

DOMESTIC GUIDANCE FOR PRESS CONFERENCE

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cc: DPC staff

* Please note these Q+A's are final drafts which went to the President. Please note any changes and record them for future reference.

- Laura

BUDGET

Q: HAS THERE BEEN ANY PROGRESS ON THE BUDGET SINCE YOU MET WITH CONGRESSIONAL BUDGET COMMITTEE LEADERS?

A: I am confident we are going to reach a bipartisan balanced budget agreement. The economy is strong. The deficit has fallen sharply over the past four years. It's time to finish the job.

- **We have an opportunity here and I am determined to seize it. That is why at the outset this year, I met the Republicans half-way on Medicare. I put a detailed balanced budget on the table to move this process forward. I have been encouraged by constructive comments Republican leaders have made. Following some of these comments, I invited Congressional Budget Committee leaders to the White House and we had a good discussion.**
- **Members of my economic team have been meeting with Congressional Budget Committee leaders for serious discussions over the last two weeks. I understand that those discussions have been positive and constructive.**

Q: WILL YOU SUBMIT A SECOND BUDGET?

- A:**
- **We have submitted a solid, detailed balanced budget plan that reaches balance under our assumptions and has been certified as reaching balance by the Congress' economists. Instead of Republican leaders demanding a detailed second or third budget, they should fulfill their responsibility by coming forth with a detailed budget that shows what they would do differently.**
 - **In 1993 when we put out our plan, many of the same people predicted it would kill jobs, hurt growth and increase the deficit. Not only were they wrong, but over 11 million new jobs were created and the deficit was cut four years in a row -- at a rate more than projected.**

TAX CUTS

Q: DOES THE ADMINISTRATION SUPPORT DELAYING TAX CUTS?

A: Let me make three points:

1.) My budget both achieves balance and includes a tax cut. We have shown that you can do both and our strong preference is to have a balanced budget that provides Americans with tax relief.

2.) Our tax cuts are integral to what we want to achieve and I am committed to them. The reason that I am so committed to our tax cuts is that they are part of our social and economic policy to encourage every person to get a higher education and to allow every family to save and provide for their family.

3.) If it turns out that a separate vote on some or all of the tax cuts separate from the budget plan will pave the way to broad bipartisan support for a balanced budget agreement, we will be open to it.

CPI

Q: WHY DID YOU ABANDON THE IDEA OF A CPI COMMISSION?

A: I remain committed to the most accurate possible CPI.

- **We conducted a series of good faith consultations with both Republicans and Democrats.**
- **We concluded that the time is not right for such a Commission and that moving forward at this time would be counter-productive.** This issue is too important to risk creating any perception that the goal is a “quick fix.” From the start, our objective has been to depoliticize this issue and have it considered on a purely technical basis. Because the Commission would be viewed through the prism of short-term tactical budget consideration, it would not be productive to move in that direction at this time.
- **As for the future, we are not ruling the idea of a Commission in or out.** I remain committed to the most accurate possible CPI.

FED

Q: ARE YOU CLOSE TO ANNOUNCING YOUR FED APPOINTMENTS? WE WERE LED TO BELIEVE THAT THE APPOINTMENTS WOULD COME AT THE END OF MARCH.

A: The search is on track. The economic team has narrowed the list of candidates and will make recommendations to me in the near future. That is all I am prepared to say at this point in time.

Q: ARE YOU GOING TO MAKE SURE THAT ONE OF THE SLOTS GOES TO A BANKER? AN AFRICAN-AMERICAN?

A: There are no preconditions or litmus tests for this search process. We are looking for superbly qualified individuals who are willing to serve their country in this important role.

HATCH-KENNEDY CHILD HEALTH BILL

Q: Do you support the Hatch-Kennedy Child Health Bill?

A: I congratulate Senators Hatch and Kennedy for forming a bipartisan partnership to address one of the most pressing issues we face: the 10 million children in America who lack insurance. The time for action is now.

As you know, along with education, I have made children's health coverage a top priority in my balanced budget proposal. My initiatives consist of several targeted policies to make inroads into this complex problem. In fact, my state partnership grants program is similar to the CHILD program since it, too, builds upon the experience and success in states.

I hope and expect that this marks the beginning of a sustained and strong partnership between Republicans and Democrats to expand coverage to the millions of American children who have none.

TOBACCO TAX

Q: Would you support a tobacco tax to raise revenue for children's health coverage?

A: Whenever bipartisan leaders come together to pursue one of our highest priorities, it deserves serious study and consideration.

TALKING POINTS

April 7, 1997

FBI

Q: Mr. President, there is now speculation that FBI Director Freeh is considering resigning. Do you continue to have confidence in Mr. Freeh or have you signaled to him that you would welcome his resignation?

A: I have confidence in Director Freeh.

Webb Hubbell

Q: Mr. President, did you watch 60 minutes last night or hear about what Mr. Hubbell said about lying to you and Mrs. Clinton? What was your reaction?

A: I feel badly for Webb and his family on a human level. I am sorry that he was not truthful with us and his friends at that time.

Q: Mr. President, it has been reported that at the time Webb Hubbell resigned, the First Lady had already received a memorandum warning about wrongdoing. Yet you and others in the White House have been saying you did not know about Hubbell's wrongdoing at the time calls were being made on his behalf. What is your comment?

A: We obviously understood that general allegations were being made about his law firm billings. But Webb, a long-time friend of ours, denied that he had engaged in any wrongdoing.

Q: Mr. President, in the past when you were asked about the Lippo employment of Webb Hubbell you denied knowledge of it and indicated it would be improper if it occurred. You are now saying that it was proper for Mr. Bowles and Mr. McLarty to make calls on behalf of Mr. Hubbell. Isn't that inconsistent?

A: The question I was asked was whether I knew if Lippo hired Mr. Hubbell to encourage his silence before the Independent Counsel. And, I answered No. I also said that to the best of my recollection, I didn't know about Lippo's hiring of Webb until I read about it in the press.

I have never said it was improper for Mr. Hubbell to have been employed by Lippo or by anyone else for that matter. I said it would have been improper if anyone hired Webb in order to influence his cooperation with the Independent Counsel.

Presidential Press Conference
1-28-97

Q Mr. President, the Lippo Group hired your friend, Webb Hubbell, after he resigned in a scandal from the Justice Department and just a few months before he went to jail for embezzlement. So far, no one has been able to determine what kind of work he was doing or why he was paid a sum reportedly in excess of \$200,000. Does anything about this arrangement strike you as unusual or suspicious? And given that there have been public suggestions this money was offered to encourage his silence before the Whitewater investigator, have you taken any steps yourself to assure yourself that this is not the case?

THE PRESIDENT: First of all, I didn't know about it. To the best of my recollection, I didn't know anything about his having that job until I read about it in the press. And I can't imagine who could have ever arranged to do something improper like that, and no one around here to know about it. It was just not -- we did not know anything about it, and I can tell you categorically that that did not happen. I knew nothing about it, none of us did, before it happened. And I didn't personally know anything about it until I read about it in the press.

So I don't think -- I think when somebody makes a charge like that, there ought to be some burden on them to come forward with some evidence to substantiate their charge instead of saying, we'll make a charge, see if you can disprove it. That's not the way things work, and that's a pretty irresponsible charge to make without knowing, having some evidence of it. And I'm just telling you it's not so.

White House Release of Information

Q: Mr. President, in a press conference several months ago, you went to great lengths to distinguish the White House and the Clinton/Gore campaign from the DNC's improper activities. It's clear at this point from Harold Ickes' files that the White House knew of and coordinated the campaign activities of the DNC, and that it bears significant responsibility for what happened. How come the White House was not more forthcoming about its role when we first started asking questions?

A: First, I disagree with your assessment -- we have been very forthcoming. We have already provided a great deal of information to the Department of Justice, to Congress, and to the public, and I know we are going to provide a lot more.

Second, let me state clearly that the Vice President and I were actively engaged in a campaign for re-election and we worked closely with the DNC to ensure that the Democratic Party's message to the American people was communicated.

Q: Mr. President, information continues to come out of the White House in dribs and drabs, and there are reports of internal fights within the White House about whether to release information. Why don't you settle those fights and be more forthcoming?

A: First, we have already provided a great deal of information to the Department of Justice, to Congress, and to the public. I have instructed White House staff to cooperate fully with the Department and Congress and to provide as much information to the public as possible and we will continue to do so.

Whitewater

Q: Mr. President, after three postponements because of his cooperation, Jim McDougal is due to be sentenced next week. In addition, Ken Starr recently filed papers seeking to give him more time to decide whether to recommend a reduction in David Hale's sentence. Are you at all worried about the information that McDougal and Hale have been providing the Independent Counsel?

A: No.

Independent Counsel

- Q: Mr. President, by the end of the week the Attorney General has to decide again whether to appoint an independent counsel. Given the developments last week, including that documents show that high level White House staff were coordinating, if not directing, the DNC fund-raising, has your view changed?
- A: No. The decision about whether to appoint an independent counsel is one the Attorney General will make based upon the law.

ADDITIONAL BACKGROUND

Webb Hubbell

- Q: The White House released a statement last week indicating that Mack McLarty and Erskine Bowles made calls on behalf of Webb Hubbell to assist him in finding employment after he resigned. Was it appropriate for the White House Chief of Staff and the Administrator of the SBA to have made these calls?
- A: Mack and Erskine made these calls because they were concerned about a friend who was down and they had no reason to believe at that time that he had done anything wrong. All of us were concerned about Webb and family at that time. I think we all value the support of our friends in difficult times.
- Q: Do you or the First Lady recall Mack McLarty's statement regarding Mr. Hubbell around that time that he resigned from the Department of Justice?
- A: No we don't. I understand that Mack believes he said that he wanted to be supportive of Webb and his family -- I wouldn't have understood that to be anything more than a general statement of concern and support.
- Q: Was it appropriate for the SBA Administrator to make a call to Allied Capital when Allied Capital had business pending before the SBA?
- A: Erskine has already addressed this question. I understand that Erskine made the call to Mr. Dunbar based upon their personal friendship.
- Q: Did either you or the First Lady ask or suggest to Mr. McLarty or Mr. Bowles that they assist Mr. Hubbell in obtaining employment?
- A: No, we did not.
- Q: Did Mr. McLarty or Mr. Bowles tell you or the First Lady about their efforts?
- A: I don't recall either of them doing so.
- Q: Was this assistance given in the hopes that it would prevent Mr. Hubbell from cooperating with the independent counsel?
- A: Of course not. I don't know of anyone who would do that. The calls were made purely out of concern for a friend and his family.

- Q: Did anyone else in the Administration make calls to help Mr. Hubbell?
- A: I don't know. But, it would not surprise me to learn that others attempted to help Webb and his family. He had many friends both inside and outside of the Administration.
- Q: Did you know about the hiring of Mr. Hubbell by any entity prior to published reports?
- A: As I have said before, I may have known about Truman Arnold's or Bernard Rapoport's hiring of Mr. Hubbell. I may have generally been aware that other mutual friends were attempting to be supportive of Web and his family, but I do not recall learning about any of Mr. Hubbell's other arrangements that have been described in recent news accounts until they were reported by the media. And, as I have stated before, I do not believe I learned of Mr. Hubbell's work for Lippo until reading press accounts.

Coffees

- Q: The DNC sent you monthly budget documents that specifically projected and kept an accounting of revenues raised by the coffees. There were at least 20 coffees listed in the documents that were projected to raise \$400,000 each and most are listed as having raised exactly that amount. Doesn't this contradict your earlier statements that these were not fund-raisers?
- A: The coffees were designed to thank my supporters and to enlist their support for the 1996 campaign. I certainly hoped when I talked with my supporters and others about where I stood on the issues and why this past election was so important to the direction of this country, they would want to help me.
- Did we have financial and political goals that we hoped would be realized as a result of these coffees: yes. I understood that all fund-raisers were advised, however, that they could not condition attendance at a White House event, including coffees, on a contribution.
- Q: Are you saying that you did not know about the DNC's plan to solicit contributions in exchange for attending a coffee and that even after seeing these documents, that you still did not know that a contribution was required to attend the coffees?
- A: I understand that the guidance was clear -- attendance at White House events was not to be conditioned on giving contributions.
- Q: You previously suggested that the DNC's fundraising activities were separate and distinct from your activities and that of your campaign. The recently released documents show, however, that you were intimately involved in monitoring all aspects of the DNC's fundraising operation. How can you reconcile your past statements with what these

documents show?

- A: Of course, I was actively involved in helping the party generate support for Democratic congressional candidates and our campaign. At the end of the day, however, we still were out-raised by the Republican by more than \$200M. As I have said before, the current system requires all candidates to devote too much time to fundraising. That is why I believe we need meaningful campaign finance reform and I am going to keep pushing for it until we get it.

Fundraising Calls

- Q: Some of the documents refer requests for you and the First Lady to make fund-raising calls, and some even budget the contributions expected to be raised from those calls. Did you make those calls?

- A: I already said that I don't think I made any fundraising calls. It's not how I like to spend my time. As I said at an earlier press conference, though, I can't say that I never did.

- Q: Do you know whether you made any calls from the Oval Office?

- A: I don't recall making any such calls and I certainly don't believe I made any from the Oval Office.

- Q: Did the First Lady make fundraising calls?

- A: Not to my knowledge.

China Influence

- Q: Last week, the Wall Street Journal reported that Charlie Trie -- who attempted to give more than \$600,000 in questionable contributions to the Expense Trust and some of whose contributions the DNC were returned amid questions about their source -- received a series of substantial cash wire transfers from a bank run by the Chinese government. What is your relationship with Mr. Trie and do you think he was directing contributions to the DNC from China?

- A: As I have said in the past, I met Charlie Trie in Little Rock, Arkansas when I was governor. Mr. Trie was the proprietor of a local restaurant in Little Rock and a very hard worker. I have no information about whether he was directing contributions on behalf of the Chinese government.

Legal Expense Trust

Q: Some of the Ickes documents released by the White House last week suggest that in July 1994 the Legal Expense Trust was seeking to use DNC donor lists to solicit contributions. Did the Trust solicit contributions?

A: The Trust did not solicit contributions from anyone. And I understand that Mike Cardozo, the Executive Director of the Trust, already has said they did not in fact request or receive any contributor lists.

WELFARE REFORM FIX LEGISLATIVE PROPOSALS

- Q:** You say you are ready to work with Congress to fix the immigrant and food stamp parts of the welfare law, but the Republican leadership says the bill is fine as it is. Even some Democrats are saying the law shouldn't be changed until we have had a chance to see how it works. Doesn't this mean your proposals have no chance of being enacted?
- A:** I think it is very significant that the nation's Governors are now on record as recognizing that the cuts in benefits to legal immigrants are too harsh and need to be addressed -- even though their final resolution was softened at the last minute at the request of the Congressional leadership.

As the new welfare law is being implemented, the Governors are gaining a new appreciation of some parts of the bill that I have had a problem with from the beginning -- those parts that are not related to putting people to work. This is particularly true of those Governors in states with large numbers of legal immigrants. They are now looking more carefully at their state budgets and the fact that many legal immigrants who are disabled, many in nursing homes, will lose their SSI and Medicaid over the summer. In addition to noting that these provisions are unfair, they can see the potential costs to their own state budgets if they make the decision to ameliorate those cuts.

I think that, over time, more and more people will come to see the harm that these provisions could do to hard-working people who came to this country and, through no fault of their own, became disabled and could no longer support their families.

WELFARE TO WORK

PRIVATIZING WELFARE

- Q:** Are you planning to let Texas privatize welfare? I understand you met with labor leaders 10 days ago to discuss this issue.
- A:** No decision has been made on the Texas request. It is a complicated issue involving both Medicaid and Food Stamps. The agencies are working as hard as they can to examine all of the relevant issues, and we hope to get the State of Texas their answer soon. I can tell you this: my Administration has fought hard to preserve federal guarantees for both Food Stamps and Medicaid and we don't intend to undermine them now. Regarding the meeting I had with labor leaders on March 28th -- it was a broad discussion of budget and welfare to work issues.
- Q:** Governor Bush is, in effect, calling Secretary Shalala a liar for not making a decision by April 1, as she had promised.
- A:** He knows better than that. The Administration gets a lot of waiver requests from the states. The agencies conduct a routine review process for each of them. Because this is a complicated issue, the review has been lengthy, probably a little more than we expected. But the agencies are working to provide Texas with a response as soon as possible.

FEDERAL GOVERNMENT HIRING

- Q:** What has the White House done to encourage federal government hiring of welfare recipients?
- A:** Most of the jobs required to make welfare reform succeed will come from the private sector. But I believe that the Federal Government, as the Nation's largest employer, should contribute to this critical national effort. That's why on March 8th, I directed the head of each federal agency and department to use all available hiring authorities to hire people off the welfare rolls into available job positions in the Government. To underscore the importance of this issue to the White House, I appointed Vice President Gore to oversee this effort.
- I have called a Cabinet meeting for this Thursday, April 10th, to meet face to face with the members of my Cabinet to discuss how each agency intends to recruit, hire, and retain qualified welfare recipients.
- Q:** Will the White House hire any welfare recipients?
- A:** I expect the Executive Office of the President, like any other agency, to produce a detailed plan to assist in this effort and I would fully expect them to plan to hire welfare recipients.

FAST TRACK

Are you planning to delay your request for fast track authority to accommodate the budget process. Does this signal Administration retreat on fast track? Has Gephardt scared you off?

- Firmly committed to seeking fast track authority to open foreign markets. It is critical if we want to continue creating good jobs for American workers.
- Every President since Ford has had fast track authority for key periods; need now more than ever. Over 11 million U.S. jobs now depend on exports; these jobs pay 13-16% more than the average U.S. job. Today 95% of the world's consumers live outside the U.S.; the vast majority live in the emerging and fastest growing markets of Latin America and Asia. We must continue to open these markets to succeed in the global economy.
- Cannot afford inaction. If we are not seizing opportunities to break down trade barriers and open foreign markets, we can be sure other countries will act - to the benefit of their companies and their workers.
- The United States has nothing to fear. We are the most competitive large economy in the world as judged by independent experts. But our ability to define the nature of our trade relationships will in significant measure determine our leadership role in the next century. Fast track authority is the most important factor determining these relationships.
- Have been consulting with Congress to develop bipartisan support for fast track legislation. Will continue to consult with Congress on the substance, tactics and timing of my fast track initiative.

Is the Administration considering dropping labor and environmental goals from fast track trade authority legislation, a move certain to infuriate labor unions.

- Our goal is to build the broadest possible support for the fast track legislation. Ambassador Barshefsky and others have been consulting actively with members of Congress representing all points of view on this subject, and with all interested parties, including organized labor. We will continue to do so with the goal of enacting legislation that receives broad support.

FIGHTER SALES TO CHILE

Has the Administration decided to permit the sale of advanced fighters to Chile?

- No. The USG has decided to authorize the issuance of marketing licenses to companies which wish to compete in Chile's selection of fighter aircraft, while making clear to both the Government of Chile and to the companies involved that there has been no decision on whether to permit the sale itself.
- The licenses are for marketing information only and do not constitute approval for an actual sale. A decision whether to permit such sale has not been made.
- This decision to issue marketing licenses was made so as not to disadvantage U.S. companies in the competition. These licenses allow these companies to provide the Government of Chile with technical data on advanced fighter aircraft.

Has the U.S. changed its Latin American conventional arms transfer policy?

- No. As you know, the Administration is reviewing U.S. conventional arms transfer policy toward Latin America in the context of the significant political, economic, and military changes that have been occurring in the past ten years.
- This policy review is on-going. While the review is underway current policy remains unchanged.

What is the current policy on arms exports to Latin America?

- Our policy worldwide is to consider pending arms transfers on a case-by-case basis. Our long-standing policy in Latin America is, and remains, to address potential transfers in the context of restraint.

Why is a review necessary?

- The welcome expansion and strengthening of democracy and democratic institutions in recent years makes it prudent for us to undertake this policy review to determine whether any changes in our policy are appropriate.
- Our policy goals for the countries of Latin America are to enhance democracy, including civilian control of the military, foster regional stability, transparency and confidence building, and ensure that the weapons modernization decisions of these countries address legitimate defense needs within their existing economic resources.
- Any possible change made to our current arms export policy will be in accordance with these goals.

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