launch, which we have, to shape the agreements, particularly on issues that are important to us and the American people.

Q Is Pinochet going to attend the Congress, the National Congress event on Friday? Do you know what to expect?

MR. BERGER: We don't know whether he will.

Q Have there been conversations with Chilean officials about whether he's going to come?

MR. BERGER: I know it's been a subject of some discussions at the advance level, but I have no idea whether he's going to be there or not.

Q Will that affect what the President says if he's in the audience?

MR. BERGER: No, he will say the same thing whether he's in the audience or not. Chile is a democracy with a glorious recent history of having reclaimed its democracy, and I can assure you that what the President says will not be affected by whether General Pinochet is in the audience or not.

Q And what bilaterals is he going to have on the sidelines of this summit?

MR. BERGER: Not absolutely clear because of the nature of this. This is a little bit more like -- for those of you who were

on the Africa trip -- Entebbe in a sense than a situation where there will be formal bilats. There will be opportunities in the breaks for the President to sit down with President Zedillo, Prime Minister Chretien, and a number of others. It will be somewhat more informal.

Q What about -- will he have a special message about Paraguay's recent turmoil over the elections there?

MR. BERGER: Our message will be the same as the message of all of the countries that are in the region -- Argentina, Brazil, Chile, and others -- which is that we hope and expect that constitutional democracy will be upheld in Paraguay.

Q Sandy, two of the subjects of the summit are education and combatting poverty. What is the United States going to do concretely on those issues? Are there going to be commitments of money or --

MR. BERGER: Well, on education there will be commitments, not only in terms of multilateral funding but also bilateral commitments as well. I'll let Mack, perhaps, speak more specifically about it. Go ahead, Mack.

MR. MCLARTY: John, I'll get you the precise figure. I think your question is on point in terms of marshaling resources and leveling and leveraging the multilateral agencies, particularly the Inter-American Development Bank and the World Bank and both President Iglesias and President Wolfensohn will be in attendance at the summit. I think the AID has had an active program in the hemisphere; as you know, they will continue that with somewhat reduced funding over the last several years, but targeting that funding, particularly in terms of the poverty efforts.

But I think what you will see is a continued, concerted, focused, and effective effort on the part of the governments, both at the federal, state, and local levels in Latin America, take full advantage of these expanded resources. And I think you will see their efforts in terms of poverty alleviation to be quite effective and to be sustained efforts. We obviously want to be fully supportive of that.

In terms of education, there will be a number of memoranda of education agreements signed with Chile, with Brazil. And Secretary Riley, of course, will be on the trip and can answer, I think, in specific detail the educational aspects that will take place at the summit and with Chile.

Q I apologize if it's been asked before -- are there American business leaders going with the President.

MR. BERGER: There are not American business leaders going with the President. There of course are many American companies that have subsidiaries in Chile. The President will be speaking to the American Chamber of Commerce in Chile, as he does in

a number of countries. But there -- as far as I know, none going on the trip.

Q So there's no delegation as there was to Africa.

MR. BERGER: There will be a Congressional delegation that will be going with us, as there has been in all of our trips in the second term. And we look forward to that. But I don't -- there will be no private delegation.

Q Many members of the Hispanic caucus in the delegation?

MR. BERGER: Yes.

Q Mack, you mentioned that on the economic agenda, international financial stability will be a big point in Santiago. Right after the peso crisis, the United States took the lead in international fora, particularly the G-7, to address this problem through the IMF, with greater transparency and surveillance of international banking, et cetera. And for about a couple of years, there was an awful lot of self-congratulations, that a lot progress had been made -- it's even in the Halifax and Leone communiques -- and boom, we got the Asian crisis when there had been every indication that enough prevention had taken place.

What are you going to be doing in Santiago to reassure investors and consumers and everybody else in the world that something is finally taking hold to prevent this kind of crisis?

MR. MCLARTY: Well, I think, increasingly, as I noted, Latin America has been looked at as a model to emulate, not avoid, in terms of financial institutions, central banking functions and reform of the banking system. I saw that both at the APEC conference in Vancouver, where you had Asian leaders and members of the private sector from those countries attending APEC talk to President Zedillo, discuss with President Frei, what they had done in that regard. I saw it again at the Davos Conference World Economic Forum.

While it is not perfect, clearly the leaders in Latin America have had the capacity and the will to act in terms of fiscal discipline. That's why their inflation rates have stayed under control, that's why their budget deficits are much, much smaller, I think, overall, than even many countries in Europe. And I think we will want to support an increasing and deepening of that kind of transparency and openness that the financial markets clearly judge. And I think that's why you have seen to date stable financial markets in Latin America despite a sharp decline in oil prices, where many of the economies are very dependent on oil prices.

I think you're correct in terms of the efforts the President has made to provide leadership in overall financial architectures -- Secretary Rubin and Secretary Bentsen before him and actually started at the G-7 in Naples. I think it's clear more needs

to be done, and particularly reform, in a local basis in the individual countries affected, which is at the very heart of the IMF program. I think the difference is Latin America has taken those reforms and has taken very positive steps, and in some of the areas they have not.

MR. BERGER: And if you meant to ask by that question whether we would welcome Congress passing the supplemental, which would provide IMF funding and funding for the NAB, which grows directly out of Halifax and is specifically designed to provide for these kind of circumstances -- the answer is yes.

Q Sandy, also what I was wondering about was having put their house in order, as you put it -- the Latin American countries -- are you going to try and enlist them in Santiago to help you globally, have them put some pressure on Asian finance ministries and banking supervisor groups and so on.

MR. BERGER: I think this is happening informally already. In Vancouver, when APEC met at the end of last year, I think President Zedillo had an enormous impact there. In a sense, he's walked through the valley of the shadow of death, and he's come out on the other side. And he said to the leaders, there are certain rules that you've got to follow: you've got to tell the truth, you've got to take the hard knocks as quickly as you can, and you've got to restore the confidence of the markets.

I think there is beginning to be, as I've said before, a differentiation in this global financial marketplace. Not all emerging markets are alike; not all Asian markets are alike; not all Latin Americans are alike; some are more disciplined than others; some are better run than others. And I think that the time that's passed since the Asian problems began, in some ways established that degree of differentiation on the part of international investors to be a little bit more discriminating and a little less spontaneous in terms of the movement of capital.

Q While we're on international stabilization issues, Japan a few weeks ago announced a package of stimulation measures to revive the Japanese economy. But despite that, the IMF global world economic outlook today forecasts zero growth for Japan for 1998. Does that mean that they have taken insufficient steps? Are you looking for them to do anything else?

MR. BERGER: Well, I don't know what factors they took into account when they made that judgment. We have said that the steps that the Japanese government undertook last week were good steps forward but that, as we've said before, it is extremely important that that economy be stimulated and increase at a faster rate of growth -- not only for its own health but also for the overall health of the Asian economies.

Q Sandy, you just touched on drug trafficking briefly -- what progress do you expect on the idea of multilateral drug

certification and on the possibility of a Latin counter-narcotics center in Panama?

MR. BERGER: Well, let me answer and then ask Mack to add. We will make progress at this summit in expanding the multilateral alliance against drugs that we began to talk about when we were in Mexico and Brazil and elsewhere. The purposes of these efforts are to increase cooperation throughout the hemisphere, both a demand reduction and supply reduction. And to the extent that we can -- and they will include an element of evaluation of the performance of individual countries. And we think this is an important step forward.

Q Could this be a replacement of certification with time?

MR. BERGER: Well, certification is an act of Congress; it's the law of the land. We obviously intend to comply with it. Both of these are directed toward the goal of enhancing cooperation in fighting drugs in the hemisphere. If at some future point the alliance were strong enough and viable enough that it were advancing that goal, obviously one might take a look at that. But I think at this point I would say they complement each other.

Q Yes, but if this certification is U.S. -- I mean, unilateral measure from the United States, and as you are trying to build a partnership with Latin America, this alternative would be the only politically correct solution on the long run, wouldn't it?

MR. BERGER: Well, we certainly want to be politically correct. As I said, both of these -- the motivation of both of these regimes is to enhance the cooperation throughout the hemisphere on fighting drugs, which is a deadly threat to each country in this hemisphere. Whether it's the United States that purchases \$57 billion worth of drugs, which poisons our children, or other countries where the narco-traffickers are eating away at the very foundations of democracy, there is no greater threat we have in common. And so it is extremely important that we work on this problem together through whatever means we can. We think the alliance against drugs will be one more instrument to advance that cooperation.

MR. MCLARTY: Well, the only -- I think Sandy really has covered the subject very well. The only additional point I would make in terms of the cooperation is that from a Latin standpoint or a Caribbean standpoint, they view this deadly threat, as Sandy noted, as seriously as the families of our countries do. This is not something we are imposing are having to try to change any views. The truth is, it is a very formidable foe. So I think it calls for increased cooperation. I think that will be achieved at Santiago. The goal of cooperation, the multilateral drug alliance, and certification are the same. Certification is the law, as Sandy noted, and we'll continue certainly to abide by and enforce that law.

In terms of the Panama multilateral drug counter-narcotics center, it is an idea that has been well received, but there are a lot of issues still outstanding, and I would not anticipate that it would come to fruition at this summit. I think it could obviously be a part of a multilateral effort.

MR. LOCKHART: I just wanted to let you all know about a change in the schedule on the trip we're taking tomorrow. The President will now overnight in Houston and travel Wednesday morning

to Alabama to view the tornado damage and the work that FEMA and the local authorities are doing to help with the cleanup.

The trip presents some logistical challenges to us, not the least of which is some of the people who are going on that trip are also going on the Chile trip, besides some other ones we're working through. So we will let you all know as soon as we can, possibly by tonight, on the coverage details, but I think it's important that people going on the trip tomorrow pack for two days.

Q Will he then come back here?

MR. LOCKHART: He will come back. There is a possibility that we will bring the press plane back tomorrow night and just take an expanded pool for the trip over to Alabama. We are working through those things now, but for your own comfort you should assume you're staying for an extra day.

Q Will the press charter leave at the same time from Andrews?

MR. LOCKHART: The press charter is still leaving at the same time, and that's what we're trying to work through now, how we reconcile the two things. But the press charter is still leaving early Wednesday morning.

END

4:40 P.M. EDT

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FYI for Gov. Rossello??

We should be sure to tap Nelson Reyneri, who is skypagable in Chile, if we need him. He has called Mickey several times to offer his assistance w/the Gov.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 13, 1998

PRESS BRIEFING BY
NATIONAL SECURITY ADVISER SANDY BERGER,
SPECIAL ENVOY FOR THE AMERICAS MACK McLARTY,
UNITED STATES TRADE REPRESENTATIVE CHARLENE BARSHEFSKY

The Briefing Room

3:43 P.M. EDT

MR. RUBIN: Okay. It's a briefing on the President's trip to Santiago by the National Security Adviser, Samuel Berger; the United States Trade Representative, Charlene Barshefsky; and the Counselor to the President and Special Envoy for the Americas, Mack McLarty. Thank you.

MR. BERGER: Thank you, Eric. I'm pleased to be joined by Charlene Barshefsky and Mack McLarty. Together we want to preview for you the President's to Chile this week, both for a state visit and for the Santiago Summit of the Americas.

I'd like to spend a few minutes describing what we hope to accomplish during this trip and how it fits into the President's focus on the Western Hemisphere. I'll also run through the schedule of key events. Mack will speak about the summit in more detail, the road traveled from Miami, and what we'll be focusing on in Santiago. And then Charlene will talk about our vital trade agenda in the Americas and update you on where we are with respect to the free trade area of the Americas.

Let me start, first of all, on the focus that the President has placed on our hemisphere over the past year. The state visit to Chile and the Santiago Summit are the culmination of a yearlong engagement with the Americas, arising from -- originating back, actually, three and a half years ago with the first Summit of the Americas, which the President convened in Miami in 1994. As you know, the President then last year went to Mexico, Central America, and the Caribbean in May, and in October went to Venezuela, Brazil, and Argentina.

The objective of these trips, of these visits is to build upon an extraordinary convergence of our hemisphere around values and interests we share -- in democracy, open market economies, and cooperation against common threats. There has been a quiet revolution in this hemisphere, and the President is determined to build upon it.

As the chart that is not behind me illustrates, but the one that's behind the one that's behind me -- 34 of the 35 nations today in the hemisphere embrace democracy and free markets, as you can see, compared to the time of the '67 and '56 summits. Now, lest you add up the numbers and say that our crack graphics squad cannot add, there obviously have been an additional number of countries in the hemisphere during this period.

Decades of civil war and coups have given way generally in the hemisphere to peace and stability. Despite the peso crisis in Mexico and the effects of the Asian financial problems, economic reforms in the hemisphere have resulted in the lowest inflation and highest growth in two decades. Forty-two percent of all US exports -- Ross Perot does this somehow easier, I don't know quite how he does it -- forty-two percent of all U.S. exports, \$286 billion go to

hemispheric countries in 1997. That represents a 17 percent increase in exports in 1997.

Q From when?

MR. BERGER: From the year before. Versus a 5.6 rise worldwide. And if you look at this chart, you see the extent of our overall exports that go to the western hemisphere. And quite a bit of that is to Latin America, but when you take out Latin America, Canada, and the Caribbean, it's \$308 billion. The result is -- in a sense these two charts capture the two important trends of democratization and economic growth and economic market opening which resulted in the hemisphere being united as never before as we enter the 21st century.

Now, Mack will talk more about the road from Miami to Santiago, but it certainly has been a road that has been marked by a number of concrete realizations of commitments that were made in Miami. In Miami we agreed to expedite ratification of a protocol providing that any state that ceased to become a democracy would be expelled from the OAS. That was done in October '97. We agreed to initiate a process of regional confidence building. Since then we have established an OAS committee on hemispheric security. On the economic integration side, you can see from these charts, what is happening is not only economic growth but economic integration between us as and the hemisphere and within the hemisphere, within regional groups within the hemisphere.

We talked at the summit about eradicating poverty and trying to combat disease. In 1995, for example, the First Lady launched a measles elimination program. Those cases today have been reduced from 23,000 in 1994 to roughly 2,000 in the hemisphere today. In Miami we agreed to recommend that multilateral development emphasize microenterprises, microlending. The Inter-American Development Bank has adopted a five-year \$500 million strategy to promote microenterprises.

In the area of the environment, there were a number of commitments made in Miami, national action plans to take the lead out of gasoline. In 1996 12 countries had eliminated leaded gas, and by 2001 there will be 20.

Those are simply illustrative of a series of the roughly 100 commitments that were made in Miami and the progress that has

been made on most of them.

Now, the people in Latin America have chosen democracy and open markets, but for democracy and markets to endure they must deliver for their people. That is, their people need to understand that democracy delivers, that democracy works. They need to move beyond the basic building blocks of elections and market economics to the second generation of issues faced by all democracies, but particularly new democracies: education, rule of law, health care, worker rights, press freedom, anti-corruption. And this is precisely what the agenda and the focus of the summit in Santiago will be -- the second-generation issues that these countries face together, and where cooperation can help give democracy deeper roots. And Mack will have more to say about this in a few minutes.

On the economic integration side, the Miami Summit set forth a vision of bringing the Americas together around open markets through a Free Trade of the Americas Agreement by the year 2005. In Santiago the leaders will launch negotiations with timetables and a work plan. They will direct their trade ministers to begin negotiations with the objective of concrete progress by the year 2000. Charlene will talk more about that.

They will establish a mechanism to allow labor, the environment, and other civil groups to contribute to this FTAA process. And they will also pursue commitments to strengthen bank regulation and market oversight to promote stability in financial markets, something that since Miami we have come to learn is far more important.

Now, let me talk a bit about Chile itself, because the first two days of the trip is a state visit to Chile, and it will really give the President an opportunity to spotlight Chile's quite impressive achievements. Chile is a country that has succeeded in achieving both an increase in economic growth and a decrease in its poverty rate. Its annual growth since 1990 has averaged 6.9 percent, while its poverty rate has dropped from 40 percent in 1990 to 23 percent in 1997.

President Frei is committed to providing access to computer networks, for example, for all 1,500 secondary schools and 50 percent of primary schools by the year 2000.

The Chile of today has emerged from the turbulent and dark past that we are all too familiar with to become a vibrant democracy working to ensure that all of its citizens share in the fruits of an open market economy.

Now let me briefly just run through the schedule so you can know where you're going to be at various points. We will leave Wednesday at about 8:30 p.m. and arrive in Santiago at 6:30 a.m. in the morning -- a delightful red-eye, all-night flight.

On Thursday the President will meet with President Frei.

They will finalize and then sign a U.S.-Chile communique on which we've been working. They will tour a neighborhood of Santiago and have a roundtable conversation with community leaders, which will provide an opportunity to discuss Chile's record of economic growth and poverty reduction. And then finally -- not finally, next to finally -- the President will address business leaders, which together with the event in a poor neighborhood, will provide I think the two sides of the coin that we've talked about so much; that is, economic growth to provide opportunity, a social safety net in order to make sure that that opportunity is spread widely. And then that evening there will be a state dinner.

On Friday we will helicopter to Valparaiso, where the President will address a joint session of the Congress, in which he undoubtedly will highlight Chile's success in reclaiming its democracy and spreading the benefits of its prosperity to more of its people. We'll tour a rural area near Valparaiso, and return to Santiago.

Saturday begins the summit. In the morning most of the events will take place in the Sheraton Hotel. In the opening session the President and President Frei will make opening remarks which will be open to the press. Then they will have sessions during the day from 10:00 a.m. to 6:00 p.m., three discussions: one on democracy, one on education, one on poverty alleviation. And then that evening there will be a summit gala for leaders and spouses.

And then on Sunday the summit resumes at 9:00 a.m. at the Sheraton. There will be two leader discussion sessions, one on trade, and the final one, which really has no specific agenda will be essentially an open-ended discussion. At about 12:30 the summit will conclude at the former Congress building with statements from several leaders, including President Clinton, President Frei, Prime Minister Chretien, since Canada is likely to be the host of the next Summit of the Americas.

The President will then go speak to the staff and families at the embassy, as he always does when he travels. And we will depart for Washington about 3:45 p.m. and a mere 10 hours later we will be back in Washington.

Let me ask Charlene and then Mack to speak and then we'll take -- Mack, then Charlene.

MR. MCLARTY: Sandy, thank you. The President and our administration has had a policy of sustained engagement and the intense Presidential focus that was noted in Sandy's comments for the past several years, in fact, beginning from the first days of the administration.

We are well aware, the President is acutely aware, of our history in the region from time to time, which has been marked by intervention or neglect. I think he is also keenly aware of this quiet revolution that Sandy noted, a profound change, in many ways as

profound as the fall of the Berlin Wall. We have both, from time to time, used the phrase "this is not your father's Latin America," which is, I think, a good way of describing some of the changes -- remarkable changes of 34 out of 35 countries are now democratic. In Central America we don't have the United States and the Soviet Union in a Cold War battlefield or civil wars there. And in fact the export market for U.S. goods in Central America is larger than all of the former Soviet states put together.

The real story from an economic standpoint has been the taming of hyperinflation, which, of course, was the cruelest burden to those below the poverty line. Some example of that is Argentina in 1989 had an inflation rate of 5,000 percent; today it's .3 percent with a 7 percent annualized growth rate. As the minister of finance told us in Brazil when we traveled there, our inflation rate, Mr. President, is 5 percent; the difference is, that is an annual figure not a weekly one. So a remarkable economic change.

In terms of the sustained engagement, our goal is to create what we have phrased as a Greater Americas, based on mutual trust, respect, and reward. And we have certainly discussed with the American people about our views regarding Latin America. After all, we are the fifth largest Hispanic nation in the world, the United States, and in turn, to sharpen and improve their views of us.

Sandy has already noted the first-term record of the convening of the summit -- restoring peace in Guatemala, as friends of that process; restoring democracy in Haiti; the support of the Mexico peso crisis; and the passage of the NAFTA; as well as the two presidential trips to the region, including two summits with the Central American leaders and the Caribbean leaders.

The Vice President has traveled to the region five times, emphasizing economic growth and environmental stewardship. The First Lady has traveled to the region four times, emphasizing issues of health care, poverty, and including all aspects of women's inclusion in society as well as indigenous people.

Now, the Miami Summit affirmed what is called the first generation of reform, which are free and fair elections, stable and open economies. And I think it's fair to say an architecture was put in place to further that progress, and one of the centerpieces -- not the only, but one of the centerpieces was the Free Trade Area of the Americas by the year 2005.

We have made real progress on that road from Miami to the promise of Santiago, but the key point here is that progress is not assured and not guaranteed. It is critical in my view, as someone from the private sector, to have a second generation of reform in order to sustain the first generation, the macroeconomic reform.

I think most of us would agree the bright line between foreign policy and domestic policy has blurred. You'll see that at this summit. From a U.S. perspective, whether it's jobs, the economy, energy prices, gasoline prices with summer vacations coming up, education, fighting the drug trade, alleviating poverty, or protecting the air we breathe, the issues we will discuss at this summit are the issues that affect our citizens and families here at home. They are issues that our people care about and care about deeply.

The summit agenda will very much follow the Miami agenda: first, strengthening our respective democracies; secondly, trade and economics, including financial coordination, which I think should be emphasized and highlights; thirdly, addressing poverty; and fourth, of course, emphasizing education. We'll certainly try to marshal resources, particularly where we have leverage in the multilateral organizations -- the Inter-American Development Bank, the World Bank, the Pan-American Health Organization -- particularly focusing those resources on education.

I think in terms of education the emphasis to strengthen the resources devoted in Latin America to primary and secondary education is particularly important to strengthen their democracies and their economies. There are clearly dramatic changes in terms of distance learning taking place throughout the hemisphere and indeed the world and our own country. And some of the same issues, including resources, teachers in the classroom, size of the classroom, and so forth, will be very much discussed at the summit.

I think it's a fair question to ask, how is improving education in Latin America going to help people here in the United States? I think the answer is, good schools make good neighbors. Education advances our economic and security interest in the region. First, it expands the middle class that buys U.S. goods and services that are noted on this chart. Secondly, it reduces the opportunity to buy or sell illegal drugs to be part of that undercurrent and undertow. It reduces illegal immigration by encouraging people to stay at home with their families, and it makes for more stable democracies, and with partners who are ready and willing and able, as they have demonstrated, to stand by us not only in the hemisphere, but in terms of our peacekeeping efforts in Bosnia and our efforts in the Persian Gulf.

You have a number of presidents who have spent a number of years devoting their efforts to education, including President Clinton. President Cardoso has been a lifelong teacher and academician, as has his wife; President Zedillo a former Minister of Education; President Frei, President Figueres and others have talked about and been dedicated to educational reform for at least a decade, if not longer.

I think all of us would agree in this global economy, which Ambassador Barshefsky will talk about, the key to inclusive growth both here in this hemisphere and worldwide, is education. And

in many ways I think that will be the legacy of this summit.

In terms of democracy, I think we will see an emphasis on broader democratic participation, certainly the strengthening of the judicial system in Latin America -- a fair, open professional judiciary is key to any modern contemporary working democracy. Attorney General Reno, Justice Breyer have worked very diligently on this effort.

Press freedom -- something important specifically to all of you in this room, is an issue we have pushed, encouraged, and the President raised it when he went to Argentina on our last trip, and the hemisphere embraced it. And through the inter-American human rights part of the OAS, no new bureaucracy, we will establish, I think, at this summit a special rapporteur to advocate for freedom of expression.

Now, that may be perhaps even more important than just the fundamental tenant of freedom of expression, because over the past 10 years 200 journalists have been killed in Latin America and some in the United States in pursuit of a story, doing their job professionally and responsibly. And I think this effort will clearly help address these crimes of impunity.

I think, finally, corruption is certainly a very important issue in the hemisphere. The hemisphere is leading the way with the signing of the Corruption Convention over a year ago, and that measure, as I think was announced here, has been sent to our Congress for ratification.

The region clearly still has too much poverty -- over 150 million below the poverty line, despite the progress that Sandy noted. And these targeted issues, while they can be viewed as rather mundane, are critical for including everyone in an open-market democracy in terms of microcredit to small business -- which I certainly can identify with coming from a small business, a family-owned business -- land titling; and certainly women's issues and inclusion in the economy and the democracy.

In terms of the economic issues, Charlene will speak to the trade issues specifically. I'd just like to note a couple of things very briefly. First of all, we should look at not only trade, economic integration, which is obviously occurring in a rather dramatic way, but we should look also at investment and we should look at financial coordination, that is. the stability of the banking system and the financial markets. We've seen what can happen seriously in Mexico, in this hemisphere, when that does not take place in the right way, and certainly in Asia. And I think Latin America in many ways has become a model to emulate there, as opposed to avoid, and has shown a remarkable resilience in the face of Asia contagion because they've had the capacity and the will to act in relatively modern financial systems.

In terms of energy on the economy, three of our four top

energy suppliers are from this hemisphere. And I think all of us understand the relation to energy prices, inflation, and our overall economy.

In terms of the FTAA launch, there is a true consensus we'll have a comprehensive and a credible launch, and that should not be taken for granted and it should not be minimized. The importance of it I think is very clear, with 40 percent of our exports going to this hemisphere, with our exports growing twice the rate to this hemisphere as any other region in the world.

One fact, as a business person, about half of the population in Latin America is under 21 years of age. So if you project that market potential out in a natural market, the numbers obviously become very compelling and very important. We export more to Brazil than we do to China, more to Chile where we are visiting than we do to India.

In terms of the summit process, I think the region has found its voice on the world stage. We have a much more mature dialogue in the region than in any times, I think, in the past. I think it is time to put our consultations on a more regular basis and I think this Santiago summit will accomplish that. We'll schedule the next time and place for the next summit meeting. I think the agenda has been one reached by consensus and I think, in that regard, we have a common agenda. The issues that we address in Santiago are issues that matter to the American people and to the people throughout the Americas.

I think the real opportunity of Santiago is to change the very shape and nature of the character of our relationship in the hemisphere, and to have truly a foundation for both security and prosperity as we move toward the 21st century.

AMBASSADOR BARSHEFSKY: I'll try and be brief. We've talked about the political declaration that the leaders made in 1994 at Miami, that there should be a free trade area of the Americas. As important as that political declaration was in 1994, the formal launch of these negotiations following three and a half years of preparatory work, ensures the realization of the Miami vision. There will be a free trade area of the Americas. A comprehensive launch will be initiated in Santiago, along with all that that implies.

And let me tell you what has been agreed. First off, the entire negotiating structure from here to 2005 has been agreed. The first three years of the process will be hosted by Miami. The final two and a half years of the process will be co-chaired by the United States and Brazil. We in the United States were very concerned about this launch that is in the start and the conclusion, because there are two parts of a negotiation that matter, and only two: the setup in the beginning, and the end.

The middle will always go as the middle goes -- up and down, sometimes fast, sometimes slow, the trajectory is usually positive. But the setup is very, very important, and that's Miami. And the conclusion, by co-chairing with our other major hemispheric partner, ensures that we will indeed conclude the agreement on time.

We have also agreed on concrete progress by 2000. I think this will largely be reflected in the negotiation and adoption of a series of business facilitation measures. Let me give you some illustrative examples of what that might encompass: customs, meaning customs coordination, meaning paperless entry with respect to customs; a series of provisions related to government procurement and transparency in government procurement -- there is very little transparency of the process in our hemisphere now; services trade, I think we'll see some progress there of a very concrete nature. I also think we'll see some progress with respect to telecommunications trade and some other areas.

We have also for the first time established a committee within the FTAA itself to receive the views of labor, environmental NGOs, and other groups who obviously have a stake in the outcome of the process. The setting up of this committee is really rather a milestone in the history of the FTAA thus far. Our hemisphere has been reluctant to establish a committee within the FTAA to listen to the views of civil society broadly and to take those views into account in the course of the negotiation.

This year there has been rather -- I should say over the last several years -- there has been rather a change of attitude, and I think a growing recognition in our hemisphere that people -- all segments of society -- need to feel empowered by this process of hemispheric integration, not disempowered by it. And so we have for the first time now established a committee within the FTAA to be chaired by the ministers themselves, that is to say, by those most responsible directly to their political constituencies, to take into account these views and to translate these views, where appropriate, into negotiating objectives.

In addition to, as Mack said, a credible launch, the launch will be very comprehensive, covering all areas of trade and covering areas of trade we can project into the future -- so global electronic commerce now figures prominently on the agenda, as it should, since Internet usage in our hemisphere has the highest rate of usage, the highest growth rate in the world, including in Asia, interesting.

Economically, as you know, the markets of Latin America are the most dynamic, and the most dynamic export markets for us. And let me just add for your use a couple of extra numbers. As Sandy Berger said, in 1997, our exports for Latin America and the Caribbean grew more than three times as fast as our exports to the rest of the world. During the second half of 1997, we exported more to our hemisphere than to the entirety of the European Union.

In 1997, Mexico surpassed Japan as our second largest trading partner. Think about that a minute. Mexico has an economy one-twelfth the size of Japan. We sell more to Mexico than we do to Japan, and they have now surpassed Japan as our second largest trading partner.

And last, our export increases to the Western Hemisphere accounted for 63 percent of our export growth worldwide in 1997. That is to say, 63 percent of the growth in our exports globally stayed in our hemisphere, went to our hemisphere. And much of that is accounted for indeed by Canada and Mexico.

Let me just say in closing that because of the economic transformation in Latin America, including, as Mack pointed out, reigning in hyperinflation, you have 500 million consumers, a burgeoning middle class, and extraordinary opportunity for American exports. And this is exports in all of the categories that we see, and in all of these categories we've experienced substantial growth already -- and that is in goods, in services, in agriculture as well.

You also have a wave of privatization in our hemisphere, and as we look at areas like power generation, energy, telecommunications, the United States is well poised to capture those opportunities as well. And this range of opportunity will be enhanced substantially as Latin American barriers come down. Their tariff barriers alone average four times what ours are to their products, and non-tariff barriers in Latin America remain a persistent problem. So we see a substantial expansion of opportunity for the United States as we pursue the FTAA.

And by opportunity, of course, I mean U.S. jobs, because that's what the bottom line is here from our point of view. We already have an economy in which, of new jobs created, one in five depend on exports. One in five new jobs are in manufacturing and dependent on exports. And we know that exports pay on average 15 percent more than non-export related jobs.

Our future in terms of increasing U.S. economic growth is in exports; it is in opening markets abroad where the other 96 percent of the world's population lives, and most particularly, in our hemisphere, which we ought to view as our neighborhood. We need to remain well-positioned to capture that opportunity, and that is what the FTAA will do.

MR. BERGER: Questions. Have we worn you down?

Q -- have you been able to convince the labor unions that this is such a good thing for them?

MR. BERGER: We will obviously be consulting as we go along in these negotiations with labor and business, with Congress and all other affected segments of society, to convey what I think is clear, and that is that the future of America's economic growth and a greater production of jobs is going to come in greater trade.

Q How far can you negotiate until you need fast track? How many months or years until you absolutely --

MR. BERGER: Let me answer and then I'll ask Charlene to answer. We launched the Uruguay Round of the GATT negotiations -- in Uruguay, by the way -- (laughter) -- without fast track authority, and did not have fast track authority for over two years in those negotiations. Obviously, as we come to the conclusion -- or before we get to the conclusion of these negotiations, that is something that we will need to have, and it's something the President is deeply committed to obtain, and we will continue to work towards that objective. But I don't think it is necessary for the launch of these negotiations.

Charlene.

AMBASSADOR BARSHEFSKY: Yes, if I might say, I think the fast track question points up to a kind of split dynamic that's occurring in our hemisphere. The launch of these negotiations is as well positioned as it could possibly be. That's with or without fast track. We have precisely the launch, the scope, the U.S. at the center of it, that we want it to have, and that we would have had whether we had fast track now or not.

But what you see in our hemisphere, on the other hand, is an acceleration in sub-regional integration -- that is, in countries integrating with each other around the United States, not with the United States. And so you see an acceleration of ties between Mercosur -- that is, Brazil, Argentina, Paraguay and Uruguay -- and the Central American countries. An acceleration of the ties between Mercosur and the Andeans; an acceleration between Canada and Chile; between Chile and certain of the Central Americans; or between Chile and Mexico; Mexico and Mercosur; the EU and Mercosur; Asia and Mexico.

That acceleration has occurred, I believe, because countries see a potential window of opportunity that they might not have envisioned had the U.S. had fast track right now. That's not from our point of view an overly positive development. We don't object to these sub-regional arrangements, obviously, where they expand trade, as most tend to do. But we do want to ensure that the United States remains at the center, as the center of a constellation of trading relationships. The FTAA launch helps us reassert that central role, but the acceleration of sub-regional integration is something I think we have to look at very carefully.

Q When do you need to have fast track, though? The launch is next week, but obviously, you're going to need -- and it looks now like the administration is not going to even push again until next year.

AMBASSADOR BARSHEFSKY: We have said all along that the timing of fast track depends on two things -- one is the substance, and the second is the chemistry, both of which we continue to consult with Congress on. And, as Sandy has said, fast track remains a priority for this administration.

Q -- going to be embarrassing, really, because this was the goal, wasn't it -- to have Chile on board for a NAFTA thing? It sounds like everything you've said is a rationale of trying to get around the fact that you failed in --

MR. BERGER: I'll say a couple of things, Helen. First of all, what we set out to do in Miami in 1994 was to launch a free trade area for the Americas, a negotiation at this summit; we're going to do that. And those negotiations will proceed vigorously.

There is, in addition to that, obviously more to this summit, as there was more to Miami, than trade. And I think one of the things that I've talked about, Mack has talked about, are the other issues that increasingly are important to the quality of democracy and the quality of society in these countries. Obviously, to take full advantage of the growth in this hemisphere and to reach fruition in a free trade agreement we will need to have fast track authority. But I believe we will have it.

MR. MCLARTY: Sandy, let me just reenforce a couple of points there. First of all, I think the Miami summit, it should be restated -- if the centerpiece, as many suggested, was the establishment of the FTAA with Chile having a comprehensive trade agreement, the heart of the Miami summit was democracy -- the 34 countries that had moved toward democracy; indeed, established political liberty and democracy. And they are two sides of the same coin.

Secondly, I think we should keep agreements in perspective. What is driving this process and these numbers are not trade agreements. What is driving this process is the interconnective global economy and the private sector, both businesses large and small, and ultimately the consumers' knowledge of and desire for lower priced, competitively priced goods and services.

So I think Helen, had the President and the administration -- and I have heard this on my some 40 or so trips to Latin America -- not made a concerted effort to achieve fast track, then I think you would have some concerns and problems. I think it is well recognized in these democratically elected governments that, as we discussed earlier, our batting average on legislation and trade legislation is very good. They have their own Congresses, and they're not always successful in a perfectly straight line either.

So I think what is important is to move forward with momentum on this agenda, as Ambassador Barshefsky has noted. And finally, I would suggest the actual summit agenda, which was reached

by consensus, was actually essentially agreed upon in large measure over a year ago, well before the fast track vote even took place.

Q Ambassador Barshefsky, you said that the United States is at the center of this process. In Santiago, Brazil will be signing a number of trade agreements, and the President won't be signing any. I wonder, most commentators seem to think that Brazil is now at the center of this process. How do you avoid having the President look like he's become superfluous?

AMBASSADOR BARSHEFSKY: Well, should I start with the fact that we're a \$7 trillion economy? The United States will always be at the center. But your question goes exactly to the point I made before, which is you see an acceleration in the coming together of sub-regional arrangements to the exclusion of the United States. And this is really where fast track becomes important -- not for the launch; the Uruguay Round was launched without fast track and we're well positioned here, excellently positioned here with respect to the launch of the FTAA negotiations.

Where the rubber hits the road is where you see other countries integrating around us, and for that we're going to need fast track authority.

I do think, now that there will be this comprehensive launch of negotiations, we will soon see countries focus their resources on that. And I think that will begin to subsume a lot of this other sub-regional activity, but for right now what you see, in this last six months especially since the fast track vote was postponed, is an acceleration with respect to the level of sub-regional negotiation. But in terms of the United States, the United States is a 7 trillion pound gorilla.

MR. MCLARTY: One quick thing, I think the negotiations are not win-lose. I think the FTAA is clearly a win-win proposition, and I think the markets are indeed very complementary of each other. I think we see that in terms of resources -- I spoke of energy -- and of investments in the region, which Charlene spoke of, infrastructure projects -- so I want to make sure when we talk about the center of what we do need to have is the position in the launch, which we have, to shape the agreements, particularly on issues that are important to us and the American people.

Q Is Pinochet going to attend the Congress, the National Congress event on Friday? Do you know what to expect?

MR. BERGER: We don't know whether he will.

Q Have there been conversations with Chilean officials about whether he's going to come?

MR. BERGER: I know it's been a subject of some discussions at the advance level, but I have no idea whether he's going to be there or not.

Q Will that affect what the President says if he's in the audience?

MR. BERGER: No, he will say the same thing whether he's in the audience or not. Chile is a democracy with a glorious recent history of having reclaimed its democracy, and I can assure you that what the President says will not be affected by whether General Pinochet is in the audience or not.

Q And what bilaterals is he going to have on the sidelines of this summit?

MR. BERGER: Not absolutely clear because of the nature of this. This is a little bit more like -- for those of you who were on the Africa trip -- Entebbe in a sense than a situation where there will be formal bilats. There will be opportunities in the breaks for the President to sit down with President Zedillo, Prime Minister Chretien, and a number of others. It will be somewhat more informal.

Q What about -- will he have a special message about Paraguay's recent turmoil over the elections there?

MR. BERGER: Our message will be the same as the message of all of the countries that are in the region -- Argentina, Brazil, Chile, and others -- which is that we hope and expect that constitutional democracy will be upheld in Paraguay.

Q Sandy, two of the subjects of the summit are education and combatting poverty. What is the United States going to do concretely on those issues? Are there going to be commitments of money or --

MR. BERGER: Well, on education there will be commitments, not only in terms of multilateral funding but also bilateral commitments as well. I'll let Mack, perhaps, speak more specifically about it. Go ahead, Mack.

MR. MCLARTY: John, I'll get you the precise figure. I think your question is on point in terms of marshaling resources and leveling and leveraging the multilateral agencies, particularly the Inter-American Development Bank and the World Bank and both President Iglesias and President Wolfensohn will be in attendance at the summit. I think the AID has had an active program in the hemisphere; as you know, they will continue that with somewhat reduced funding over the last several years, but targeting that funding, particularly in terms of the poverty efforts.

But I think what you will see is a continued, concerted, focused, and effective effort on the part of the governments, both at the federal, state, and local levels in Latin America, take full advantage of these expanded resources. And I think you will see their efforts in terms of poverty alleviation to be quite effective and to be sustained efforts. We obviously want to be fully

supportive of that.

In terms of education, there will be a number of memoranda of education agreements signed with Chile, with Brazil. And Secretary Riley, of course, will be on the trip and can answer, I think, in specific detail the educational aspects that will take place at the summit and with Chile.

Q I apologize if it's been asked before -- are there American business leaders going with the President.

MR. BERGER: There are not American business leaders going with the President. There of course are many American companies that have subsidiaries in Chile. The President will be speaking to the American Chamber of Commerce in Chile, as he does in a number of countries. But there -- as far as I know, none going on the trip.

Q So there's no delegation as there was to Africa.

MR. BERGER: There will be a Congressional delegation that will be going with us, as there has been in all of our trips in the second term. And we look forward to that. But I don't -- there will be no private delegation.

Q Many members of the Hispanic caucus in the delegation?

MR. BERGER: Yes.

Q Mack, you mentioned that on the economic agenda, international financial stability will be a big point in Santiago. Right after the peso crisis, the United States took the lead in international fora, particularly the G-7, to address this problem through the IMF, with greater transparency and surveillance of international banking, et cetera. And for about a couple of years, there was an awful lot of self-congratulations, that a lot progress had been made -- it's even in the Halifax and Leone communiques -- and boom, we got the Asian crisis when there had been every indication that enough prevention had taken place.

What are you going to be doing in Santiago to reassure investors and consumers and everybody else in the world that something is finally taking hold to prevent this kind of crisis?

MR. MCLARTY: Well, I think, increasingly, as I noted, Latin America has been looked at as a model to emulate, not avoid, in terms of financial institutions, central banking functions and reform of the banking system. I saw that both at the APEC conference in Vancouver, where you had Asian leaders and members of the private sector from those countries attending APEC talk to President Zedillo, discuss with President Frei, what they had done in that regard. I saw it again at the Davos Conference World Economic Forum.

While it is not perfect, clearly the leaders in Latin America have had the capacity and the will to act in terms of fiscal discipline. That's why their inflation rates have stayed under control, that's why their budget deficits are much, much smaller, I think, overall, than even many countries in Europe. And I think we will want to support an increasing and deepening of that kind of transparency and openness that the financial markets clearly judge. And I think that's why you have seen to date stable financial markets in Latin America despite a sharp decline in oil prices, where many of the economies are very dependent on oil prices.

I think you're correct in terms of the efforts the President has made to provide leadership in overall financial architectures -- Secretary Rubin and Secretary Bentsen before him and actually started at the G-7 in Naples. I think it's clear more needs to be done, and particularly reform, in a local basis in the individual countries affected, which is at the very heart of the IMF program. I think the difference is Latin America has taken those reforms and has taken very positive steps, and in some of the areas they have not.

MR. BERGER: And if you meant to ask by that question whether we would welcome Congress passing the supplemental, which would provide IMF funding and funding for the NAB, which grows directly out of Halifax and is specifically designed to provide for these kind of circumstances -- the answer is yes.

Q Sandy, also what I was wondering about was having put their house in order, as you put it -- the Latin American countries -- are you going to try and enlist them in Santiago to help you globally, have them put some pressure on Asian finance ministries and banking supervisor groups and so on.

MR. BERGER: I think this is happening informally already. In Vancouver, when APEC met at the end of last year, I think President Zedillo had an enormous impact there. In a sense, he's walked through the valley of the shadow of death, and he's come out on the other side. And he said to the leaders, there are certain rules that you've got to follow: you've got to tell the truth, you've got to take the hard knocks as quickly as you can, and you've got to restore the confidence of the markets.

I think there is beginning to be, as I've said before, a differentiation in this global financial marketplace. Not all emerging markets are alike; not all Asian markets are alike; not all Latin Americans are alike; some are more disciplined than others; some are better run than others. And I think that the time that's passed since the Asian problems began, in some ways established that degree of differentiation on the part of international investors to be a little bit more discriminating and a little less spontaneous in terms of the movement of capital.

Q While we're on international stabilization issues, Japan a few weeks ago announced a package of stimulation measures to

revive the Japanese economy. But despite that, the IMF global world economic outlook today forecasts zero growth for Japan for 1998. Does that mean that they have taken insufficient steps? Are you looking for them to do anything else?

MR. BERGER: Well, I don't know what factors they took into account when they made that judgment. We have said that the steps that the Japanese government undertook last week were good steps forward but that, as we've said before, it is extremely important that that economy be stimulated and increase at a faster rate of growth -- not only for its own health but also for the overall health of the Asian economies.

Q Sandy, you just touched on drug trafficking briefly -- what progress do you expect on the idea of multilateral drug certification and on the possibility of a Latin counter-narcotics center in Panama?

MR. BERGER: Well, let me answer and then ask Mack to add. We will make progress at this summit in expanding the multilateral alliance against drugs that we began to talk about when we were in Mexico and Brazil and elsewhere. The purposes of these efforts are to increase cooperation throughout the hemisphere, both a demand reduction and supply reduction. And to the extent that we can -- and they will include an element of evaluation of the performance of individual countries. And we think this is an important step forward.

Q Could this be a replacement of certification with time?

MR. BERGER: Well, certification is an act of Congress; it's the law of the land. We obviously intend to comply with it. Both of these are directed toward the goal of enhancing cooperation in fighting drugs in the hemisphere. If at some future point the alliance were strong enough and viable enough that it were advancing that goal, obviously one might take a look at that. But I think at this point I would say they complement each other.

Q Yes, but if this certification is U.S. -- I mean, unilateral measure from the United States, and as you are trying to build a partnership with Latin America, this alternative would be the only politically correct solution on the long run, wouldn't it?

MR. BERGER: Well, we certainly want to be politically correct. As I said, both of these -- the motivation of both of these regimes is to enhance the cooperation throughout the hemisphere on fighting drugs, which is a deadly threat to each country in this hemisphere. Whether it's the United States that purchases \$57 billion worth of drugs, which poisons our children, or other countries where the narco-traffickers are eating away at the very foundations of democracy, there is no greater threat we have in common. And so it is extremely important that we work on this problem together through whatever means we can. We think the

alliance against drugs will be one more instrument to advance that cooperation.

MR. MCLARTY: Well, the only -- I think Sandy really has covered the subject very well. The only additional point I would make in terms of the cooperation is that from a Latin standpoint or a Caribbean standpoint, they view this deadly threat, as Sandy noted, as seriously as the families of our countries do. This is not something we are imposing are having to try to change any views. The truth is, it is a very formidable foe. So I think it calls for increased cooperation. I think that will be achieved at Santiago. The goal of cooperation, the multilateral drug alliance, and certification are the same. Certification is the law, as Sandy noted, and we'll continue certainly to abide by and enforce that law.

In terms of the Panama multilateral drug counter-narcotics center, it is an idea that has been well received, but there are a lot of issues still outstanding, and I would not anticipate that it would come to fruition at this summit. I think it could obviously be a part of a multilateral effort.

MR. LOCKHART: I just wanted to let you all know about a change in the schedule on the trip we're taking tomorrow. The President will now overnight in Houston and travel Wednesday morning

to Alabama to view the tornado damage and the work that FEMA and the local authorities are doing to help with the cleanup.

The trip presents some logistical challenges to us, not the least of which is some of the people who are going on that trip are also going on the Chile trip, besides some other ones we're working through. So we will let you all know as soon as we can, possibly by tonight, on the coverage details, but I think it's important that people going on the trip tomorrow pack for two days.

Q Will he then come back here?

MR. LOCKHART: He will come back. There is a possibility that we will bring the press plane back tomorrow night and just take an expanded pool for the trip over to Alabama. We are working through those things now, but for your own comfort you should assume you're staying for an extra day.

Q Will the press charter leave at the same time from Andrews?

MR. LOCKHART: The press charter is still leaving at the same time, and that's what we're trying to work through now, how we reconcile the two things. But the press charter is still leaving early Wednesday morning.

END

4:40 P.M. EDT

Message Sent

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MOFFETT_J @ A1@CD@LNGTWY
PR_U=TDIXON@PR_L=AVUOEOb@MRP@LNGTWY
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ARMS Email System

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CREATOR: Ana M. Duque (CN=Ana M. Duque/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:14-APR-1998 20:13:49.00

SUBJECT: May be of interest.....

TO: Ken (Ken @ ols.net @ INET @ LNGTWY [UNKNOWN])

READ:UNKNOWN

TEXT:

Hi! Still at work and it's 8:15- I'm dying. No really, I finally got these and thought you might like to see. These are the Q and A's following Mack's speech at the National Press Club last week. The speech is way too long to send you, but I thought he had some pretty good answers to their questions. (b)(6) buh
bye.....

[001]

MR. HARBRECHT: Mr. McLarty, first question: the United States, Brazil and Mexico all want to go slow on free trade negotiations, yet the United States has been saying it is committed to achieving concrete results by the year 2000 with a free trade agreement by the year 2005. What do you mean by "concrete results," and how will we know whether we've got them?

MR. MCLARTY: I think in any type of discussion or negotiation, particularly involving a large number of countries, there is a natural dynamic of give and take and of different points of view. And as I suggested in my remarks, I think we are now firmly agreed on the goal of a free trade area with the time line of 2005.

There are clearly issues of order, pace, and other specific issues that we are not fully agreed upon. Although the structure that came out of the San Jose ministerial I think gives us a very workable mechanism to achieve concrete results, and particularly, I think, to expand and use what is called "business facilitation" which, frankly, means making trade and investment flows easier, more orderly, and more meaningful in terms of building businesses and building jobs.

I think, Doug, sometimes specific measurement, particularly in trade agreements or public endeavors, are not easy to define. I think what is easy to see is the dramatic increase of trade and investment flows within this hemisphere. And I think I can say with considerable confidence, in my judgment, those will continue to grow rather dramatically, and I think you will see continued progress in terms of harmonizing customs, regulatory regimes, matters that are not particularly breath-taking or exciting, but mean a great deal to businesses large and small who are participating in trade in the region.

So I think you will see continued results in a very defined structure as

we move toward that goal of a Free Trade Area of 800 million people by the year 2005.

MR. HARBRECHT: In your speech you used the cliché "a rising tide lifts all boats." But as Latin American economies boom, the gap between rich and poor nations grows wider, especially in countries like Brazil, the gap between the rich and the poor widens. What is your answer to the increasing millions of poor in Latin America who have no boat?

MR. MCLARTY: I think in any working democracy there has to be openness and inclusion, and there has to be an ownership stake in it. And when I talk about the second generation of reforms and the deepening of democracies, that goes in large measure to make sure everyone is included and is participating in the democracy. I think we already see political liberty in the region with open, fair, contested elections. We, in some cases do not have fully developed democracies.

In terms of the poverty issue, I think it is important to note that the Latin leadership and the Caribbean leadership have emphasized this as one of the major priorities for the summit agenda. And I think in Brazil, where you specifically mentioned those in poverty, if you think about what has been the cruelest burden to those below the poverty line, it has been the hyperinflation. And you have seen a dramatic reduction in inflation in Brazil, and other parts of the region, and that has lifted a large number of people above the poverty line.

But I think specific targeted programs such as microenterprise, which is particularly effective through the Inter-American Development Bank; land titling, giving people a basic ownership interest in their property and an ability to borrow against it, including both women and indigenous people -- all sectors, which President Cardoso, again to go back to Brazil, is absolutely committed to. And we have seen remarkable progress, for example, in Chile, where there has been a dramatic reduction in poverty.

So I think we are on the right track. I think what is critical is to support the efforts to sustain this deepening democracy and open-market reforms.

MR. HARBRECHT: The Clinton administration sought the creation of a committee to recommend environmental and labor protections as part of the negotiations in Santiago, but other nations refused. Will the United States drop environmental protections and labor rights from these negotiations?

MR. MCLARTY: I think we should not confuse the issue of commitment and the importance that our respective countries place on environmental issues, on labor issues, worker rights, and frankly, on basic human rights, and the worth and dignity of each individual, which is at the core of any democracy. I think we saw in Kyoto, for example, a number of the developing countries in Latin America -- Argentina, Brazil, Costa Rica, others -- take a leadership role in the global climate-change discussions. Where there are, I think, differences of view, not only among the 34 countries in the hemisphere, but in our Congress as well, is how environmental and labor issues would be dealt with in terms of a trade

agreement.

We believe that, as we deepen our trading relationships in this hemisphere with the shared values and common interests we have, that this will give rise to increased environmental stewardship and more worker rights and participation. And we will continue to advocate that in a very strong, and hopefully effective, manner. That is one reason we need the ability to shape these agreements.

But I think that is one of the major issues that ultimately has to be resolved in our Congress, for negotiating authority, and I think over time, must be dealt with in the FTAA, the free-trade process. I am hopeful on both counts. And I think we will reach our goal on both counts, to reach a free-trade area, and the president will have the negotiating authority to consummate the agreement.

MR. HARBRECHT: Any second thoughts about the way NAFTA has been implemented?

MR. MCLARTY: I think you always in any agreement, whether it be a trade agreement or an agreement in the private sector, there are always items that you review and try to improve and build upon. But I think if you look at the basic results, to go back to the measurements that you alluded to earlier; the exports from the United States to Mexico and Canada, under the North American Free Trade Agreement, are up dramatically. In the United States, if you go to almost any state in our country, whether it's in the heartland of our agricultural or manufacturing belt to the west coast, the east coast, to my home state of Arkansas, you will see a double-digit increase in exports to both Mexico and Canada providing jobs, and good paying jobs, for the hard-working men and women of this country.

On the other hand, I think you've seen a dramatic increase in exports from both Canada and Mexico to the United States. So I think it has been good for their economies, their workers and their businesses. Do I think we can make some improvements, particularly in the side agreements of the environment and labor? Yes, I do. Do I think we need to do more on the border area, particularly where we have mechanisms such as the Border Environmental Commission and the North American Development Bank? Yes, I think we can do better there, and we are. And the president has underscored that as a priority. But I think on balance if you look at the NAFTA it has dramatically strengthened our economy as well as our neighbors', and that is shown by the fact that they are one and two in our trading relationships.

But in Mexico particularly, that faced a severe financial crisis with the peso crisis -- caused by an overheating of the economy and the current deficit account, not the NAFTA -- the NAFTA locked in those reforms from the United States standpoint. We maintained market share, protected our jobs here. Now Mexico's economy is recovering. But as importantly, we saw Mexico return to conventional financial markets with our financial support package multilaterally in seven months, where in the 1980s in the debt crisis it took Mexico seven years to return to conventional financial markets, and the United States lost market share and jobs in that period.

So I would argue that the NAFTA has not only been good for trade and economics, but it has also been a very stabilizing factor in our relationship with Mexico.

MR. HARBRECHT: Mr. McLarty, last year the Congress refused to renew the president's authority to negotiate trade deals on a fast track: that is, an expedited process where there's an up-or-down vote without any amendment. Has this caused any lasting damage to trade relations with Latin America? Will it hurt the chances of creating a free trade zone? And with the lack of fast track, is there any concern that Japan and the European Union will overtake the United States in the Latin American market?

MR. MCLARTY: Well, that's really two questions. Let me take the second one first.

I have said, and I said today, reiterated today that Latin America and this hemisphere is a natural market for the United States. Main Street is literally extending. And you can see that in the numbers and the jobs, and you can see it in the airline flights between the United States and Latin America as well. But it is not a market that we can or should take for granted. This is a highly competitive global economy, as all of you know. And there is real competition, not only from the Europeans and the Asia-Pacific region, but from an intra-regional standpoint as well, and we've got to work diligently to make sure that we are positioned to be competitive to maximize our market share, not in a win-lose situation. I don't think those agreements -- as I was speaking earlier to Paul -- stay together very long, whether it be in the public sector or the private sector. I think this is a true win-win situation with a natural marketplace. But we have to be in the position to maximize that, and without negotiating authority, we, in the long run, in the long run, will not be. I am confident that we will get that negotiating authority to complete the free trade area.

In terms of the actual negotiations, let me be very -- try to be very succinct, but I think it's an important point. The Clinton administration, I think, had a very good record, a very strong record of success during the first term in terms of trade measures. We were able to pass, on a bipartisan basis, the NAFTA, the GATT. The president convened both the summit and the APEC conference, as I noted. I think we signed over 200 trade agreements totally -- some bilaterally, of course, smaller measures, during the first four years.

So I think we need to remember that when the Uruguay Round was launched in 1986, President Reagan did not have fast-track negotiating authority. When President Bush moved forward on the NAFTA, he did not have fast-track negotiating authority. And yet once those negotiations got underway, it gave an impetus and a momentum to get the authority and complete the agreement.

So I think San Jose -- the trade ministerial there -- demonstrated that we will be able to move forward with a comprehensive launch that is genuinely agreed upon to move forward in the overall trade process. So I don't think it will be a setback in that regard. Certainly, in a better world,

we would like to have fast-track authority. But I think we can make significant progress in the near term without it, and I am confident the president will be given the tools to complete the job.

MR. HARBRECHT: Specifically, in the absence of fast track, is the U.S. ceding leadership to Brazil in the matter of free trade within the hemisphere?

MR. MCLARTY: Well, my good friend, Ambassador Paulo-Tarso de Lima, is here to my right. So, Paulo-Tarso, you can challenge this, if you wish, after my answer.

I don't see reaching an agreement with 34 countries, even a major economy such as Brazil, the 10th largest in the world, as I noted; a very successful, skilled player on the international scene, and Ambassador Biehl's home country of Chile.

I think this has got to be a consensus agreement that is worked through in the spirit of partnership. Will it be a hard negotiation? Yes, it will be. Are there going to be some disagreements? Yes, there will be. There will be different points of view. But in my 30 years in the private sector and my six years here in the public sector, I have participated in very few discussions that were successful without some measure of mutual trust and mutual respect. So I don't think this is a case where one party wins and one party loses. I think you have a nature complementary market where you have vast resources -- three of our four energy suppliers are in this hemisphere supplying the United States. Tremendous opportunities for U.S. firms in technology, particularly in environmental technology which is certainly needed in Sao Paulo, in Santiago, other regions of Latin America, as well as our own country.

So, I think this is truly a win-win situation. I do think that we need to be in a position to advocate strongly and effectively United States' points of view and interest, and ultimately that's why we will need negotiating authority.

MR. HARBRECHT: Many stories continue to be written about corruption in Latin America. Despite the anti-corruption treaty, which lacks enforcement, will corruption as an issue be discussed in Chile? Will the United States raise it?

MR. MCLARTY: Let me answer the second question first, because I think it is a fundamentally key point that is often misunderstood and a misimpression can easily be gained. Perhaps in the past, certainly, there was a feeling and perhaps even a reality that we were trying to impose, from the United States' standpoint, certain measures on -- in certain discussions in Latin America. In terms of corruption, or the effort against drugs, or better educational systems, or more trade, let me assure you there is a vigorous agreement between the countries of Latin America and the Caribbean and the United States.

They understand that corruption is a very punitive tax on those who can least afford it. They fully understand where you have seen dramatic investment to the region, I believe \$71 billion over the past several

years -- direct investment to the region -- will not continue without a strengthened judiciary and without corruption being taken seriously and progress being made.

What we can do in the establishment, for example, of the Justice Study Center, which Justice Breyer, General Reno and others have worked so assiduously on, we can certainly provide information and ideas and support. But there is a great deal of cooperation on this particular matter. And I would remind you, on the Corruption Convention, I believe we are the first hemisphere to adopt an overall convention against corruption.

So it is a very high priority not only for the leaders in Latin America, but if you look at the political structure and the elections themselves, it is a very high priority for the people of Latin America and the Caribbean.

So I am very committed and very confident we'll make progress. We certainly will advocate our very strong position and feelings about the basic principles of the rule of law, human rights, and an open, transparent, professional judiciary.

MR. HARBRECHT: It seems hard to hear you talk about Latin America and the Caribbean without even mentioning Cuba. Isn't the United States being left out as European nations rush to invest in Cuba? And does the Clinton administration have any policy which would treat Cuba as a potential marketplace for U.S. goods, as it once was?

MR. MCLARTY: I very much wish I could have shown a map that reflected 35-democratically elected heads of state in the hemisphere. If you take a map of the hemisphere -- visualize it for a moment, if you will -- 10 years ago, if you would have had democracies in green and non-democracies in red, about half the region would have been in red. Today, it will all be in green, where you have political liberty, fair elections, democratic structures in place -- except Cuba. It is the one country that is being left behind as Latin America has now found its voice of confidence and its seat on the world stage.

Regrettably, there have not been changes in Cuba. We certainly don't want to miss any opportunity there, particularly in light of the pope's historic visit, that did give some space. And the administration, as you know, has taken certain action in a number of key areas, particularly remittances and travel, as well as reaching out directly to the people of Cuba to hopefully strengthen the church and other measures of civil society.

As far as the economic side is concerned, our policy has been a policy that has been followed by Democrat and Republican presidents alike under the Cuban Democracy Act. And that is we very much hope for and support a peaceful transition to democracy in Cuba. To date that has not occurred.

MR. HARBRECHT: Mr. McLarty, there's been a lot of speculation about you leaving the administration after this summit is concluded. Do you have any

plans to rejoin the private sector, number one? And here's a follow-up question: without a special envoy such as yourself will the White House return the U.S. to benign neglect on Latin America?

MR. MCLARTY: My wonderful father always suggested to me I concentrate on the task at hand and to do what was clearly before me rather than what was dimly in the future. And I think that was very sound and sage advice. We have a major and important meeting of 34 elected heads of state next week in Santiago, Chile. And that is where all of my energy and attention is going as opposed to some future stop down the road.

Having said that, I hope at some point, despite your dramatic overstatement of my net worth -- (laughter) -- that I will return from whence I came in the private sector. But I am very much concentrated on the summit, and I think that's where my concentration and thoughts and efforts should be.

In terms of the administration policy, I think it should be very clear that the real impetus for our policy and our priority in the region, despite my strong commitment and advocacy for the region, has come from the president. He very much sees this moment in time, if you will, to use a bit of a cliché -- but I think it's descriptive -- to strengthen our partnership in the region and to seize these opportunities and to make real progress on some of the problems we've talked about. That's why he's traveled to the region three times, as he travels to Chile next week, inside of a year. And that's why during the first term, as I -- listed several major initiatives, including the NAFTA, including the Mexico support package, including the restoration of democracy in Haiti.

So it is very much, I think, a priority of this administration, of this president, of this secretary of state. And I think certainly with very able and capable people such as Assistant Secretary Davidow, Ambassador Brown (sp) and others that we will continue to see a policy importantly of sustained engagement to cement these relationships and strengthen democratic institutions.

MR. HARBRECHT: I have several questions here taking issue with the notion that in Latin America all the nations are democracies, especially on the point of press freedom. There have been a lot of problems in Latin America with press freedom.

Would the administration champion this issue? And another question; do you think America(n) media cover Latin American adequately, and how can that be improved?

MR. MCLARTY: Well, I think there is -- the basic element of freedom of expression, a free press, is essential as I noted, in any working democracy. And that may vary from country to country. As I have said, there is certainly political liberty throughout the hemisphere. You have consistently seen free and fair elections. In some cases, you have not yet seen, although I think the countries are clearly on the road to it, fully developed democratic institutions. In terms of that, we have been working at it for 200 years, and we have, from time to time, not perfected it as much as we would like.

My experience in the region has been there is an active press and growingly so. I think there are some issues, as I noted, of instances of some intimidation of the press. And certainly, the loss of life by journalists, primarily covering narcotics issues but not exclusively, is obviously the most serious of issues. We have taken a strong role, and I would say a leadership role, but we are not alone in that regard.

And the president spoke about this when he traveled to the Southern Cone last year. The Latin leadership, both heads of state and others, particularly at the Organization of American States, picked right up on it and supported it. And I do think raising this freedom of expression, freedom of the press, with a mechanism in an existing institution, the Inter-American Human Rights -- we are not creating another institution or bureaucracy here, a very independent respected institution -- is the right place to have a very respected, objective person as a special rapporteur for press freedoms; not to monitor content, but to advocate and monitor strong freedom of expression and freedom of the press.

It is essential not only in the democratic and governmental process; it is essential in a free market, where consumers have the right and need to know the information about their products and services as well.

MR. HARBRECHT: Mr. McLarty, before we ask our last question, I'd like to present you with a certificate of appreciation for coming today. Thank you so very much.

MR. MCLARTY: Thank you.

MR. HARBRECHT: And here is your second National Press Club mug. (Laughter.)

MR. MCLARTY: (Laughs.)

MR. HARBRECHT: Now you can have your coffee in the morning with that mug, and then you can have warm milk with cinnamon at night to go to sleep. (Laughter.) That's what I do. Works for me.

MR. MCLARTY: (Laughs.) Doug, thank you.

MR. HARBRECHT: Thank you. Thank you very much.

MR. MCLARTY: Thank you very much. Thank you.

MR. HARBRECHT: For our last question today, I'd just like to ask a serious one, since you are one of the few people in Washington who is very close to the president. How -- could you share with us, please, how you have handled the pressure of the Monica Lewinsky incident? And do you think House Republicans will seriously attempt to move impeachment proceedings?

MR. MCLARTY: Well, first let me use my cups like I'm in the Olympics here as part of a medal presentation. And Doug, thank you for that.

On the question of the current environment, I think a couple of points are

worth noting.

I think it's very clear, including our efforts in the hemisphere, in this meeting that we have next week in Chile, as well as the president's historic trip to Africa, and certainly domestic issues concerning the tobacco controversy that was discussed here yesterday -- and the president obviously voiced very strong feelings about the industry being part of the solution, particularly with our young people's exposure in that area -- that the president is focused on what he was elected to do and what he believes in. And these are issues -- including the fiscal responsibility, balancing the budget, improving our education and health care systems -- that he has worked on for 25 and 30 years of his life. I have seen that firsthand and, in some cases, worked with him from the private sector, in a public-private partnership. And I think it's clear that's what the American people want him to be doing. And I think that is reflected in our relationships around the world.

So I think over the past several years, we have had some training of dealing with these issues and very much concentrating on the business at hand.

What I would say is I very much hope -- coming, again, from a private sector background, being very much of the persuasion believing in bipartisanship, having the privilege to serve on two commissions under President Bush when I was in the private sector -- that the current environment does not get unnecessarily and bitingly and acidically partisan. I don't think that's what the American people want, and I don't think it would be good for our country and the issues that are important to all of us in this room. (Applause.)