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CREATION DATE/TIME: 10-MAY-1993 15:35:00.00

SUBJECT: Remarks to Cleveland City Club

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THE WHITE HOUSE

Office of the Press Secretary
(Cleveland, Ohio)

For Immediate Release May 10, 1993

REMARKS BY THE PRESIDENT
TO THE CLEVELAND CITY CLUB

Statler Tower Building
Cleveland, Ohio

12:45 P.M. EDT

THE PRESIDENT: Thank you very much. Well, I don't know what you had for lunch, but I wish I'd had some of it. (Laughter.) I do want to say I'm delighted to be back in Cleveland and glad to be back at the City Club. And I hold here in my hand a membership to the City Club given to me by Senator Metzenbaum. (Applause.) Now, I'd rather have his vote on all the issues, but I'll take this. (Laughter.)

Actually, I want to thank Howard Metzenbaum and Lou Stokes and Eric Fingerhut and Congressman Hoke and all the others who are here -- your Mayor, your State Treasurer, your State Attorney General. I'm delighted to be here with all of you. And I did -- I saw in the introduction that you mentioned something I was going to say in my own remarks. I very much enjoyed being here last year and having the opportunity to talk in Cleveland about family values.

Two years ago, I came here -- the Mayor hosted the Democratic Leadership Council's national convention. And I said at that time that I thought the time had come for us to move beyond the political debate in Washington between one party which seemed to have advocated the politics of abandonment and another which seemed to advocate a politics of entitlement. It seemed to me the time had come for us to face our problems squarely as a country and to try to do something about them, but not to pretend that the government could give a solution to the American people -- solutions to problems that require all of us to give something ourselves and to do more. I feel that even more strongly today.

For 110 days I have lived and worked in Washington, D.C. I think that all of us would agree that for too long our great Nation's Capital, which is filled with monuments to men and women who have done so much to bring us to this point in history, has practiced more politics than progress. I'm glad to be back here in a place like Cleveland where it's not possible to produce more politics than progress. (Laughter and applause.)

Here you have to produce steel or automobiles or biomedical technology -- real things with real value. This debate in which we are all engaged about America's future should properly take place here in the Industrial Belt and in the Grain Belt and in the Sun Belt and in the Bible Belt -- all across America where people live in a world that is determined by consequences and not by talk.

If you're a mayor in a city like Cleveland you either provided more houses and people moved into them or it didn't happen. There either are more economic opportunities or there aren't. You can measure that. In Washington, we're told that the most important thing to do is not more than one thing at a time. (Laughter.) And some want you to do one thing at a time because it's easier to stop one thing at a time than it is a whole range of things. (Applause.)

But I would argue to you, my fellow Americans, that the challenges of the moment require both a focus and a discipline on the big problems of our nation and a determination to face them in a comprehensive way.

The challenge of international competition, new technologies, soaring health care costs, defense cuts without an offsetting strategy to invest in America, a global recession, a global inability of wealthy countries to create new jobs in an open and competitive environment -- all these things create great new challenges for our country.

Here in the heartland, I've seen you stepping up to the challenges. When the Mayor and I rode in from the airport today, he talked to me about how people were moving from the suburbs back into the cities, how more houses were being built. I looked at some of your economic development projects. I see a partnership between the public and private sector here that does not require someone to check his political label in when you roll up your sleeves and go to work. That is the sort of thing we need to do in Washington and the kind of spirit I hope to be able to bring to our Nation's Capital. (Applause.)

I believe very strongly that in the last 12 years, our nation's government has collectively produced two immense problems. Problem number one obviously is the enormous explosion of the national debt and the continuing growth of the annual federal deficit. In 1980, our debt was \$1 trillion. Today, it's \$4 trillion and rising to about two-thirds of our annual national product -- a much bigger percent of our annual deficit than, for example, the debt in Japan is.

Now, how did it happen? It happened partly because we like it when politicians told us what we wanted to hear. It happened because we had big tax cuts and big spending increases at the same time. First the spending increases were in defense, and then when defense began to be cut they were totally offset -- those cuts -- by even bigger increases in health care spending through Medicare and Medicaid, the fact that one-tenth of America is now on food stamps, and by huge increases in interest payments on the national debt.

The deficit is also aggravated by the fact that we index both payments to people and income taxes. Now, it's fair to index income taxes. If you get pushed by inflation into a higher bracket, we adjust the brackets upward. For the first time that's happened in the last few years. No one can doubt that is fair. But consider the impact on that if you offset on the one -- hello, Congressman Brown. I didn't see you out there. You offset, on the one hand, your income; and at the same time you promise to pay more out. So everybody that gets a salary or a retirement check, their payments go up with inflation even as your intake comes down with inflation. So these are the two

things that have created the kind of problem we have in the budget deficit.

The second thing that happened, interestingly enough, is that that portion of our government budget which is in partnership with the private sector, making investments in our future and promoting economic growth, actually shrank as a percentage of the whole, and often in absolute terms. So that at a time when we are more dependent than ever before on how skilled our work force is, the federal commitment to education and training of the work force went down as other nations were exploding their commitment.

At a time when we were cutting high technology in the defense sector, the peace dividend was not automatically reinvested in new technologies in the commercial sector and new partnerships. Why? Because, as any member of Congress here will tell you, the easiest place to cut spending is in that broad

category known as discretionary nondefense spending. That doesn't mean anything. That's a lot of gobbledy-gook. But when you strip it away, a lot of it is our investment in our future. So we wind up with this unusual difficulty -- a huge debt, an increasing deficit, and a diminished commitment to invest in our future -- the results have been clear: a limited ability to create new jobs, even when productivity is growing.

We're allegedly in an economic recovery of some 17 months in duration, and yet the unemployment rate is higher this month than it was at the depths of the recession. We had a huge increase in productivity in the last three months of last year and in the first three months of this year. Another big increase in output for a person in the manufacturing sector, but that money now is being plowed back into new technologies or kept for profit, not to increase new jobs.

As any small businessperson here knows, it is difficult to increase employment in a small business because of the extra added costs. By the time you pay the Social Security and the worker's comp and all the other costs, you've got more and more small businesses using overtime workers or part-time workers, and fewer new jobs being created there.

So here we are. What are we to do? I have asked the United States Congress to adopt a plan that I believe over the next five years will do something to make real measurable change in both those areas. It will substantially reduce the federal deficit in the most disciplined deficit reduction plan every presented to Congress, and it will permit some very disciplined targeted increases in those investments which are critical to our future.

We do it by a combination of things -- cutting spending, raising taxes, and targeting investment. Because this involves a whole lot of change, as you might imagine, it challenges a lot of established interests in Washington who would prefer that things go on as they are. Because while, as a whole, our country is disadvantaged, I would argue, by what we're doing, certain specific groups benefit from everything that is done.

Now, the lobbyists are lining the corridors of Washington as never before. There are about 80,000 of them there. And unless all the American people speak out loud and clear, it's going to be hard for us to hold this program together. There are those fighting for the national interests and those who are properly there to be heard about more narrow interests. There are those who believe we can make things better and those who believe that any change will make things worse for them. There are those who believe we can spend money more productively and less wastefully and others who believe that we ought to just keep on spending it the way we are now.

This is the oldest conflict in our history, and the eternal battle of any great democracy. The impetus for inertia is always strong. And very often a country does not have the courage to change until it is almost too late. But I believe with all my heart that the voters said last November -- not just those who voted for me, either -- but all the voters said, we know this country has got to take a different course. We know we

can't keep drifting. We know we can't wander. We have to have a plan, we have to follow it, we have to try to make some things happen that will lift this country's spirits again, lift this country's prospects again, and, yes, that will insist that all of us have the discipline and will and vision to change.

Now, I think that there are a lot of -- I would call them preachers of pessimism in our Nation's Capital who underestimate the capacity of the American people to know the cost of what is happening to us right now. I readily admit that none of these changes can occur unless a vast majority of us understand the cost of what is happening to us right now. The

cost of maintaining this deficit at its present level. The cost of maintaining the present health care system. The cost of maintaining a system which is underinvesting in our future compared to all of our major competitors in a high-wage, high-growth economy. The cost of maintaining the credit crunch on small business. The cost of having no technology policy. The cost of having no plan to convert from a defense to a domestic economy.

I would argue that those costs are very high. The cost of having no strategy to put young people to work in our cities, and instead spending money to pay for the cleanup and the consequences of drug problems, gang problems, gun problems. The cost of the status quo are very, very high -- even when you don't see it directly attributed on the government's ledger books. I believe we don't see that enough. (Applause.)

So I think we can do more than one thing at once. I think we can reduce the deficit and provide the opportunity for all of our young people to go to college. I think we can reduce the deficit and provide decent job training and education for our working people when the average worker will change jobs eight times in a lifetime. I believe we can reduce the deficit and put more police on our streets to protect our communities better. I believe we can reduce the deficit and offer more targeted incentives for real investment to American businesses and to their workers. I believe we can reduce the deficit and change the welfare system so that we move people from welfare to work after a certain amount of time. I believe we can do these things. (Applause.)

I believe we're strong enough to provide for a budget that reduces the deficit and invests in the future in a prudent way. And I can't help noting that some of those who say that we can't do that are the very ones that brought the debt from \$1 trillion to \$4 trillion over the last 12 years. (Applause.)

Our greatest Republican President -- perhaps our greatest President -- Abraham Lincoln, used to tell the story about when he was practicing law in Illinois. It kind of reminds me about some of these folks today talking about the deficit in Washington. He said it reminded him of a man who killed his parents and then threw himself on the mercy of the court because he was an orphan. (Laughter.)

I think we've all got to understand that we didn't get where we are overnight. We have to accept where we are. I don't care about who should bear the blame, but I don't think we should have people pointing fingers who helped to create the current course of events. We should pull together. (Applause.)

My whole approach has been to try to say to the American people we are all in this together. If we ask what's in this program for me instead of what's in it for us, we'll all find something we don't like, including me. If the issue is going to be, now, what's in it for me instead of what's in it for us, we are defeated before we begin. But the "what's in it for me" decade didn't work out very well for us over the long run, and I think we can do better. (Applause.)

Now, shortly after I took office I submitted to Congress a blueprint of a budget that makes now over 200 specific budget cuts, reduces the deficit by over \$500 billion over five years, and refocuses the priorities of our government from consumption to investment in our future. Both Houses of the

Congress passed that blueprint in record time -- the first time in 17 years the budget resolution had passed within the calendar required.

Our commitment to cut the deficit clearly boosted confidence on Wall Street, and it's beginning to be felt on Main

Street. It is beginning to change lives for the better already. Starting after the November election, when we announced a clear determination to bring the deficit down, interest rates have been going down. The trend line is steady, with only minor interruptions whenever there's some sense that maybe we won't really reduce this deficit after all. The plan that I announced and the outline that Congress adopted clearly played a major role in bringing interest rates down to historic lows, mortgage rates to 20 year lows. There's been a huge wave of refinancing. I'll bet you anything there are lots of people in this room that since November have refinanced their home mortgages. I know that there are people in every city in America who have gotten business loans, whose consumer loans have gone down, whose cost of car financing have gone down.

It is estimated that in the aggregate, if we can keep these rates down just a few more months, this will lead to enough refinancing of debt that it will release another \$100 billion to be reinvested into this economy. That's one and two-thirds percent of our total gross domestic product in a given year. That is a huge impetus to stay on the track we're on to bring this deficit down. According to a bipartisan survey, a poll recently conducted in these conditions -- 74 percent of all Americans now believe that homeownership is within reach for most young people. Do you know what it was a year ago? The reverse -- 47 percent. (Applause.)

The reason for the change is obvious: lower interest rates. Businesses are paying less to borrow. That means new investments and new jobs. The taxpayers, by the way, are saving billions of dollars in financing the government debt. We've already brought the deficit down this year because of those interest rates.

Along with that, we have launched a real effort to attack the credit crunch in partnership with community banks all across America, and that should mean that farmers, small business people, and homeowners will be able to do even more in the weeks and months ahead. These are things that happen when people take some responsibility for their financial future. And if we can keep going -- now we -- having passed the budgetary blueprint, the Congress is now about to move into the specifics in what is called the budget reconciliation process. That means they've got to take the targets that were adopted in the budget resolution and specify how we're going to meet those targets -- what kind of taxes are going to be raised; what kind of spending is going to be cut; what kinds of investments are going to be made.

That is the process now beginning. And that is the kind of thing that will require us all to make tough choices to make good on the results that are being achieved. I've asked Congress to join me in making real spending cuts, and that process is now unfolding. Our budget contains, as I said, over 200 specific cuts. I thought I should start as President by setting an example. In the new fiscal year we'll be operating the White House with a staff that is 25 percent smaller than my predecessor's. I must say I made that commitment and we're going to do all that work -- I have to say in parenthesis, I didn't know that I'd receive more letters in the first 100 days than came into the White House in all of 1992. (Laughter.) So if you haven't gotten your letter answered, hold on, I'm coming. (Laughter.) We're trying to do it.

We are going to reduce just in our office alone \$10 million in payroll and perks and cost of government. In the Executive Branch, I have ordered over the next four years a 14-percent cumulative reduction in the administrative costs of the federal government, 100,000 person in reduction in the federal payroll by attrition. That will save well over \$9 billion. I have asked the federal employees to have a pay freeze in this coming year and reduced raises in all the rest of this first term.

I just left the Galleria, and right across the street there's a big federal office building, and a lot of those federal employees said they weren't looking forward particularly to doing without a raise next year. We have put the clamps on federal spending and we have asked federal employees to make a sacrifice. I didn't see how I could ask people to raise their taxes unless the people who were getting the tax money also made a sacrifice. (Applause.)

I come from a rural state where the Rural Electrification Agency -- the REA -- has been very important to my family and our people. They have brought life and hope to millions of Americans. But now our country is about 100 percent electrified, and I have recommended that we reduce the interest subsidies to the REA -- something that is tough to do for members of Congress from rural areas and for this President who came from that place. I may get shocked instead of light when I go home. (Laughter.)

I've asked the Congress to join me in repealing the special interest exemption for lobbying. It's only been in the tax code since 1962. Before that, it didn't exist. You had to pay if you wanted to go lobby. (Applause.) Now the taxpayers actually at large bear the burden of people's lobbying costs. Now, again, I'm all for people lobbying. I think -- and frankly, it's a good thing if it's in balance. But I don't see why the taxpayers should subsidize someone's costs when they go and try to influence the outcome of legislation in Washington.

I've asked to cut urban programs that don't work. While I plead guilty to trying to get more community block grant funds for Mayor White so he could build more houses in Cleveland -- (applause) -- I also called for the abolition of a designated project program at the Housing and Urban Development Department because it had no real accountability to the taxpayers and cost over \$100 million a year.

I also believe that after all these cuts are in place, if you really expect this deficit to be brought down, we have got to raise some more tax money. And I believe that we ought to do it in a progressive way. I can tell you this just to start out -- I have proposed more budget cuts and more taxes than I thought I would when I was running, and the reason is simple: After the election the government said the deficit was going to be \$50 billion a year bigger in three of the next four years than we thought, and \$15 billion in the fourth year. The deficit was announced after the election in each year to be much, much bigger than had previously been forecast.

So we asked for about 73 percent of the money to be paid for by people with incomes above \$100,000; the rest to be paid for, 27 percent, by the 93 percent or so of us that are under \$100,000. And then there is an exemption in effect for the energy tax burden for lower-middle income working people and middle income working people with children up to the levels of about \$29,000 by the increase in the earned income tax credit which will offset the impact of the energy tax. I think it is a very fair program and I hope it will be adopted. (Applause.)

We take on the entitlements in this plan. People say, why don't you take on the entitlements? I'll tell you why -- because people get mad at you when you do that. (Laughter.) We asked Social Security recipients who are in the top 20 percent of income to pay taxes on more of their income than they do today coming from Social Security. We have done our best to restrain the exploding costs of Medicare. We have taken on these tough issues to cut spending and to raise some money. But I would also argue to you that we must have some disciplined increases in investment. And I'll tell you where my recommendations are.

I recommend, first of all, that we focus on rewarding work, strengthening families, and creating more jobs, especially for the middle class. These ideas include the following -- this is where we spend money: First of all, in tax cuts to encourage investments for new jobs. Private enterprise is, after all, the engine of this economy, not the government,

and we need to get it running as close as we can to full throttle. So there are substantial new incentives in this program for both large business and small business to lower their taxes through direct investments. Investments mean lower taxes and more jobs and, therefore, more revenue to the government by putting people to work if you target it to investment. I think it's very important.

Secondly, we focus especially on the depressed areas of the country, both rural and urban, with establishing a new network of community development banks to make loans to people who want to go into business in these areas with special incentives to get others to do the same thing. With special kinds of enterprise zones, especially in the rural and urban areas, which are particularly depressed, that will at least give us a chance to see if free enterprise alone can revive these areas if the government gives them enough incentives. These are things I believe that will make the private sector work for all Americans.

The plan also strengthens our schools by providing access to Head Start to all children who need it by setting higher standards throughout the country and enshrining in the law the national education goals and the standards that they will produce. The plan encourages experimentation with things like public school choice and charter schools in public school. It contains a bold national apprenticeship program where the federal government is a partner with the private sector and state and local government in helping to retrain the work force for a lifetime.

We are the only advanced country -- the only one -- that doesn't worry about having a systematic way of training high school graduates who don't go on to college. And yet we now have clear evidence in the 1990 census that anybody who graduates from high school but gets no further training, or who drops out of high school, who goes into the work force is likely to have declining earnings. This is good money, and it will be really shaped by private sector people and public trainers at the local grass-roots level -- not a national program, but a national partnership. And it will really, really increase the productivity of the American work force. (Applause.)

This plan also will open the doors of college education to all Americans by changing the nature of the student loan program. And I want to explain this. Today, the way the student loan program works, you can go down to your bank, you borrow the money, you pay it back based on how much you borrow. If you don't pay it back, the government gives the bank 90 percent of the loan. That's the way it works. The college dropout rate is more than twice the high school dropout rate, in part because of the cost of a college education. The student loan program is very profitable for many banks and for the national mortgage organization that's behind it. They have made a killing out of it. It's terrible for the taxpayers. Why? Because if somebody defaults on the loan, there's no incentive to go get it, because there's a 90 percent government guarantee -- and no offense to all of us lawyers in the crowd -- but it's going to cost you more than 10 percent of the loan to pay a lawyer to go get it.

Not only that, the repayment terms are often too burdensome. Here's what we want to do: Set up a system to make the loans directly. Let people pay back the loans only when they go to work, and then as a percentage of their income. So no one will ever not be able to repay, and no one will be discouraged

from taking a lower paying but perhaps more rewarding job as a teacher or a police officer or whatever, but collect the money at tax time so you cannot beat the bill. Don't let people welch on their student loan anymore. (Applause.) And we estimate this system can save you \$4.3 billion in the next five years. (Applause.) That's a lot of money. (Applause.)

Let me tell you what we'd like to do with that money -- or some of it, anyway. We'd like to give tens of thousands of our young people the opportunity to earn credit against college or pay off their college loan by doing community service before, during, or after they go to college -- working with housing

projects, working with environmental projects, working to help keep streets safer, working after they graduate as teachers or police officers in underserved areas. We can have a program of national service that is community-based that will help us solve so many of our problems.

I got a letter from a friend of mine with whom I was in grade school the other day, reminiscing about all kinds of things. And she had a very wise thing in this letter. She said, you know, somebody came up to me the other day and said, "How are we going to save all these kids that are in trouble? How are we going to get them back?" And she said -- without even thinking I said, "We're going to get them back just the way we lost them -- one at a time." Now, you think about that. (Applause.) That's what this national service proposal could do. It could give all kinds of young people a chance to do something meaningful to help earn credit to go to college and to help solve the problems of Cleveland and Cincinnati and Columbus and Dayton and every other community in this country. That's the kind of thing that I think is money well spent. And we can pay for it if we just have the discipline to make the student loan program make sense again. I think we have to do it.

Let me say -- there are many other issues I could talk about, but I want to mention one other. I have spent a lot of the last six years working on the issue of welfare. I have probably spent more time than any elected politician talking to people who live on welfare checks. And I can tell you that nobody likes the system, least of all most people who live on it. (Applause.) But if you want to move people from welfare to work, you have to realize three or four basic things. First of all, you've got to make work pay; welfare can never be a better deal. Secondly, we've got to realize that it's not the welfare check that keeps people on welfare as much as it is the child care and the medical coverage for the children. (Applause.) Most people on welfare have kids.

The third thing you've got to realize is that most people -- not all, but most people on welfare are woefully undereducated and can't claim a very good paycheck in the market that we're in -- not all, but a lot. So what is the answer? The answer is, a comprehensive plan that will empower people to go to work, require them to take jobs when they can, and set a date certain beyond which no check comes without an effort being made either in a public or a private job. That's what I think should be done. We should do away with the system as we know it forever. It is a shackle on the spirit of millions of Americans, and we can change it. (Applause.)

Now, here's what we're going to propose. One, in this plan, increase the earned income tax credit. You can fill out a form on your taxes and get money back if you're eligible for the earned income tax credit. And let's fix it so that any American who works 40 hours a week and has a child in the house is not in poverty. That is a simple, elemental principle that will reduce the incentive of welfare. (Applause.)

Second, strengthen the system of child support enforcement. Don't lose \$20 billion a year for people who beat their bills and won't support their kids. Let it cross the state lines. (Applause.)

Third, provide a system of education and training so that people are empowered to do what can be done in this economy. Fourth, deal with the health care issue through the national health initiative that I'll say more about in a minute. And then finally, set up a system -- it will take us a while to do it and to work out the financing -- but set up a system so that after a certain amount of time, if there is no private sector job, to keep drawing a check, you must make an effort. I think that will be a very good thing. And most people on welfare, once you take care of these other issues, will applaud the American people for changing that system. Nobody likes the system we've got. We've got to have the courage to change it, and I think we will this year. (Applause.)

Finally, let me say a word about the last issue, which incorporates so much of the other. If you want to bring

the deficit down to zero, which is what our goal ought to be, over a period of years, we must face the biggest exploder of the deficit, and perhaps the biggest human dilemma America faces -- and that's the health care crisis.

We're spending now -- this year we're going to spend 15 percent of our income on health care. The next nearest country will not spend 10 percent. Now, we should be spending more than everybody else for a number of reasons: Number one, we do more on medical research than any other country. Number two, we rely more on new technologies, and we enjoy that when we need it, as opposed to somebody else needing it.

Number three, we have a more diverse population with more poor people than most other advanced countries, more cases of AIDS than most other advanced countries, and we are a more violent country than any other advanced country. So we pay more money, keeping emergency rooms open on the weekend for people getting shot and cut up. (Laughter.)

You can laugh about it. These are true things. Anybody comes and paints some miracle picture on health care without telling you the truth is not credible. So we cannot -- (applause) -- we cannot get our costs down to the level of other nations unless we make changes dealing with these big structural things. We can do something about this violence if we wanted to, and I'll have more to say about that as we go through this term. I've already tried to do too much, according to the experts. But let me tell you, we cannot continue to have health care costs go up at the rate of inflation anymore. We cannot do that here.

This deficit, no matter how much we bring it down in the next five years, will start to go right up again because health care costs are going up at a projected 12 percent a year for the government. A hundred thousand Americans a month are now losing their health insurance, coming right on to the government rolls. People giving up jobs because they have sick children. People giving up health insurance to keep the small business from going broke. People giving up health insurance because they have to change jobs and they have somebody in their family sick.

And there are things that can be done about this. We are spending about 15 percent of every dollar in health insurance on administrative costs and insurance profit. That is exorbitant, it's about a dime a dollar more than any other country in the world spending.

The average doctor in 1980 was taking home 72 percent, 75 percent of all of the money that came into the clinic that he or she brought in -- 75 percent. Do you know what it is now? Fifty-two percent. Lost 23 cents on the dollar. Why? Because of paperwork. The blizzard of insurance requirements, the blizzard of government requirements and a few other things as well. We can do something about this.

Now, the trick is going to be not to spend a lot more money, but to move the money from where it shouldn't be to where it should. And some people will have to pay some more. But we are going to do the very best we can to make sure that the people who are entitled to a reduction in their insurance bills start to get it right away, and that we phase in the burdens of this so that no small business is bankrupt, so that the providers are relieved of a lot of these paperwork burdens, and so that we can actually both lower the costs to the millions and millions of Americans who are entitled to it and stabilize the rate of increase for everybody else.

Now, the naysayers can always call any new responsibility that anybody assumes that they are not assuming now a tax. And I'll -- five will get you ten, they'll never want to give any credit for all the cost reductions that will go to the tens of millions of Americans who are paying too much now. We have got to do something about this. We are the only advanced country in the world that has no system for covering everybody, maintaining health security for working families, and trying to keep costs somewhere near inflation. We can do that and preserve everything that is best about the American system, keep spending more than everybody else is, but not run this country into a

ditch. And we've got to do it. (Applause.)

In order to do it, all of us will have to take a view about the national interests that will not enable us to say, what's in it for me? We'll have to say, what's in it for us? There are a couple of things moving through the Congress that are very hopeful in that regard. One is the Senate passed a bill this week that I strongly support, that requires all the lobbyists in Washington to register for a change. Did you know they didn't have to register before? A whole bunch of them never even registered. And limit very strictly the gift that any member of Congress can receive without reporting them. They're going to have to report the money that all the lobbyists make -- (applause) -- and the lawyers. (Applause.)

And now -- we introduced last Friday a new campaign finance reform bill that will limit the cost of congressional campaigns, limit the influence of political action committees, and open the airwaves to challengers and incumbents alike so that the people get a real race every time, and pays for it by repealing the deduction for lobbyist expenses. I hope that those two things can pass. To get economic reform, you're going to have to have political reform. (Applause.) I'm sure of that. (Applause.)

Bring down the deficit. Do it with spending cuts and tax increases. No tax increases without the spending cuts. Invest -- in education and training, new technologies, incentives to business, changing the welfare system, and have political reform face health care. That is a big agenda, but that is America's agenda. If we're going to bring this country back, that is what we must do. I hope you and every American, without regard to political party, in good faith will ask the United States Congress to engage these issues this year so that we can move this country in the future.

Thank you very much, and God bless you. (Applause.)
END1:28 P.M. EDT

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Jonathan P. Gill (GILL_J) (WHO)

CREATION DATE/TIME:10-MAY-1993 12:32:00.00

SUBJECT: President's Remarks to the Citizens of Cleveland, Ohio

TO: (202) 456-6444 (WNS_1) (WHO)
 READ: UNKNOWN

TO: Christian M. Baldia (BALDIA_C) (WHO)
 READ: UNKNOWN

TO: Janet Handal (HANDAL_J) (WHO)
 READ: UNKNOWN

TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\JGILL(A)NSF.
 READ: UNKNOWN

TO: Remote Addressee (JIM KOHLENBERGER@EOP_OVP@CCGATE@EOPMRX) (DEFAUI
 READ: UNKNOWN

TO: Liz Bowyer (BOWYER_L) (WHO)
 READ: UNKNOWN

TO: Remote Addressee (1=US@2=WESTERN UNION@3=@5=EASYLINK@*ELN\62955104
 READ: UNKNOWN

TO: Remote Addressee (1=US@2=COMPUSERVE@3=CSMAIL@*ID\73030,21@MRX@EOP
 READ: UNKNOWN

TO: Remote Addressee (JACK BELCHER@1=US@2=TELEMAIL@3=HOUSE@MRX@EOPMRX
 READ: UNKNOWN

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TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\JPOLEY(A)ES
 READ: UNKNOWN

TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\DLYTEL(A)NS
 READ: UNKNOWN

TO: Jeffrey L. Eller (ELLER_J) (WHO)
 READ: UNKNOWN

ARMS Email System

TO: Lisa Mortman READ: UNKNOWN	(MORTMAN_L) (WHO)
TO: Ernest D. Gibble READ: UNKNOWN	(GIBBLE_E) (WHO)
TO: Patricia A. Enright READ: UNKNOWN	(ENRIGHT_P) (WHO)
TO: Jonathan P. Gill READ: UNKNOWN	(GILL_J) (WHO)
TO: Richard Strauss READ: UNKNOWN	(STRAUSS_R) (WHO)
TO: Maria M. Tio READ: UNKNOWN	(TIO_M) (WHO)
TO: Joshua N. Silverman READ: UNKNOWN	(SILVERMAN_J) (WHO)
TO: Jess Sarmiento READ: UNKNOWN	(SARMIENTO_J) (WHO)
TO: Lavora R. Barnes READ: UNKNOWN	(BARNES_L) (WHO)
TO: C. Patricia Cogdell READ: UNKNOWN	(COGDELL_C) (WHO)
TO: Kimberly S. Hopper READ: UNKNOWN	(HOPPER_K) (WHO)
TO: Lorraine A. Voles READ: UNKNOWN	(VOLES_L) (WHO)
TO: Margaret C. Sherry READ: UNKNOWN	(SHERRY_M) (WHO)
TO: Elizabeth A. Bernstein READ: UNKNOWN	(BERNSTEIN_E) (WHO)
TO: Carolyn Curiel READ: UNKNOWN	(CURIEL_C) (WHO)
TO: David B. Anderson READ: UNKNOWN	(ANDERSON_D) (WHO)
TO: Roy Neel READ: UNKNOWN	(NEEL_R) (VPO)
TO: Thurgood Marshall, Jr READ: UNKNOWN	(MARSHALL_T) (VPO)
TO: Greg Simon READ: UNKNOWN	(SIMON_G) (VPO)
TO: Marla Romash READ: UNKNOWN	(ROMASH_M) (VPO)
TO: Leon Fuerth READ: UNKNOWN	(FUERTH_L) (VPO)

TO: Jack Quinn (QUINN_J) (VPO)
READ: UNKNOWN

TO: Katie McGinty (MCGINTY_K) (VPO)
READ: UNKNOWN

TO: Remote Addressee (SALLY J. AMAN@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TEXT:

THE WHITE HOUSE
Office of the Press Secretary
(Cleveland, Ohio)

For Immediate Release May 10, 1993

REMARKS BY THE PRESIDENT
TO CITIZENS OF CLEVELAND
The Galleria
Cleveland, Ohio

11:10 A.M. EDT

THE PRESIDENT: Thank you very much. (Applause.)
Thank you. Thank you, Congressman Stokes, Senator Metzenbaum. I
want to thank Lou Stokes and Howard Metzenbaum for the support
that they have given to this administration to making a new
beginning for America, to putting the American people back to
work and to giving Washington back to you.

I also want to say a special word of thanks to my
friend, Eric Fingerhut, for coming here -

-

the leader of the
freshmen in Congress and a great representative. (Applause.)
Someone who believes in the cause of reform. I want to thank
your fine Mayor Mike White, who labored mightily to try to get
some more money for jobs here in Cleveland. (Applause.)

I wish people all over America who think that our
cities aren't working would come to Cleveland and see houses
being built, the stadium going up, new malls being built, and
things happening. I think it is very, very impressive what is
happening here under the leadership of Mike White. And I
appreciate him very much. (Applause.)

I also want to thank Congressman Hoke for coming
here. I'm glad to see a bipartisan representative. I'm trying
to govern in a bipartisan way and some of those fellows in the
Senate don't want me to. But if we get together on America's
problems as America, we'd do a lot better than pointing partisan
fingers. (Applause.)

Finally, I want to thank Attorney General Lee Fisher and your State Treasurer Mary Ellen Withrow. And I want to say a special word of thanks to Lee for his leadership in our campaign last year.

I haven't been to Cleveland since the day before the election -

-

that's right, that's what Lou said. I have been to Ohio once since I've been President. I look forward to coming back.

I want to talk to you a little today about why I came to the middle of the country in the middle of the day -

-

to reiterate what is at stake in Washington. I just walked through the Galleria here. I want to thank the people who opened it up to me and Mr. Cleary and Mr. Masters. I want to thank all the store owners who came out to see me. And some of them gave me some things and some of them sold me some things, which is, after all, the most important thing. (Laughter.) They did a good job.

I wanted to come back here to remind you that the reason I did all that work last year and came here and asked the people of Ohio and Cleveland to vote for me was not so I could live in the White House, but so I could give the government back to you. (Applause.)

The struggles in which we are engaged now are very important ones. It may seem strange to you, but there are really people in Washington who believe the most important thing we can do is to avoid change at all costs. It may seem strange to you after years of living with a government where the debt of this country went from \$1 trillion to \$4 trillion between 1980 and 1992, where unemployment went up and wages went down and we began to lose our competitive position, where we cut defense but had no plan to put our defense workers to work building the domestic economy -

-

with all the troubles we've got, where we've got 37 million Americans with no health insurance and others in small businesses terrified they're going to lose it, and people who can't change jobs because they've had somebody in their family sick and they know they can't get health insurance in a new place

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it may seem strange to you, but there really are people in the Nation's Capital who say no more change.

Well, I think most of you want us to do something, and I think you want us to be bold, and I think you want us to try to turn this country around, and I think you would rather see us -

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(applause) -

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I believe you'd rather see us err on the side
of effort than on the side of just preserving the status quo.
(Applause.)

You look at these children here -

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these
schoolchildren, or those fine schoolchildren back there, or these
young naval cadets. This whole deal is about whether they are
going to have the American Dream, about whether people who work
hard and play by the rules are going to wind up better off or
worse off. We've got a lot of complicated problems. And I know
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I knew when I got there it wasn't going to happen overnight.
I tried to make it happen overnight. I've been criticized for
doing more than one thing at once. I've always felt -

-
can you
do one thing at once? Can you do -

-
wouldn't it be nice if all
you had to do was go to work and not take care of your family?
Would it be nice if you could pay your bills and not earn any
money to pay them? (Laughter.) I don't understand this whole --
you can't do one thing at once. But anyway, that's what they
say.

We are trying to do a lot of things, but they all
relate to restoring the economic vitality of this country and
restoring the middle class and the values of the middle class to
a central part in American life. That is what this whole
economic program is about and what I came to talk to you about
again today.

No one said it would be easy, but it has been
immensely rewarding. In about 110 days, after two vetoes, I can
look back and say we signed the Family and Medical Leave Act to
guarantee you don't lose your job if you've got somebody sick in
your family. (Applause.)

We have put forward comprehensive plans to use
technology to generate new jobs, comprehensive plans to help move
people from defense jobs into domestic jobs and to make sure that
our young people who come out of the service after serving this
country are not just left out in the cold because of the
cutbacks. And we got a record approval of the outline of a

budget that cuts the deficit of this country over \$500 billion in the next five years with over 200 specific budget cuts and, yes, with some tax increases. Seventy percent of them fall on the upper five percent of the American people whose taxes went down and whose incomes went up in the 1980s. I think it's a good plan and it will restore hope for the American economy. (Applause.)

You know, we're trying to do something no generation of Americans has ever had to do. I came into office with a record debt. And then after the election I was told the deficit was really about \$50 billion higher in three of the next four years than we'd been told before. And, yet, we looked around and we saw we'd reduced our investment in education and training, reduced our investment in new technologies, had no plan to deal with people who lose their jobs because of defense cutbacks. And so we had to do something nobody had ever done. We had to try to find out how to bring the debt down and invest in our people, their job, and their future. I think we have got to do that. If we don't do both, we're going to be in big trouble. (Applause.)

Now, look at the result. Since the election

since
it became absolutely clear that this administration was dead serious about bringing this deficit down, interest rates in many areas have hit an all-

time low, home mortgages at a 20-

year low.

I know there are people in this audience who have refinanced a home mortgage in the last five months. I know there are people here who have lower credit card rates, lower business loan rates, lower other rates because of interest rates going down. That's going to put \$100 billion back into this economy to spur investment and growth and jobs and income if we bring the deficit down.

Now, we're going to go into a fight where everybody's going to say cut more spending and raise fewer taxes. And you know, what that really says is cut somebody else's spending and raise somebody else's taxes. I wish it were possible for us all to hide behind a tree and point at somebody else. But let's face it, in the last 12 years we got into this mess overnight -

we got into this mess not overnight, and we're not going to get out of it overnight. We also, whether we like it or not, got into it together. We're all in it together and we'd better get out of it together. We're going to have to climb out of it together, march out of it together and walk out of it together. (Applause.)

But this plan is fair. This plan has a big increase in the earned income tax credit -

to try to relieve families with income of under \$30,000 of the burden of the energy tax I propose, which will raise money and help to clean up the environment. This plan has an increase in this earned income tax credit so much that if you work 40 hours a week and you've got a child in the home, if you will apply for the tax credit you will be lifted out of poverty. That is an elemental principle and a fundamental departure in America.

We're going to reward work and not welfare for a change. If you work and you've got kids, we're going to lift you out of poverty. (Applause.)

This will work. It will bring the deficit down. It will be fairer to working families. It will help us to keep interest rates down. It will help us to grow the economy. And over the next five years, we'll have some money to invest in education and training and new technologies and jobs, and trying to help all those people in those high-

tech jobs that are losing them because of defense cutbacks -

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they can make us strong here at home if we do it right. But we've got to do it as a package.

If everybody goes around saying what's in it for me, instead of what's in it for us, the thing will come apart. That's what paralyzes America -

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every time we've got to make a tough decision, somebody says, let somebody else do it. There's nobody else to do it but us. We're going to have to lift our country up and we're going to have to do it together. (Applause.)

One of the things that I do want to do is to repeal the tax breaks that lobbyists get. (Applause.) There are 80,000 lobbyists in Washington making sure that I can't take care of your interests.

One of the things that we also have to do I think is to reform the political system. I told you if you would elect me President, I'd do my best to reduce the influence of lobbyists and special interest groups, to increase your influence; to make it possible for all of the members of Congress, without regard to party, at least to feel freer, to follow their conscience and their constituents, and to listen to them with an open ear and an open heart.

Well, there are two bills moving through the Congress now that will do just that. When I took office the first thing I did was to sign an executive order saying that people who had top jobs for me couldn't go back into lobbying for five years and could never lobby for a foreign government. (Applause.) Then a bill was introduced into the Congress that just passed the United States Senate which, for the first time, requires all the lobbyists to register and requires them to

report all the gifts they give to members of Congress over a small amount. So you'll know -

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(applause.)

And at the end of last week, we announced a new campaign finance reform bill, which will do this: it will reduce the influence of big money, it will reduce the influence of political action committees, it will reduce the influence of lobbyists, it will give political campaigns back to you. It does it by limiting the amount of money that members of Congress can take from political action committees by reducing the maximum contribution in many areas. It does it by saying that lobbyists cannot give money or raise money for members of Congress that they personally lobby. And by repealing the tax exemption that lobbyists get, we're going to take that money and give it to members of Congress as communication vouchers so we can open the airwaves to honest debate, and nobody is denied the opportunity to be on the television or the radio just because they're not an incumbent or just because they're not wired to the lobbyists. It is a good plan. It will give the government back to you, the middle class of this country, and we ought to pass it. (Applause.)

There are some other things that I think you need to know about that we're trying to do. We've introduced our plans for national service and to make college available to all Americans, and here's how it works. (Applause.) But I need your help to pass it, because there are interest groups that are against it. There are interest groups against everything.

This plan would say to every American family, you can borrow the money to go to college without fear of going bankrupt because you will not have to pay it back until you go to work. And when you go to work, you can pay it back as a percentage of your income; so that no matter how much you borrow, you can't be required to pay more than a certain percentage of your income; you can't be bankrupted to secure your future. (Applause.)

The bill also will give tens of thousands of young Americans the opportunity to pay their college loan, or a portion of it, off through service to our country -

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as teachers, as police officers, working with kids in trouble. They can earn it before they go to college, while they're in college, or after they get out. But I think people ought to be able to work to make Cleveland and Ohio a better place and pay their college loans off. (Applause.)

And, believe it or not, if we just have the courage to change the way we're financing the college loan program, we can pay for most of this, particularly in the early years. Why? Because the way the college loan programs works now, we are losing billions of dollars a year in huge transaction fees to banks and in loan defaults, because the government guarantees 90 percent of every one of these loans. So, what happens? If

somebody wants to default on the loan, what incentive does the bank have to go collect it? It would cost you 10 percent to pay the lawyer. So the taxpayers pay.

I say let's make the loans direct. Let's cut out all the fat fees. Let's make people pay them back at tax time so they can't beat the bill. More responsibility and more opportunity for everybody. (Applause.)

Let me just make two other points. First of all, while I have proposed over 200 specific budget cuts to take the lead in reducing this deficit by over \$500 billion, I want you to know that nothing we can do will reduce this deficit over the long run to zero, which is what we want, until we finally face the fact that the biggest culprit in government spending today is the exploding cost of health care.

If we don't have the courage to try to provide a basic system of health coverage to all Americans, to try to give security to small businesses and working families who have health insurance but are terrified that they're going to lose it -

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if we don't do that, then you will never get this deficit down to zero because the cost of government health care is going up by 12 percent a year. And 100,000 Americans a month are losing their health insurance.

Now, there is no easy answer to this. If it were easy, somebody else would have done it already. It's hard. Why? Because we're spending too much money on health care, but it's in all the wrong places. And the question is, how are you going to move the money from where it shouldn't be -

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in administrative costs and extra procedures and duplicated technologies and a lot of other things -

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to where it should be, covering people who don't have health insurance, without bankrupting small business, without imposing undue financial burdens, without imposing new taxes on people that are already paying too much.

Can it be done? You bet it can, but it won't be easy and it will require people who have been making a killing out of the present system to accept some change. But I'm telling you, the worse thing we can do is to do nothing. And everybody -- (applause) -

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when we come out with this plan everybody will say, well, whatever we say to provide -

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to get the money to people who don't have health insurance now or to provide health security to those who can't change jobs now, they'll call that a tax. But when we lower by millions and millions and millions of dollars a year the health insurance premiums of people who are paying too much, or the paperwork burdens of the doctors and hospitals who are spending too much money filling out paper, they don't want to count that -

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the defenders of the status quo -

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as an offset. We are going to have to change, folks, but most of what we have to do is to move the money from where it shouldn't be to where it should. We're already spending plenty of money, but we've got to move it around. (Applause.)

And you ought to be able to see that not only will it cost some people some more money to have health insurance, but a lot of people who are paying too much will save. And that is what we have to do. If we don't have the courage to change, we will not get the government budget under control. But most important, working class families in this country and small business people will never have the health security without which it is virtually impossible to have a good life over the long run. We have got to do this. And I am determined to see that we do. (Applause.)

Let me just close by saying this: This is a difficult time. I told somebody the other day that I was absolutely convinced after 100 days as President that all the easy decisions had already been made by somebody else. (Laughter.) Every day I meet with my staff and I say, send me just one easy one. (Laughter.) Let's declare a moratorium. We won't talk about anything hard today. Send me an easy one. I'm still waiting. (Laughter.)

But I want you to know that we can turn this country around, we can secure our future. It is in our power. We can bring the deficit down. We can increase our investment in education and jobs. We can meet the competitive challenges ahead of us. We can face the health care challenge. But we have got to have the courage to change. And we will win if we do that. I wish to goodness I could just say to every one of you, you don't have to do any of this. I'll just go to some other state and make them do it. (Laughter.) But I can't.

Everybody will always be able to find some fault with every comprehensive proposal like this. There's no such thing as a perfect proposal. I don't like everything about everything that we have presented in the hope of passing and securing change. But the test for this generation, the test for this whole generation is whether we are going to have the courage to make these changes, to rebuild the middle class, and to lift up the economy of this country, and to lift up all these children in this audience today. I believe you have that courage, and together we're going to do it.

Thank you, and God bless you all. (Applause.)
END11:30 A.M. EDT

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Jonathan P. Gill (GILL_J) (WHO)

CREATION DATE/TIME:10-MAY-1993 15:56:00.00

SUBJECT: Cleveland City Club Q&A 5.10.93

TO: (202) 456-6444 (WNS_1) (WHO)

READ: UNKNOWN

TO: Christian M. Baldia (BALDIA_C) (WHO)

READ: UNKNOWN

TO: Janet Handal (HANDAL_J) (WHO)

READ: UNKNOWN

TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\JGILL(A)NSF

READ: UNKNOWN

TO: Remote Addressee (JIM KOHLENBERGER@EOP_OVP@CCGATE@EOPMRX) (DEFAULT

READ: UNKNOWN

TO: Liz Bowyer (BOWYER_L) (WHO)

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READ: UNKNOWN

TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\USIA01(A)AC

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TO: Remote Addressee (ALEXIS BYRNE@1=US@2=ATTMAIL@3=GOV+USDA.SIES@5=S

READ: UNKNOWN

TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\JPOLEY(A)ES

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TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\DLYTEL(A)NS

READ: UNKNOWN

TO: Jeffrey L. Eller (ELLER_J) (WHO)

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ARMS Email System

TO: Lisa Mortman	(MORTMAN_L) (WHO)
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TO: Patricia A. Enright	(ENRIGHT_P) (WHO)
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TO: Maria M. Tio	(TIO_M) (WHO)
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TO: Joshua N. Silverman	(SILVERMAN_J) (WHO)
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TO: Jess Sarmiento	(SARMIENTO_J) (WHO)
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TO: C. Patricia Cogdell	(COGDELL_C) (WHO)
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TO: Jack Quinn (QUINN_J) (VPO)
READ: UNKNOWN

TO: Katie McGinty (MCGINTY_K) (VPO)
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THE WHITE HOUSE
Office of the Press Secretary
(Cleveland, Ohio)

For Immediate Release May 10, 1993

REMARKS BY THE PRESIDENT
DURING QUESTION AND ANSWER SESSION
WITH THE CLEVELAND CITY CLUB

The Statler Tower Building
Cleveland, Ohio

1:50 P.M. EDT

Q Mr. President, based on the congressional hearings so far, how do you expect to resolve the issue of gays in the military this July?

THE PRESIDENT: I can only tell you what I think should be done and what my guess is will be done. And I'm glad you asked this question.

Let me say one thing by way of background. The difference between my position and that of many people in the military, including most folks in the military, is over a very narrow category of people, actually. That is, in the last few months, the Armed Services have, on their own initiative after meeting with me, stopped asking people when they join up whether they are homosexual or not. That is not being asked anymore. For many years that question was not asked; it only started being asked in the relatively recent past. That will solve most of the problems.

I do not propose any changes in the code of military conduct. None. Zero. I do not believe that anything should be done in terms of behavior that would undermine unit cohesion or morale. Nothing.

Here is what this whole debate is about. It is about whether someone should be able to acknowledge, if asked -

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or otherwise, homosexuality -

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and do nothing else -

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do nothing
to violate the code of military conduct and not be kicked out of
the service. And my position is yes. Others say no. Others say
if you let someone acknowledge it, it amounts to legitimizing a
lifestyle or putting it on a par with -

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I don't see it as that.
I just believe that there ought to be a presumption that people
ought to be able to serve their country unless they do something
wrong. But you need to know -

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that is -

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it is not such a big
difference. That is what we're arguing about. We're arguing not
about any kind of conduct, but about whether people can
acknowledge that. Like that young man who was the sixth Army
soldier of the year and who's now about to be mustered out
because he acknowledged being homosexual.

It is not about asking the American people to
approve a lifestyle, to embrace it, to elevate it -

-
anything
else. The question is if you accept as a fact, as we now know
and as the Pentagon has said, there have been many, many
thousands of homosexuals serve our country and serve it well with
distinction -

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should we stop asking? They say yes and I say
yes. So we solved most of the issues. (Applause.) They say yes
and I say yes. (Applause.)

Should we change the code of conduct? They say no,
and I say no. Not at all. Not on the base, not any way. No
changes in the code of conduct. So the issue is over this what
will happen to this -

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in this narrow category of cases, and that
is what is still to be resolved. I hope my position will
prevail. Frankly, I think most people believe as a practical
matter -

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most people who have studied it -

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that the position I
have taken can be worked out and is fairest to the good men and
women who serve in the service who have done well. But they are
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I think they're frankly worried about having that position
look like they are embracing a lifestyle or legitimizing a
lifestyle they don't agree with. And I keep saying -

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that's not
what I think we're about. What I think we're about is
acknowledging people's right to do right and to be judged by what
they do. And that's sort of my position. (Applause.)

Q Mr. President, as a resident of Ohio, what
action can I take, what can I do to express my outrage at Senator
Dole and his cohorts who block a legitimate vote like the
stimulus package? (Applause.)

THE PRESIDENT: Well, what I think we need -

-
let me
make a constructive suggestion. (Laughter.) I appreciate your
sentiments, obviously, but let me make a constructive suggestion.
What I think we need to do is to go on now and pass this budget
and then just see where we are.

Let me back up and say what I think happened in that
deal. (Laughter.) I believe that I won the debate with the
American people that we needed more investments to create some
jobs now, because this economy is not producing a lot of jobs.
On the other hand, the Republicans said, well, that's fine, but
we ought to pay for it.

Well, I had announced this stimulus program as a
part of this five-

year deficit reduction program, so it had
already been incorporated by the financial markets and everybody
else who evaluated this. It was paid for in the sense that it
was part of the program. But to pass it in time to get the
summer jobs and some other things out, we had to, in effect, take
it out of sequence, if you see what I mean -

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to put it up now so
we can get the money out to create the jobs in 1993 before
Congress could have actually acted on the budget of which it was
but a small part.

So what I think -

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to be constructive, what I think
you should do is to do whatever you can to encourage the big
budget to pass -

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long-

term deficit reduction and investment
increases. Then let's watch this unemployment rate. And once we
have proved that we have the discipline in Washington to cut
spending and reduce the deficit, if we don't generate new jobs,
if the economy doesn't pick up in terms of employment, then I
think we can come back and look at that.

Now, that doesn't solve a couple of the severe
problems, like the summer jobs -

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we're still trying to assess
where we are on that. But the larger question of creating jobs
is something that I think that we need to recognize is primarily
going to be dealt with by the big budget, the big issue. But if
we need to come back, then I'll need you and all your folks,
because we need to get ahead of the curve on this one. Because
we were not trying to increase the deficit; this was part of a
big, five-

year plan where we had to take it out of sequence
because of the summer jobs issue and because we wanted a lot of
these jobs created in 1993. Thank you for asking. (Applause.)

Q What is your prognosis for the success of your
proposed aid for college students who do public service?

THE PRESIDENT: Oh, I think it's got very great
prospects of success. We've had wonderful bipartisan support for
several Republican congressmen in the House of Representatives
already asked to be cosponsors. We have at least two supporters,
Republican supporters in the Senate. And as far as I know,
virtually every Democrat is for it.

We've worked very hard to try to work out all of the
objections, and I think it will be very helpful. We're going to
move as quickly as possible. The national service part, I think
will fly through. The question of cutting down on the cost of
the loan program will be more difficult, because many of the
bankers and others who like the system as it is will oppose it.
But it's unconscionable for us to lose \$3 billion a year on loan
defaults, and \$1 billion on transaction fees which could be put
into direct loans which could then be collected. So there will
be a lot of dispute about the loan issue. But I think the
national service part of it will go through. It wouldn't hurt
for you to express your support, though, to your member of
Congress. Thank you. (Applause.)

Q Mr. President, what legislations do you hope to pass in order to help protect the environment while cutting the national deficit?

THE PRESIDENT: There are several things that we want to do. As you know, the Vice President and I have both worked very hard on this issue since we took office. I want to sign the biodiversity treaty, and I expect to do it, committing the United States to help preserve wildlife species. We want to be part of an international effort to preserve wildlife and plant life in the United States and in the rainforest, especially around the world. We want to reduce the emissions of greenhouse gases in this country to 1990 levels over this coming decade, which I think we can do.

And we want to invest some of the money that is coming from defense cutbacks into environmental technologies and environmental cleanup here at home, so that those technologies can produce American jobs, many of which can also lead in exporting.

The biggest new commercial market in the world in the next 10 years will be the market for various environmental technologies and services. It is a huge gold mine out there waiting to be tapped. When the countries met in Rio last year, regrettably the Germans and the Japanese were much ahead of the United States in total in environmental technology companies and services. But we have a lot of very successful ones here in the United States, and I hope we can galvanize more of them. If we do this right, cleaning up the environment won't cost us jobs, it'll save us jobs. It'll have a big positive impact. (Applause.)

He asked a good question. Give him a hand. Isn't he good? Thank you.

Q Mr. President, perhaps this is a bit premature. But does your health care program incorporate a focus on wellness as well as merely curing illnesses? And what I mean by wellness is universal immunization, health examinations and so forth. Or, perhaps Mrs. Clinton might answer that a little bit better. (Laughter.)

THE PRESIDENT: Well, let me say that it will, and that if it were just up to the two of us, it would focus on wellness much more. You may know that, for example, there are a lot of countries -

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in France, for example, where even working-

class families get a family allowance when a woman is pregnant. You can only draw the family allowance if the mother can prove that she has followed a certain regime of maternal health, designed to produce a healthy baby.

I saw the other day in the paper that some Republican congressman had suggested that we ought to do the same thing with immunizations for people on public assistance having to immunize their kids. I thought that was a good idea. I think

that we should have a big wellness prevention component of this.
That is -

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that's another point I wish I had made in my remarks.
But we are exploring what our options are there.

There will be every effort made to have a strong education and prevention and wellness component of this health care effort. And I might add that if we can have more clinics in chronically underserved areas and more health educators there, I think we can do that. That's one way you can save a ton of money in the system, and I think you must know that or you would not have asked the question.

Thank you. (Applause.)

Q Mr. President, your administration has proposed two new taxes. First, a value-

added tax in which goods would be taxed at each stage of production. Secondly, an energy BTU tax in which coal, gas, oil and other forms of energy would be taxed at each stage of use. Are not these taxes inflationary in that they compound at each stage? And, secondly, they push up the consumer price index to which wages, prices, and Social Security and other entitlements are indexed to the consumer price index.

THE PRESIDENT: Well, first, let me say I have proposed a BTU tax, and I'd like to come back to that. I have not proposed a VAT tax. I have not. (Applause.) There have been a lot of rumors about it.

You should know -

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it's interesting that you should know with whom a VAT tax is popular. Hillary's health care group

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the First Lady's health care group -

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was asked to consider a VAT tax by an unusual coalition of big business and labor interests. Why? Because other countries have a VAT tax -

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most other countries have a VAT tax of some kind and we don't, and a value-

added tax is one of the few ways that you can -

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somebody
who advocated it now wants to get off of it -

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(laughter and
applause) -

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anyway, a value-

added tax is one of the few ways
that you can avoid taxing your own exports and tax someone else's
imports. That is, it is placed on things sold in your country.
So when our competitors in Europe, for example, have a value-

added tax, when they produce things for sale in the United States
it's not subject to the tax. When we sell our stuff over there,
it's already carried the full burden of our taxes and it gets hit
with the VAT.

So there are a lot of business and labor interests
who believe that, conceptually, even if we lower some other tax,
we should embrace the VAT tax because it helps us in
international trade. I had never thought of it as an answer to
the health care problem, because I thought it would aggravate the
maldistribution of paying for the problem. It would allocate the
burden of paying for the problem in ways that I didn't think were
particularly fair. But that's what it is.

Now, on the BTU tax, let me say that America taxes
energy less than any other country. There were a lot of
suggestions for how we might raise funds to reduce the deficit.
The energy tax clearly is the thing which, for all kinds of
reasons, had the biggest impact on the financial markets.

I was reluctant -

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there were people who said,
"Well, you ought to have a carbon tax; that's the most
polluting." I thought that was unfair to the coal-

producing
states. Then there were people who said, "Well, we have real low
gas taxes." We do, but states also set gas taxes. "We have real
low gas taxes. You ought to have a gas tax." I thought that was
unfair to the rural areas, particularly west of the Mississippi
where they have much higher per-

vehicle usage.

The reason we decided to go with the BTU tax is that
you can put it uniformly on all sources of energy so that it
doesn't fall with incredible disproportion on any given sector.
Now, the problem is that for the sectors that are especially
energy-

intensive, it hurts them more than a gas tax. And it

hurts people who don't pay anything for their energy now. So farmers, for example, that had a fuel tax exemption are dealing with this burden. And you know, we've tried to come to grips with that. I don't think there is a perfect solution. But I like the BTU tax, because it promotes energy conservation, it's good for the environment, and it's fairer, I think, to every region than any other energy alternative that we could devise.

And then we tried to have -

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let me follow up on that -

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we tried to increase the earned income tax credit -

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that is, the proposal -

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so that for people with earnings of \$29,000 a year or less, \$30,000 a year or less with families, the impact of the BTU tax would be offset by the increase they'd get in the tax cut under the earned income tax credit.

Q Good afternoon, Mr. President.

THE PRESIDENT: Good afternoon.

Q What I'd like to know is, first of all, your economic plan is twofold. It is to cut spending and secondly to encourage more government spending in the private sector. Well, obviously there's a lot of support for the first part -

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cutting spending. What I'd like to know is, there seems to be a lack of enthusiasm for the second part. One is: How do you plan to get that through? Basically, how do you plan to garner more support for it? And, once you get your economic package through, how much input are just ordinary people going to have to this? And when will we feel it at our level?

THE PRESIDENT: Well, depending on whether you borrowed any money since November, you've already felt it. From the minute Secretary-

designate of the Treasury said after the election -

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Lloyd Bentsen said we were going to attack the deficit and how we were going to do it and what was going to be in it, we began to have pretty steep drops in interest rates. So

if you have any -

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if you're paying any kind of interest payments, you've already felt it.

The question that -

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the reason I was for the job stimulus program -

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to go back to the jobs program that the gentleman asked me in the back -

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is that I wanted to be able to lower the unemployment rate by another half a percentage point this year through an investment program, because all over the world -

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I will say again -

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all over the world -

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Europe's got a higher unemployment rate than we do. Japan has a much lower unemployment rate than we do because it's got a more closed economy, but they also are not creating jobs, and many of their firms are laying off for the first time in modern history. So I wanted to do that.

So you will -

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let me just tick them off -

-

you should be able -

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if we pass the budget, I think we will secure a healthier financial environment for the next year, and I think that will help everyone. If we can pass health care, I think, by next year people will begin to feel the impact of greater health security. If we can pass it -

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it's a big job and it's going to
take a lot of work.

The student loan program, if it passes, it will
affect people immediately. People will be eligible who are now
in college for it, as well as those who would wish to go. The
same thing with the apprenticeship program. The welfare reform
program should begin to have effect next year. Those are just
some of the things that I think will actually touch people's
lives and make a big difference.

I think the trick on -

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to go back to the question
the other gentleman asked -

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to getting people to support the
targeted spending for education, training and technology is to
make sure that you lock the spending cuts in first before you do
the taxes, and that overall, that the spending increases are
small compared to the spending cuts, which they are, in our plan.
So I think to me, that's the trick and that's what I'm trying to
achieve, and I hope you'll be with me when we do it. Thank you.

Thank you very much. (Applause.)

END1:50 P.M. EDT

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THE WHITE HOUSE

Office of the Press Secretary
(Cleveland, Ohio)

For Immediate Release May 10, 1993

REMARKS BY THE PRESIDENT
TO CITIZENS OF CLEVELAND

The Galleria
Cleveland, Ohio

11:10 A.M. EDT

THE PRESIDENT: Thank you very much. (Applause.)
Thank you. Thank you, Congressman Stokes, Senator Metzenbaum. I want to thank Lou Stokes and Howard Metzenbaum for the support that they have given to this administration that making a new beginning for America, to putting the American people back to work and to giving Washington back to you.

I also want to say a special word of thanks to my friend, Eric Fingerhut, for coming here -- the leader of the freshmen in Congress and a great representative. (Applause.) Someone who believes in the cause of reform. I want to thank your fine Mayor Mike White, who labored mightily to try to get some more money for jobs here in Cleveland. (Applause.)

I wish people all over America who think that our cities aren't working would come to Cleveland and see houses being built, the stadium going up, new malls being built, and things happening. I think it is very, very impressive what is happening here under the leadership of Mike White. And I appreciate him very much. (Applause.)

I also want to thank Congressman Hoke for coming here. I'm glad to see a bipartisan representative. I'm trying to govern in a bipartisan way and some of those fellows in the Senate don't want me to. But if we get together on America's problems as America, we'd do a lot better than pointing partisan fingers. (Applause.)

Finally, I want to thank Attorney General Lee Fisher and your State Treasurer Mary Ellen Withrow. And I want to say a special word of thanks to Lee for his leadership in our campaign

last year.

I haven't been to Cleveland since the day before the election -- that's right, that's what Lou said. I have been to Ohio once since I've been President. I look forward to coming back.

I want to talk to you a little today about why I came to the middle of the country in the middle of the day -- to reiterate what is at stake in Washington. I just walked through the Galleria here. I want to thank the people who opened it up to me and Mr. Cleary and Mr. Masters. I want to thank all the store owners who came out to see me. And some of them gave me some things and some of them sold me some things, which is, after all, the most important thing. (Laughter.) They did a good job.

I wanted to come back here to remind you that the reason I did all that work last year and came here and asked the people of Ohio and Cleveland to vote for me was not so I could live in the White House, but so I could give the government back to you. (Applause.)

The struggles in which we are engaged now are very important ones. It may seem strange to you, but there are really

people in Washington who believe the most important thing we can do is to avoid change at all costs. It may seem strange to you after years of living with a government where the debt of this country went from \$1 trillion to \$4 trillion between 1980 and 1992, where unemployment went up and wages went down and we began to lose our competitive position, where we cut defense but had no plan to put our defense workers to work building the domestic economy -- with all the troubles we've got, where we've got 37 million Americans with no health insurance and others in small businesses terrified they're going to lose it, and people who can't change jobs because they've had somebody in their family sick and they know they can't get health insurance in a new place -- it may seem strange to you, but there really are people in the Nation's Capital who say no more change.

Well, I think most of you want us to do something, and I think you want us to be bold, and I think you want us to try to turn this country around, and I think you would rather see us -- (applause) -- I believe you'd rather see us err on the side of effort than on the side of just preserving the status quo. (Applause.)

You look at these children here -- these schoolchildren, or those fine schoolchildren back there, or these young naval cadets. This whole deal is about whether they are going to have the American Dream, about whether people who work hard and play by the rules are going to wind up better off or worse off. We've got a lot of complicated problems. And I know -- I knew when I got there it wasn't going to happen overnight. I tried to make it happen overnight. I've been criticized for doing more than one thing at once. I've always felt -- can you do one thing at once? Can you do -- wouldn't it be nice if all you had to do was go to work and not take care of your family? Would it be nice if you could pay your bills and not earn any money to pay them? (Laughter.) I don't understand this whole -- you can't do one thing at once. But anyway, that's what they say.

We are trying to do a lot of things, but they all relate to restoring the economic vitality of this country and restoring the middle class and the values of the middle class to a central part in American life. That is what this whole economic program is about and what I came to talk to you about again today.

No one said it would be easy, but it has been immensely rewarding. In about 110 days, after two vetoes, I can look back and say we signed the Family and Medical Leave Act to guarantee you don't lose your job if you've got somebody sick in your family. (Applause.)

We have put forward comprehensive plans to use technology to generate new jobs, comprehensive plans to help move people from defense jobs into domestic jobs and to make sure that

our young people who come out of the service after serving this country are not just left out in the cold because of the cutbacks. And we got a record approval of the outline of a budget that cuts the deficit of this country over \$500 billion in the next five years with over 200 specific budget cuts and, yes, with some tax increases. Seventy percent of them fall on the upper five percent of the American people whose taxes went down and whose incomes went up in the 1980s. I think it's a good plan and it will restore hope for the American economy. (Applause.)

You know, we're trying to do something no generation of Americans has ever had to do. I came into office with a record debt. And then after the election I was told the deficit was really about \$50 billion higher in three of the next four years than we'd been told before. And, yet, we looked around and we saw we'd reduced our investment in education and training, reduced our investment in new technologies, had no plan to deal with people who lose their jobs because of defense cutbacks. And

so we had to do something nobody had ever done. We had to try to find out how to bring the debt down and invest in our people, their job, and their future. I think we have got to do that. If we don't do both, we're going to be in big trouble. (Applause.)

Now, look at the result. Since the election --since it became absolutely clear that this administration was dead serious about bringing this deficit down, interest rates in many areas have hit an all-time low, home mortgages at a 20-year low. I know there are people in this audience who have refinanced a home mortgage in the last five months. I know there are people here who have lower credit card rates, lower business loan rates, lower other rates because of interest rates going down. That's going to put \$100 billion back into this economy to spur investment and growth and jobs and income if we bring the deficit down.

Now, we're going to go into a fight where everybody's going to say cut more spending and raise fewer taxes. And you know, what that really says is cut somebody else's spending and raise somebody else's taxes. I wish it were possible for us all to hide behind a tree and point at somebody else. But let's face it, in the last 12 years we got into this mess overnight -- we got into this mess not overnight, and we're not going to get out of it overnight. We also, whether we like it or not, got into it together. We're all in it together and we'd better get out of it together. We're going to have to climb out of it together, march out of it together and walk out of it together. (Applause.)

But this plan is fair. This plan has a big increase in the earned income tax credit -- to try to relieve families with income of under \$30,000 of the burden of the energy tax I propose, which will raise money and help to clean up the environment. This plan has an increase in this earned income tax credit so much that if you work 40 hours a week and you've got a child in the home, if you will apply for the tax credit you will be lifted out of poverty. That is an elemental principle and a fundamental departure in America.

We're going to reward work and not welfare for a change. If you work and you've got kids, we're going to lift you out of poverty. (Applause.)

This will work. It will bring the deficit down. It will be fairer to working families. It will help us to keep interest rates down. It will help us to grow the economy. And over the next five years, we'll have some money to invest in education and training and new technologies and jobs, and trying to help all those people in those high-tech jobs that are losing them because of defense cutbacks -- they can make us strong here at home if we do it right. But we've got to do it as a package.

If everybody goes around saying what's in it for me, instead of what's in it for us, the thing will come apart. That's what paralyzes America -- every time we've got to make a tough decision, somebody says, let somebody else do it. There's nobody else to do it but us. We're going to have to lift our country up and we're going to have to do it together. (Applause.)

One of the things that I do want to do is to repeal the tax breaks that lobbyists get. (Applause.) There are 80,000 lobbyists in Washington making sure that I can't take care of your interests.

One of the things that we also have to do I think is to reform the political system. I told you if you would elect me President, I'd do my best to reduce the influence of lobbyists and special interest groups, to increase your influence; to make it possible for all of the members of Congress, without regard to party, at least to feel freer, to follow their conscience and their constituents, and to listen to them with an open ear and an open heart.

Well, there are two bills moving through the Congress now that will do just that. When I took office the first thing I did was to sign an executive order saying that people who had top jobs for me couldn't go back into lobbying for five years and could never lobby for a foreign government. (Applause.) Then a bill was introduced into the Congress that just passed the United States Senate which, for the first time, requires all the lobbyists to register and requires them to report all the gifts they give to members of Congress over a small amount. So you'll know -- (applause.)

And at the end of last week, we announced a new campaign finance reform bill, which will do this: it will reduce the influence of big money, it will reduce the influence of political action committees, it will reduce the influence of lobbyists, it will give political campaigns back to you. It does it by limiting the amount of money that members of Congress can take from political action committees by reducing the maximum contribution in many areas. It does it by saying that lobbyists cannot give money or raise money for members of Congress that they personally lobby. And by repealing the tax exemption that lobbyists get, we're going to take that money and give it to members of Congress as communication vouchers so we can open the airwaves to honest debate, and nobody is denied the opportunity to be on the television or the radio just because they're not an incumbent or just because they're not wired to the lobbyists. It is a good plan. It will give the government back to you, the middle class of this country, and we ought to pass it. (Applause.)

There are some other things that I think you need to know about that we're trying to do. We've introduced our plans for national service and to make college available to all Americans, and here's how it works. (Applause.) But I need your help to pass it, because there are interest groups that are against it. There are interest groups against everything.

This plan would say to every American family, you can borrow the money to go to college without fear of going bankrupt because you will not have to pay it back until you go to work. And when you go to work, you can pay it back as a percentage of your income; so that no matter how much you borrow, you can't be required to pay more than a certain percentage of your income; you can't be bankrupted to secure your future. (Applause.)

The bill also will give tens of thousands of young Americans the opportunity to pay their college loan, or a portion of it, off through service to our country -- as teachers, as police officers, working with kids in trouble. They can earn it before they go to college, while they're in college, or after they get out. But I think people ought to be able to work to make Cleveland and Ohio a better place and pay their college loans off. (Applause.)

And, believe it or not, if we just have the courage to change the way we're financing the college loan program, we can pay for most of this, particularly in the early years. Why? Because the way the college loan programs works now, we are losing billions of dollars a year in huge transaction fees to banks and in loan defaults, because the government guarantees 90 percent of every one of these loans. So, what happens? If somebody wants to default on the loan, what incentive does the

bank have to go collect it? It would cost you 10 percent to pay the lawyer. So the taxpayers pay.

I say let's make the loans direct. Let's cut out all the fat fees. Let's make people pay them back at tax time so

they can't beat the bill. More responsibility and more opportunity for everybody. (Applause.)

Let me just make two other points. First of all, while I have proposed over 200 specific budget cuts to take the lead in reducing this deficit by over \$500 billion, I want you to know that nothing we can do will reduce this deficit over the long run to zero, which is what we want, until we finally face the fact that the biggest culprit in government spending today is the exploding cost of health care.

If we don't have the courage to try to provide a basic system of health coverage to all Americans, to try to give security to small businesses and working families who have health insurance but are terrified that they're going to lose it -- if we don't do that, then you will never get this deficit down to zero because the cost of government health care is going up by 12 percent a year. And 100,000 Americans a month are losing their health insurance.

Now, there is no easy answer to this. If it were easy, somebody else would have done it already. It's hard. Why? Because we're spending too much money on health care, but it's in all the wrong places. And the question is, how are you going to move the money from where it shouldn't be -- in administrative costs and extra procedures and duplicated technologies and a lot of other things -- to where it should be, covering people who don't have health insurance, without bankrupting small business, without imposing undue financial burdens, without imposing new taxes on people that are already paying too much.

Can it be done? You bet it can, but it won't be easy and it will require people who have been making a killing out of the present system to accept some change. But I'm telling you, the worse thing we can do is to do nothing. And everybody -- (applause) -- when we come out with this plan everybody will say, well, whatever we say to provide -- to get the money to people who don't have health insurance now or to provide health security to those who can't change jobs now, they'll call that a tax. But when we lower by millions and millions and millions of dollars a year the health insurance premiums of people who are paying too much, or the paperwork burdens of the doctors and hospitals who are spending too much money filling out paper, they don't want to count that -- the defenders of the status quo -- as an offset. We are going to have to change, folks, but most of what we have to do is to move the money from where it shouldn't be to where it should. We're already spending plenty of money, but we've got to move it around. (Applause.)

And you ought to be able to see that not only will it cost some people some more money to have health insurance, but a lot of people who are paying too much will save. And that is what we have to do. If we don't have the courage to change, we will not get the government budget under control. But most important, working class families in this country and small business people will never have the health security without which it is virtually impossible to have a good life over the long run. We have got to do this. And I am determined to see that we do. (Applause.)

Let me just close by saying this: This is a difficult time. I told somebody the other day that I was absolutely convinced after 100 days as President that all the easy decisions had already been made by somebody else. (Laughter.) Every day I meet with my staff and I say, send me just one easy one. (Laughter.) Let's declare a moratorium. We won't talk about anything hard today. Send me an easy one. I'm still waiting. (Laughter.)

But I want you to know that we can turn this country around, we can secure our future. It is in our power. We can bring the deficit down. We can increase our investment in

education and jobs. We can meet the competitive challenges ahead of us. We can face the health care challenge. But we have got to have the courage to change. And we will win if we do that. I wish to goodness I could just say to every one of you, you don't have to do any of this. I'll just go to some other state and make them do it. (Laughter.) But I can't.

Everybody will always be able to find some fault with every comprehensive proposal like this. There's no such thing as a perfect proposal. I don't like everything about everything that we have presented in the hope of passing and securing change. But the test for this generation, the test for this whole generation is whether we are going to have the courage to make these changes, to rebuild the middle class, and to lift up the economy of this country, and to lift up all these children in this audience today. I believe you have that courage, and together we're going to do it.

Thank you, and God bless you all. (Applause.)
END11:30 A.M. EDT

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Ken Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:10-MAY-1993 12:39:00.00

SUBJECT: GREENWIRE --- Monday --- May 10, 1993 ---

TO: Marla Romash (ROMASH_M) (VPO)
READ: UNKNOWN

TEXT:

--- Monday --- May 10, 1993 ---

THE DAILY EXECUTIVE BRIEFING ON THE ENVIRONMENT
Updated Each Morning At 11:50
282 North Washington Street, Falls Church, VA (703) 237-5130
=====

BROWNER BOWS TO COURT ORDER
EPA reacts to Supreme Court
Delaney ruling by banning 5 ag.
pesticides. Browner calls for
a new law; "little consensus"
on possible changes. (#5)

GREEN ALERT
TRIMMING THE TREES: Clinton
admin. instructs forest
policy working groups to
limit NW timber harvest in
owl land to 1/3-1/4 of
1980s level. (#3)

HAZARDOUS STUDIES
Studies show links between
hazwaste exposure, birth
defects. (#7)

IN TRANSIT
Volvo electric car "hybrid"
seen as "practical stopgap."
Makers of CFC-sub's trade
accusations. (#14-15)

BUSH-WACKED ON ARCTIC DRILLING?
GAO report says Bush admin.
misled Congress on ANWR. (#13)

XENOPHOBIA: Foreign species
crowding out natives. (#10)

SPOTLIGHT
OCEANS APART IN KYOTO
A whale-sized cultural
clash is expected this week
as the Int'l Whaling
Commission opens its annual
meeting in Japan.
Today's DAILY YOMIURI
reports battle lines drawn
over "ecological" vs.
"cultural" preservation.
-- Japan sees ban as lack
of understanding, respect
for its culture.
-- Norway likely to risk
membership in EC to resume
whaling in Arctic.
-- Enviros accuse Japan of
"buying" Caribbean votes.
-- Killing of whales for
scientific research (and
then consumption) gets air
time in US. (#1)
IWC policy revisions seem
unlikely as Japan and
Norway will be hard-pressed
to muster the three-fourths
majority needed to change
existing regs.

===== QUOTE OF THE DAY =====
"It is ironic that we are considering EPA elevation
legislation when there are very few people to elevate."
-- Rep. William Clinger (R-PA), on remaining empty posts

at the agency. (#2)

GREENWIRE/DATABASE INDEX

SPOTLIGHT STORY

WHALING: Clash of cultures expected as IWC meeting opens. (#1)

SOCIETY AND POLITICS

EPA ELEVATION: Waxman takes aim at cost-benefit amendment. (#2)

FORESTS: Admin.'s instructions along enviros' lines. (#3)

ENERGY TAX: Clinton team braces as lobbyists seek changes. (#4)

ENVIRONMENT AND THE LAW

DELANEY CLAUSE: High court ruling prods EPA pesticide ban. (#5)

CLEAN AIR: SMOG: Getty agrees to alter ethanol blend in NJ. (#6)

HAZARDOUS SUBSTANCES

HAZWASTE: Studies link exposure to health problems. (#7)

WARD VALLEY: Low-level dump plan takes step forward. (#8)

VERTAC CHEMICAL PLANT: State out of money, looks to EPA. (#9)

NATURAL RESOURCES

FOREIGN SPECIES: Outgrowing their welcome. (#10)

GRIZZLIES: Idaho Gov. bearish on recovery plan. (#11)

BAY OYSTERS: Scientists say swift action must be taken. (#12)

ENERGY: ANWR: Report suggests Bush admin. misled Congress. (#13)

MARKETPLACE

CFC-FREE: "Chiller Wars" stall air conditioner phase-out. (#14)

ELECTRIC CAR: Hybrid to lead to zero-emission vehicles? (#15)

FINE: Arkansas company agrees to record penalty. (#16)

STATE REPORTS

FL: Ante is upped for Everglades cleanup plan. (#17)

MI: Palisades nuke plant to unload waste into casks. (#18)

TX: After 4 years, Superfund will address smelter site. (#19)

STATE LINES (#20)

GLOBAL ISSUES

US-CANADA: Victoria's sewage dumping piques senator. (#21)

WORLDVIEW: BELGIUM: Parliament agrees to energy tax. (#22)

WORLD BRIEFS (#23)

MEDIA MONITOR: TODAY'S HEADLINES (#24)

NOTICE: GREENWIRE has openings for summer interns. Fax resume to Liz Skinner, (703) 237-5299.

===== FACT OF THE DAY =====

Some 275 million tons of hazwaste -- 1,900 pounds annually for each person -- are generated every year in the US, according to the federal Agency for Toxic Substances and Disease Registry. (#8)

===== SPOTLIGHT STORY =====

*1 WHALING: CLASH OF CULTURES EXPECTED AS IWC MEETING OPENS

The 45th annual meeting of the International Whaling Commission opens today in Kyoto, Japan (mult.). "Anti-whaling countries and environmentalists, behind the banners of ecological preservation and animal rights, have become pitted against pro-whaling countries waving the flags of cultural preservation and sustainable resource use," reports today's Tokyo DAILY YOMIURI. Japan will reintroduce last year's proposal that the whaling moratorium be dropped (5/10). Norway plans to resume commercial whaling in the Arctic no matter what the IWC decides, which may threaten its bid to join the EC (YOMIURI, 5/10), since the EC bans trading of whale products (JO. OF COMMERCE, 5/10). A three-quarters majority of the 39-member IWC is needed to change existing regulations, and only Japan and Norway "explicitly" support whaling (YOMIURI, 5/10).

The IWC scientific cmte determined last year 1,700 to 2,000

minke whales could be harpooned annually in the Antarctic without endangering the population (Laura King, AP/WASH. TIMES). But IWC report editor Greg Donovan "acknowledged that political considerations probably would weigh more heavily on the commission's actions than what the scientists say." Kieran Mulvaney of Greenpeace, who is attending the IWC forum as an observer: "We're not going to persuade them and they're not going to persuade us." Enviros have accused Japan of "buying" votes of Caribbean nations to oppose a US-backed French whale sanctuary plan (5/10). On 5/7, the World Wide Fund for Nature called for the creation of an Antarctic sanctuary (YOMIURI, 5/8).

CULTURAL CLASH: Former US IWC rep. William Aron: "The economics of whaling in each of these countries is very small, but the moral issues are very, very large" (Evelyn Iritani, SEATTLE POST-INTELLIGENCER, 5/10). The debate could "feed Japan's already strong sense that it cannot expect outsiders to understand and respect its cultural traditions" (AP/RICHMOND TIMES-DISPATCH, 5/9). Seiji Inui, owner of one of two whale meat restaurants in Osaka, Japan: "When Europeans say [eating whale meat] is barbaric, what do they think about eating turkeys for Christmas?" (Hisano Ohse, Reuters/PHILA. INQUIRER, 5/8).

SCIENTIFIC RESEARCH DEBATE: ABC's "Day One" reported on the international whaling industry and the "loophole" in the ban on commercial whaling -- hunting whales for scientific purposes. Host ABC's Forrest Sawyer: "Decide for yourself if this lethal research is justified." Lisa MacReady reported that scientists say they have to kill species such as the minke whale in order to study them. Bill Jordan, advisor to the IWC: "The cruelty of this is absolutely extreme. It's horrifying when you think that a civilized country could allow something like this to happen in this day and age." Yoshihiro Fujise, whaling fleet scientist: "We need to do lethal research in order to study the migration patterns and the age of the animals, and by doing this it allows [us] to monitor and manage the whale." MacReady reported that the whales killed by the Japanese research fleet are "butchered and packaged for sale" as meat (5/9).

===== SOCIETY AND POLITICS =====

*2 EPA ELEVATION: WAXMAN TAKES AIM AT COST-BENEFIT AMENDMENT

An amendment added by Sen. Bennett Johnston (D-LA) to the Senate-passed bill to elevate EPA to Cabinet-level status would reduce the agency's effectiveness, Rep. Henry Waxman (D-CA) charged last week (Rita Beamish, AP/N.O. TIMES PICAYUNE). Waxman, speaking 5/6 at House hearings on the effort to elevate EPA, said that Johnston's amendment requiring EPA to do a cost-benefit analysis of every new regulation "would sacrifice vitally important health and environmental protection gains we have achieved for the American public through years of hard-fought battles here in Congress." Johnston denied Waxman's allegations, saying his intent was to ensure EPA closely studies the costs of new regs. Johnston: "Some of [the new regs] hopefully won't be passed if we go through this process" (5/7).

Passage of the EPA elevation bill, "once considered a sure thing, has run into serious trouble" on the Hill, reports U.S. NEWS & WORLD REPORT. The reason for the holdup is two provisions deemed "unacceptable" by enviros. The first is the Johnston amendment. The other would reduce the power of the proposed White House Office of Environmental Policy, giving authority instead to EPA. Enviros say moving oversight powers -- held by the White House Council on Environmental Quality -- out of the WH would weaken supervision of enviro policy (5/17 issue).

POINTING TO APPOINTMENTS: Rep. William Clinger (R-PA), on remaining empty posts at the agency: "It is ironic that we are considering EPA elevation legislation when there are very few people to elevate" (Karl Vick, ST. PETE TIMES). In a meeting with Rep. John Conyers (D-MI), EPA admin. Carol Browner promised that concern for "environmental justice" would be part of every decision EPA makes (5/7).

EDITORIALS: N.O. TIMES-PICAYUNE: "Raising the federal government's environmental protection program to Cabinet level status is an action whose time has come" (5/7). TAMPA TRIBUNE: "It would be foolish, and irresponsible, to exclude from the US Cabinet an agency whose influence spans every aspect of American life" (5/6).

*3 FORESTS: ADMIN.'S INSTRUCTIONS ALONG ENVIROS' LINES

The Clinton admin. suggested on 5/7 that it plans to "shrink timber harvests one-third to one-quarter below levels of the 1980s in the northern spotted owl's range on federal lands." The suggestion "came in instructions to working groups developing policies to resolve the Northwest's timber conflicts," reports Rob Taylor in the SEATTLE POST-INTELLIGENCER. The papers gave the "first detailed glimpse" of the kinds of solutions Pres. Clinton will consider. In the papers, "the White House rules out making exceptions to key environmental laws or accepting a high risk that some species would be wiped out." It appears headed for timber harvest levels comparable to those leading enviro groups have recommended. Wilderness Society's Mike Anderson said "this sort of sets the range" of harvest levels the admin. is considering. Taylor reports "never before has the administration made such specific commitments" (5/8).

EDITORIALS: RICHMOND TIMES-DISPATCH: "Wearing his Lackey-to-the-Environmentalists hat, Clinton wants to halt commercial logging in national forests. ... Loggers and their families will not be the only ones hurt by the proposal" (5/9). ST. PETE TIMES: "The public should not be asked to serve up its own national forests to timber companies that won't pay a fair price. ... The president has made jobs one of his top priorities. This is an opportunity for him to bring a more enduring economic change, one that doesn't depend on the destruction of the public's irreplaceable ancient forests" (5/4).

*4 ENERGY TAX: CLINTON TEAM BRACES AS LOBBYISTS SEEK CHANGES

The Clinton admin., having already granted exemptions to its energy tax "in response to political pressures, ... is now struggling to rescue the tax against a hoarde of lobbyists looking to pick it apart" (Steven Greenhouse, N.Y. TIMES). Lobbyists are pressuring for changes in the BTU proposal -- "the most significant new tax in the president's economic package" -- because the admin. "has already made so many major concessions ... in response to searing political heat." Although some of Washington, DC's "most potent" industry lobbies -- National Assn of Manufacturers, American Petroleum Institute and American Farm Bureau -- "have vowed to kill the tax," admin. "officials and many members of Congress predict it will survive -- even if substantially reworked." The tax "faces its biggest test" on the Senate Finance Cmte, where Dems hold only an 11-9 edge over GOPers. The admin. "may be forced" to make concessions to some farm- or oil-state Dems "to keep them on board." Cmte Chairman Daniel Moynihan (D-NY): "I would expect more changes in it because it has so many moving parts" (5/10).

===== ENVIRONMENT AND THE LAW =====

*5 DELANEY CLAUSE: HIGH COURT RULING PROMPTS EPA PESTICIDE BAN

"Complying with a mandate of the US Supreme Court," the EPA revoked permission on 5/7 for the use of five agricultural pesticides and announced that petitions for 16 others will be denied (Rudy Abramson, L.A. TIMES). The action affects seven food crops: potatoes, tomatoes, hops, apples, rice, grapes and mint. "Tests have shown that the chemicals involved produce cancer in laboratory animals and they are known to become concentrated in processed foods." EPA Administrator Carol Browner said the agency continues to believe the chemicals affected by the announcement "pose only negligible risk." However, she said the Supreme Court decision (GREENWIRE 2/23 #12) "leaves us little choice but to deny emergency exemptions to pesticides that would be covered by the Delaney Clause." The court ruling has "generated pressure for new food safety legislation and Browner promised Friday that the Clinton administration will work with Congress to develop it" (5/8).

The EPA estimates that the food and pesticide industries stand to lose \$70 million this year as a result of the decision. "There is now broad agreement that the Delaney Clause is too rigid a standard for assessing potential harm to human health," reports W.S. JOURNAL's Timothy Noah, "but there is little consensus about how to replace it" (5/10). Browner: "[The move] highlights the need for new legislation that addresses food safety" (Reuters/INVESTOR'S BUSINESS DAILY, 5/10). EPA is currently accepting public comments on what to do about 34 commonly used pesticides that may have to be banned under the Supreme Court decision (Reuters/JO. OF COMMERCE, 5/10).

===== CLEAN AIR =====

*6 SMOG: GETTY AGREES TO ALTER ETHANOL BLEND IN NEW JERSEY

The Getty Petroleum Corporation has agreed to switch to non-ethanol blended gasoline at 224 service stations in New Jersey in order to settle a dispute with NJ environmental officials (GREENWIRE 5/6 #3), reports today's W.S. JOURNAL. Getty began selling ethanol-blended gasoline six months ago to comply with Clean Air Act regs designed to reduce carbon monoxide. But NJ environmental officials prohibit ethanol-blended gasoline from 5/1 through 9/15, "a period when carbon monoxide pollution is not a problem." Getty had taken the dispute to federal court last month after state officials ordered the gasoline retailer to alter its gasoline content. Getty had sued, arguing that NJ regs were in conflict with federal rules. But a federal district court judge upheld the state rule, "and the parties agreed to extend the deadline for the change until tomorrow." Getty has said it will not appeal the ruling (5/10).

===== HAZARDOUS SUBSTANCES =====

*7 HAZWASTE: STUDIES LINK EXPOSURE TO HEALTH PROBLEMS

At the nation's first International Congress on Health Effects of Hazardous Waste last week in Atlanta, GA, numerous studies showed links "between exposure to pollution or contamination and health problems," reports Scott Bronstein in the ATLANTA CONSTITUTION. Maureen Lichtveld, chief biomedical officer for public health practice at the Agency for Toxic Substances and Disease Registry in Atlanta: "We now have several studies that show there are a higher number of children born with birth defects in mothers who live near hazardous waste sites, as compared to mothers who do not." Lichtveld said some 275 million tons of hazwaste are generated every year in the US -- that is 1,900 pounds annually for every man, woman and child. According to studies performed by Lichtveld's agency, at least 250,000

people have been affected by "acute release events," like spills, accidents or waste releases. However, funding for research into the health effect of hazwaste is "shrinking." Today, less than one cent of every Superfund dollar is spent on examining the health effect of exposure to waste, according to the agency's Dr. Barry Johnson. Johnson: "We don't know enough about human health and toxic exposure because we have not committed the resources to finding out more" (5/8).

SUPERFUND SMEAR: "It is the environmental law that everyone loves to hate. Everyone, that is, except the lawyers and polluters who have made a mockery of the not-so-super Superfund while toxic pits and festering ponds continue to scar landscapes and endanger surrounding communities," writes Cleveland PLAIN DEALER's Tom Diemer in an analysis piece (5/9).

*8 WARD VALLEY: LOW-LEVEL DUMP PLAN TAKES ANOTHER STEP FORWARD

A proposed nuclear waste dump in California's Mojave Desert moved closer to construction 5/7 when a state court ruled that Gov. Pete Wilson's (R) admin. does not have to hold a hearing to address safety and liability issues related to the dump (Maria La Ganga, L.A. TIMES). Interpretation of the ruling varied widely. A Wilson spokeswoman said that the hearing will not be conducted, but opponents of the dump say the decision ruled that Wilson does not have to hold hearings if he does not want to. They say Wilson merely is not prohibited from holding the hearings. State Controller Gray Davis: "The court's decision puts the ball squarely in the Wilson administration's court." Once a licensing decision is made, only one obstacle remains for the low-level nuke waste dump -- the US Dept. of Interior must transfer the 1,000-acre site to the state before construction can begin. The Senate Rules Cmte said it will appeal the 5/7 ruling (5/8).

*9 VERTAC CHEMICAL PLANT: STATE OUT OF MONEY, LOOKS TO EPA

The Arkansas Dept. of Pollution Control and Ecology has asked the EPA to "assume supervision of the incineration project at the old Vertac Chemical Corp. plant site in Jacksonville," according to a state spokesman (Sandy Davis, Little Rock ARK. DEM-GAZETTE). Doug Szenher, a PC&E spokesman: "We're out of money." AR has spent \$10.7 million to incinerate more than 11,500 drums of hazardous waste stored at the site, which was declared a Superfund site in 1982. There are still about 16,500 drums of waste to be incinerated. Szenher said "supervision of the site would be transferred to EPA as soon as the agency negotiated a contract with Vertac Site Contractors, the company hired by the state to incinerate the drums of waste" (5/8).

WTI INCINERATOR: The hazwaste incinerator in East Liverpool, OH, which failed mercury emissions tests in 3/93, is unable to destroy mercury, the Ohio EPA has concluded. Therefore, Waste Technologies Industries will only be allowed to feed its incinerator 3.5 pounds of mercury a day, the maximum allowable emissions amount, according to agency spokeswoman Jennifer Nichols. Carol Cookerly of WTI "said engineers may have been overzealous by spiking the burning waste mixture with too much mercury during the tests" (T.C. Brown, Cleveland PLAIN DEALER, 5/7).

===== NATURAL RESOURCES =====

*10 FOREIGN SPECIES: OUTGROWING THEIR WELCOME

Governments, enviros and scientists are increasingly concerned about many imported plant and animal species. "Although foreign pests have plagued US agriculture for decades, they increasingly are being viewed as threats to native woodlands, waterways and wetlands" (D'Vera Cohn, WASH. POST).

Ecologists fear aggressive foreign plant species "will take over natural areas, creating a homogenized landscape." The imported "objects of scorn" include plants like English ivy, which is commonly used in back-yard gardens, the Japanese honeysuckle and the European zebra mussel. "Anti-import sentiment is rising because international commerce is speeding the arrival of new species," and because of concern for preserving biological diversity, including endangered species (5/10).

*11 GRIZZLIES: IDAHO GOV. BEARISH ON RECOVERY PLAN

Gov. Cecil Andrus (D-ID), a supporter of restoring Idaho's salmon populations, is not as responsive about grizzly bear recovery, reports Julie Titone in Spokane (WA) SPOKESMAN REVIEW. Andrus last week criticized grizzly recovery efforts, saying the US Fish and Wildlife Service has not proved the species should be listed as threatened in Idaho. Andrus said that a plan to move bears to re-establish a regional population is "absurd." Timber industry officials worry about a bear recovery program because road closures and preservation of roadless areas are primary tools of grizzly recovery. In a 2/93 letter to sawmill owner Richard Bennett, Andrus promised "to do [his] part in attempting to bring about a responsible resolution to the misuse of the Endangered Species Act." Christopher Servheen, grizzly recovery coordinator for the Fish and Wildlife Service: "The bear has been listed (as a threatened species) since 1975. We're mandated to do what we have to do to recover it" (5/7).

*12 BAY OYSTERS: SCIENTISTS SAY SWIFT ACTION MUST BE TAKEN

Maryland and Virginia must act quickly to save the "moribund shellfish population" in the Chesapeake Bay, marine scientists said 5/6 at a meeting with the Chesapeake Bay Commission in Williamsburg, VA (Timothy Wheeler, Balto. SUN). Oyster harvests are at an all-time low and the population has been destroyed by parasites that kill oysters before they reach marketable size. Both states must expand efforts to restore the acreage of oyster reefs worn down by watermen or buried by silt over the last hundred years, the panel said. Among the panel's recommendations are: adopting new restrictions on oystering to prevent overpicking; turning some waterways into permanent sanctuaries; and encouraging oyster aquaculture by entrepreneurs in waters leased from the government (5/9).

===== ENERGY =====

*13 ANWR: REPORT SUGGESTS BUSH ADMIN. MISLED CONGRESS

A General Accounting Office report released 5/7 by Rep. George Miller (D-CA), disputes a Bush admin. claim that the Trans-Alaska Pipeline System (TAPS) would run dry around 2009 "unless Congress authorized oil drilling in the Arctic National Wildlife Refuge by 1997" (Yereth Rosen, Reuters/HOUSTON CHRONICLE). The GAO report says the Bush Dept. of Energy "painted an alarmist picture" of the TAPS, and the report said "no one really knows how much oil will be produced on the North Slope in the future. ... Therefore, DOE's conclusion that TAPS will shut down between 2006 and 2011, with 2009 as the 'most likely' year, implies a level of precision that does not exist." In a news release issued by Miller, the congressman "said some oil companies refused to cooperate with the GAO report" (5/8).

===== MARKETPLACE =====

*14 CFC-FREE: "CHILLER WARS" STALL AIR CONDITIONERS' PHASE-OUTS

The phase-out of chlorofluorocarbons by the air-conditioning industry has "stalled" primarily because of a multibillion-dollar marketing brawl between producers of the CFC-free air-conditioners, reports Scott McMurray in today's W.S. JOURNAL.

The "Chiller Wars," as they have been dubbed, primarily involve two of the largest companies -- Carrier Corp. and Trane Co. -- which are attacking each other's choice of CFC alternatives. Carrier claims Trane's favored coolant, HCFC-123, is a risk to human health, saying it caused benign tumors in rats. Trane says the safety concerns are overblown, and that Carrier's coolant of choice, the hydrocarbon HFC-134a, causes global warming. But, as far as the EPA is concerned, "we consider all the alternatives on the market as acceptable replacements for CFCs," says Jean Lupinacci, chief of the EPA's technology and substitutes division. Meanwhile, the conflict has confused corporate engineers and building managers, causing them to slow their phase-out, despite the fast-approaching deadline (5/10).

EC's CFCs: CFC users in the refrigeration industry "are facing a scramble" to find alternative products before the 1/95 EC phaseout deadline. Figures show the sector will have to cut CFC consumption by about 50% this year to meet the target (EUROPEAN CHEMICAL NEWS weekly, 5/3 issue).

*15 ELECTRIC CAR: HYBRID TO PAVE WAY TO ZERO-EMISSION VEHICLES?

As auto makers work to develop zero-emission electric vehicles, they "are becoming increasingly pessimistic about coming up with a practical, competitive one in this decade," reports Al Haas in PHILA. INQUIRER. Electric ZEVs have several drawbacks, among them limited range (60 to 120 miles), a \$2,000 battery pack that has to be replaced every few years and a lack of recharging stations. However, a "hybrid" electric vehicle like Volvo's experimental sedan unveiled at the recent New York Auto Show could offer a "practical stopgap" on the road to the zero emission electric car. The hybrid is a battery-powered electric vehicle with its own charging system that consists of a generator driven by an economical gas or diesel engine. Allen Rothwarf, electrical engineering professor at Drexel U.: "The hybrid is a very sensible compromise at this stage" (5/9).

ON THE ROAD TO THE GREEN CAR: Car manufacturer Energy Partners hopes to have its prototype pollution-free vehicle, the Green Car, on the road this summer, according to Rhett Ross, engineer and marketing dir. for the company (AP/TAMPA TRIBUNE). Ross: "Our primary interest is to get [the Green Car] to Washington, DC, and get increased government interest" (5/6).

*16 FINE: ARKANSAS COMPANY AGREES TO RECORD PENALTY

Environmental Systems Co. of El Dorado, AR, agreed to pay \$475,000 in cash and in-kind services in the largest financial penalty ever levied by the Arkansas Dept. of Pollution Control and Ecology, the agency announced 5/7 (David Kern, Little Rock ARK. DEM-GAZETTE). The agency said Ensco agreed to the penalties on the condition that the company does not admit to any violations or liability. PC&E noted 200 incidents in the agreement. Steve Darnell, Ensco plant manager, who said none of the violations threatened the environment or public health: "In our industry, you are held up to a standard of perfection, and it's difficult to achieve that." Mardell Smith, member of an informal group watching area companies that handle hazwaste, on whether the penalties against Ensco will deter the firm from further violations: "I don't think so. They just pay the fines off and continue business as usual" (5/8).

===== STATE REPORTS =====

*17 FLORIDA: ANTE IS UPPED FOR EVERGLADES CLEANUP PLAN

A revised cleanup plan for the Florida Everglades would require more land and more money, according to a scientist-devised proposal that was presented last week (AP/TAMPA TRIBUNE).

The proposal would increase cleanup costs by \$65 million, to \$465 million, although how the costs would be divided has yet to be determined. The plan also calls for four manmade marshes to be created, taking about 27,000 acres of farmland out of production for use in the marshes. Some scientists estimate the marshes could filter out more than 70% of the pollution draining off fields in the Everglades Agricultural Area and an adjacent area. The plan would also provide the Everglades with up to 65 billion gallons of additional water daily (5/7). TALLAHASSEE DEMOCRAT editorial: "If the [Army Corps of Engineers] really has signed up to fix the Everglades, then environmentalists have gained a mighty ally. The Corps has a track record of accomplishing jobs that once seemed impossible" (5/5).

*18 MICHIGAN: PALISADES NUKE PLANT TO UNLOAD WASTE INTO CASKS

Inside the Consumers Power Co.'s Palisades Nuclear Power Plant near South Haven, MI, on 5/7 a massive crane was scheduled to begin lifting "lethally radioactive fuel rods from an indoor storage pool and moving them into two large concrete-and-steel casks." Despite a lawsuit filed 5/4 by state Attorney General Frank Kelley, an enviro group and three Palisades neighbors, the casks will later be shipped outside the plant to a concrete pad about 150 yards from Lake Michigan (Emilia Askari, DETROIT FREE PRESS). US District Judge Robert Holmes Bell on 5/6 declined the request to stop the transfer and said he would rule today on whether his court has jurisdiction. Bell said if Consumers loaded the casks before his ruling today, that "it would do so at its own risk" (5/7).

*19 TEXAS: AFTER 4 YEARS, SUPERFUND WILL ADDRESS SMELTER SITE

"West Dallas' worst pollution site has been inspected, documented and written about for more than a decade. But it has not been cleaned up," report Loftis and Flournoy in DALLAS MORNING NEWS. The paper found a "10-year pattern of inspection reports that brought no results, despite massive evidence of risk" and documents that show warnings of public health risks, which "went unheeded because of what one official agreed was bureaucratic buck-passing." Inspectors found "violations by the dozen" at the abandoned RSR lead smelter in 1989. Since then the EPA and the state have argued over who should be responsible for clean up, but none has ever been undertaken. Today, the EPA will announce that the smelter, "with the same contamination it had in 1989, will be part of a Superfund cleanup for West Dallas" (5/8).

*20 STATE LINES

MAINE: Scientists have shown the proposed Topsham-Brunswick bypass highway cuts through the spawning area of short-nosed sturgeon, an endangered species (AP/BANGOR DAILY NEWS, 5/7).

MASSACHUSETTS: Boston Edison officials acknowledge there may be a problem with a key safety device at the Pilgrim nuclear power plant, but they do not plan to have it corrected for at least another year, saying they have not yet decided on the best way to handle the problem (Dianne Dumanoski, BOSTON GLOBE, 5/6).

NEW YORK: The state's highest court ruled 5/6 that the New York Legislature "illegally recalled from Gov. Mario Cuomo's desk a bill that would block a proposed Saratoga County landfill" in Northcumberland (Paul Foy, Schenectady GAZETTE, 5/7).

===== GLOBAL ISSUES =====

*21 US-CANADA: VICTORIA'S SEWAGE DUMPING PIQUES SENATOR

Washington Sen. Slade Gorton (R) "is so upset about Victoria, B.C.'s practice of dumping untreated sewage into waters shared with the US that he wants to make a diplomatic issue of

it," writes Joel Connelly in today's SEATTLE POST-INTELLIGENCER. Gorton is asking Sec'y of State Warren Christopher to put the issue on the agenda of the UN Environment Program's governing council, which meets early next year. Gorton, in a letter to Christopher, complained that Victoria's intention of continuing to dump ocean sewage for up to 25 years is unacceptable. Gorton: "The city of Victoria's casual disregard for our maritime environment runs the potential risk of all but nullifying the extra money which people in Washington pay for ... sewage-treatment facilities ... to protect the pristine beauty of Puget Sound." As of 5/7, the State Dept. had not responded (5/10).

===== WORLDVIEW =====

*22 BELGIUM: PARLIAMENT AGREES TO ENERGY TAX

The Belgian Senate's advisory cmte on European Affairs, chaired by former Prime Minister Wilfried Martens, agreed to EC levies on CO2 and energy to curb global warming, reports Brussels' DE STANDAARD. This is the first time parliament has formed an opinion before the directive is adopted by EC. The cmte said the CO2 levy need not be offset by other tax decreases. The senators favored a reduction on industry's contributions, which could have a "positive impact on employment" (5/7).

*23 WORLD BRIEFS

BULGARIA: Bulgarian experts are studying the possibility of constructing an underground radioactive waste deposit on the banks of the Danube River (Taniug press agency, Bucharest [Romania] ADEVARUL). The proposed site is near the nuclear power station Kozlodui, one of the most "insecure" plants in Eastern Europe, which is where the radwaste would come from (5/7).

GREECE: The EC should halt funding the "highly controversial" irrigation and hydropower dam project along the Acheloos River in Greece because it threatens "whole villages," according to the World Wide Fund for Nature. WWF-Greece Dir. Georgia Valaoras: "In its attempt to raise the economic status of its member state, the EC is being asked to continue funding a project which is inappropriate and poorly adapted to the ecological conditions of Greece" (WWF release, 5/6).

===== MEDIA MONITOR =====

*24 TODAY'S HEADLINES

NEW YORK TIMES

"The White House Struggles to Save Energy Tax Plan" (A1) (#4)
 "Perot Is Dead Wrong on NAFTA" -- op-ed (A18)
 "Break in Asbestos Logjam" (D8)

WASHINGTON POST

"Biology: When Oil Spills Worsen With Time" (A2)
 "Newcomers Muscle Native Species Aside" (D1) (#10)

WALL STREET JOURNAL

"Air-Conditioner Firms Put Chill on Plans To Phase Out Use of Chlorofluorocarbons" (B1) (#14)
 "Utility Rebates Power Sales of Energy-Saving Products" (B2)
 "Getty to Alter Blend Of Gasoline To Settle Dispute in New Jersey" (B6) (#6)
 "EPA Will Halt Use of 4 Pesticides In Processed Foods" (B8) (#5)

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RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Jonathan P. Gill (GILL_J) (WHO)

CREATION DATE/TIME:10-MAY-1993 08:58:00.00

SUBJECT: AgAm 5.10.93

TO: Patricia A. Clark (CLARK_P) (OA)
READ: UNKNOWN

TO: Arthur L. Jones (JONES_A) (WHO)
READ: UNKNOWN

TO: Carter Wilkie (WILKIE_C) (WHO)
READ: UNKNOWN

TO: Eric Berman (BERMAN_E) (WHO)
READ: UNKNOWN

TO: Nestor M. Davidson (DAVIDSON_N) (WHO)
READ: UNKNOWN

TO: Stuart E. Trevelyan (TREVELYAN_S) (WHO)
READ: UNKNOWN

TO: Arnold Shore (SHORE_A) (OA)
READ: UNKNOWN

TO: Keith Boykin (BOYKIN_K) (WHO)
READ: UNKNOWN

TO: David Leavy (LEAVY_D) (WHO)
READ: UNKNOWN

TO: Thomas F. McLarty (MCLARTY_T) (WHO)
READ: UNKNOWN

TO: Doris O. Matsui (MATSUI_D) (WHO)
READ: UNKNOWN

TO: Margaret A. Williams (WILLIAMS_MA) (WHO)
READ: UNKNOWN

TO: Bruce K. Sasser (SASSER_B) (OMB)
READ: UNKNOWN

TO: Barry J. Toiv (TOIV_B) (OMB)
READ: UNKNOWN

TO: Leon Fuerth (FUERTH_L) (VPO)
READ: UNKNOWN

TO: Marla Romash (ROMASH_M) (VPO)
READ: UNKNOWN

TO: Steven Akey (AKEY_S) (WHO)
READ: UNKNOWN

TO: Janet Handal (HANDAL_J) (WHO)

ARMS Email System

READ: UNKNOWN

TO: Stephen B. Silverman (SILVERMAN_S) (WHO)
READ: UNKNOWN

TO: Christine A. Varney (VARNEY_C) (WHO)
READ: UNKNOWN

TO: Jeffrey L. Eller (ELLER_J) (WHO)
READ: UNKNOWN

TO: Lisa Mortman (MORTMAN_L) (WHO)
READ: UNKNOWN

TO: Ernest D. Gobble (GIBBLE_E) (WHO)
READ: UNKNOWN

TO: Patricia A. Enright (ENRIGHT_P) (WHO)
READ: UNKNOWN

TO: Jonathan P. Gill (GILL_J) (WHO)
READ: UNKNOWN

TO: Richard Strauss (STRAUSS_R) (WHO)
READ: UNKNOWN

TO: Maria M. Tio (TIO_M) (WHO)
READ: UNKNOWN

TO: Joshua N. Silverman (SILVERMAN_J) (WHO)
READ: UNKNOWN

TO: Jess Sarmiento (SARMIENTO_J) (WHO)
READ: UNKNOWN

TO: Lavora R. Barnes (BARNES_L) (WHO)
READ: UNKNOWN

TO: C. Patricia Cogdell (COGDELL_C) (WHO)
READ: UNKNOWN

TO: Kimberly S. Hopper (HOPPER_K) (WHO)
READ: UNKNOWN

TO: Lorraine A. Voles (VOLES_L) (WHO)
READ: UNKNOWN

TO: Margaret C. Sherry (SHERRY_M) (WHO)
READ: UNKNOWN

TO: Elizabeth A. Bernstein (BERNSTEIN_E) (WHO)
READ: UNKNOWN

TO: Carolyn Curiel (CURIEL_C) (WHO)
READ: UNKNOWN

TO: David B. Anderson (ANDERSON_D) (WHO)
READ: UNKNOWN

TEXT:

Monday, May 10, 1993

* * * * * COPYRIGHT NOTIFICATION * * * * *

Redistributing AG a.m. outside USDA violates copyright on the source material. PESTICIDE EXEMPTION REVOCATIONS (W.Post-5/9, WSJ, JOC, AP-5/8, Reuter-5/7, 2 stories) -- EPA revoked permission for use of five farm pesticides and said petitions for 16 others will be denied because tests show the chemicals cause cancer. The action will affect seven food crops; one agency official said it could mean \$100 million in lost crops. EPA's administrator said the chemicals pose only a negligible risk, but a Supreme Court decision leaves the agency little choice but to deny the exemptions. The food industry says the zero tolerance provision of the Delaney clause should be replaced with a negligible risk standard. EPA said it will work with Congress to develop new food-safety legislation that reflects sound public policy and science.

MINING LEGISLATION (LA Times-5/7) -- A Senate committee backed an industry-supported version of mining law reform, leaving many volatile issues to be worked out in Senate/House negotiations. Environmentalists called the bill a mockery of reform; the industry said it was a reasoned approach.

RURAL ELECTRIC CO-OP LOBBYING (W.Post-5/8) -- The article reviews the lobbying efforts by 3,000 rural citizens who put on a "folksy display of support for the REA" last week. The article notes recognition of the lobbying power of the National Rural Electric Cooperative Assn., and relays the objections of some that NRECA has mischaracterized the government benefits the public power systems receive. The Post looks at some of the issues being considered (it mentions the co-ops' desire to refinance high-interest loans).

SUNKIST'S MARKETING PROBLEMS (BusWeek-5/17) -- The article says the Justice Dept. is expected to press Sunkist Growers Inc. to pay substantial fines to settle charges the co-op members exceeded sales quotas and Sunkist covered up the cheating. Busweek says Sunkist's woes stem from the marketing orders which the co-op vigorously defends, and it claims former Sec. Madigan eliminated the 1993 marketing order for navel oranges because of suspected abuse of quotas. The article mentions a lawsuit alleging some packinghouses, partly owned by Sunkist board members, violated quotas.

WHEAT EEP TARGETING REVIEWED (FWN-5/7) -- Administration sources say USDA's proposed wheat EEP allocations raised some interagency eyebrows because of an apparent shift toward targeting traditional Canadian markets. The source called the proposals "alarming" and "clearly a shift toward an unprecedented level of disregard for free traders in the world." A market contact outlined a number of Canadian practices and said, "Canada a non-subsidizing free trader? Don't make me laugh."

(Wires-5/7) -- Sec. Espy said USDA will be making announcements shortly on the allocations for EEP wheat.

FOOD SAFETY COALITION (AP) -- Twenty four consumer, health, nutrition and agriculture groups have formed a coalition to push for a new national policy on food safety, new congressional committees on food policy, and a new federal agency to manage food policy. They want bans on use of irradiation and toxic chemicals to treat unfit meat and poultry.

TREATMENT FOR ATRAZINE POLLUTION (UPI-5/9) -- A project in Illinois is directed at preventing atrazine-laced farm runoff from reaching a public water source. It could become a model for pollution prevention in the Corn Belt.

RUSSIA SITUATION (W.Post) -- Jack Anderson says the debate over shipping aid to Russia is "greed versus greed." He says grain companies want cargo preference scrapped because its costs reduce the amount of grain to be shipped, but he notes that USDA also could purchase the commodities from foreign countries at lower prices. He outlines some of the points being made by the maritime industry in order to maintain their share of the subsidies.

(Reuter-5/7) -- Five senators asked GAO to study the cost of US cargo preference laws. They said in some cases, the costs averaged over three times the cost to transport in foreign-flag vessels.

(KRF-5/7, UPI-5/8, FWN-5/7) -- Sec. Espy said USDA will try not to use

tankers to ship corn to Russia because of moisture problems. He pledged to reject freight bids that were out of line, but noted he is obligated to honor the requirement to ship 75% of the food aid on US-flag vessels.

(JOC) -- The article outlines reasons why US shippers may not carry 75% of the aid cargo to Russia.

(Reuter-5/7) -- Sec. Espy said another meeting with the Russians may be needed to work out the list of high-value goods to be purchased as part of the \$700-million package.

NO DECISION ON BST (W.Post-5/8) -- FDA's advisory panel has made no decision on whether food labels should carry information about bovine somatotropin. The article outlines some questions the panel was trying to get answers for during the hearings, and some of the points presented for and against the hormone. Consumer activist Jeremy Rifkin said the Foundation on Economic Trends will fight the hormone in the marketplace.

(PRN-5/7) -- Science, veterinary, farm and food groups told the FDA panel they oppose labeling of products to show they came from cows treated with BST. They said there is no difference between milk produced with BST and that produced without it.

(BW-5/7) -- Dairy processors in the state of Washington have told their farmer-suppliers they will not accept milk from cows treated with BST. The general manager of the state's Dairy Products Commission said farmers are already efficient at producing milk and supplies are adequate. He said if consumers become concerned and cut back on dairy consumption, the farmers will lose out.

(UPI-5/7) -- The president of the Wisconsin Farmers Union says consumers want to know what they are eating and the government should require milk from BST-treated cows to be labeled. He says there is no US milk shortage.

IMPACT OF BTU TAX (NY Times, FWN-5/7) -- FWN presents highlights of an administration analysis of the impact of the Btu tax on farm operations; it says farm production costs would increase about \$900 million annually. The Times examines objections farm interests have to the tax proposals.

(KRF-5/7, UPI-5/8) -- Environmentalists and consumer advocates oppose an amendment to the Btu-tax proposal which would weaken the environmental impact of the tax and place more of its burden on consumers. They say exemptions for ethanol and methanol have weakened the proposal already and the amendment to impose a single national-average tax rate on electricity would damage environmental objectives.

WILDLIFE PROTECTION PLAN CRITICIZED (AP-5/8) -- Some experts say the president's guidelines, to interagency working groups developing proposals for timber management and protecting wildlife, could cut logging in half in Northwest forests, but conservationists say the proposal could yield a protection plan too weak to meet US environmental laws. The article mentions previous management alternatives for saving the spotted owl.

(JOC) -- The article reviews efforts to protect the spotted owl and the impact they will have on lumber mills beginning this summer.

BARLEY PLAN'S EFFECTS (KRF-5/7) -- A US agricultural attache in Canada said the plan being considered, under which the Canadian Wheat Board would no longer control barley exports, could flood the US with five times the usual amount of barley and depress prices.

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RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Ken Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:11-MAY-1993 12:39:00.00

SUBJECT: HOTLIN --- Tuesday --- May 11, 1993 ---

TO: Marla Romash (ROMASH_M) (VPO)
 READ: UNKNOWN

TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
 READ: UNKNOWN

TO: Remote Addressee (SALLY J. AMAN@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
 READ: UNKNOWN

TEXT:

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--- Tuesday --- May 11, 1993 ---
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--- THE DAILY BRIEFING ON AMERICAN POLITICS ---

Updated Each Morning At 11:50

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SCOPING HUBBELL

Blacks, conservatives forming unholy alliance on country club issue? Judiciary's Moseley-Braun silent until hearings.

SENATORIAL PRIVILEGE: Pet issues hold up some Clinton appointments. (#2)

GOP "WORLD VIEWS" COLLIDE

Still looking for common ground on abortion. (#4)

JUST A "SIDESHOW"

Action from Rules probe of Packwood campaign lying highly unlikely. (#16)

ON THE HOUSE '94

AZ 04: "Serious Seven" look at Kyl's GOP seat. (#11)

IN 07: Trust him, he's Harmless. (#13)

MO 05: A "scramble" should Wheat go for Senate. (#15)

NECK AND NECK IN JERSEY

Whitman closes gap from 3/93 RECORD poll -- now within margin vs. Florio at 38-34%.

GOP PRIMARY: Edwards poll shows it closer than RECORD but

SPOTLIGHT

BACK TO THE FUTURE

Clinton's return to the outside-the-beltway campaign was designed to buck-up his economic plan Buckeye-style.

OHIO HEADLINES gave him the desired reaction.

Cleveland PLAIN DEALER:

"Clinton revives agenda of

change." Akron BEACON

JOURNAL: "It's back to the

economy." DAYTON DAILY

NEWS: "Clinton focuses on economy in Cleveland."

BUT everywhere Clinton goes, the national press is sure to follow. They've heard it all before, are bored with it, and what they covered was his lack of focus: "All too-detailed ... detours from message ... presses for each of a dozen initiatives ... edged toward shrillness ... rambling." (See #1)

Whitman still looks safe. (#9)

===== QUOTE OF THE DAY =====

"No. But he explains things so well."

Rep. Sherrod Brown (D-OH) on whether he "heard anything new" from Clinton in Cleveland yesterday, PLAIN DEALER, 5/11.

THE APN BULLETIN BOARD

FROM TODAY'S GREENWIRE: 36% of Americans would not consider buying an electric car, according to a J.D. Power poll.
FROM TODAY'S DAILY REPORT CARD: A voucher program for low-income parents passes IL Senate, but defeated in the House.
FROM TODAY'S ABORTION REPORT: KS AG Stephans (R) to challenge constitutionality of state's 3rd-trimester abortion ban.
FROM TODAY'S AMERICAN HEALTH LINE: The DNC's Nat'l Health Care Campaign prepares its marketing plan for health reform.

HOTLINE/DATABASE INDEX

THE CLINTON ADMINISTRATION

CLINTON IN CLEVELAND: On the road again. (#1)

JOB BOARD: Black leaders question Hubbell's sincerity. (#2)

CLINTON AND TAXES: Chamber comes out against. (#3)

NATIONAL BRIEFING

GOP: Conservatives and centrists argue abortion. (#4)

WHITE HOUSE '96: Kemp criticized on HUD deal. (#5)

GAYS IN THE MILITARY: Senators get a first-hand look. (#6)

BOSNIA: While plans unfold, the drama goes on. (#7)

CAMPAIGNS OF '93

TX SENATE: Runoff date officially 6/5. (#8)

NJ GOVERNOR: Neck and neck. (#9)

NYC MAYOR: Liberals endorse GOP Giuliani again. (#10)

50 STATE REPORT

AZ: Names surfacing for the next year of the woman. (#11)

IL: Rep. Hyde dismisses charges in RTC suit. (#12)

IN: Mrs. Quayle for Gov and a harmless Rep? (#13)

MI: Sen. Riegle preps for '94 campaign. (#14)

MO: Wheat causing congressional scramble. (#15)

OR: Rules cmte hearing scrapes raw nerve. (#16)

POLL UPDATE: Americans Talk Issues (#17)

TV MONITOR (#18)

CORRECTION: Due to an error by the "McLaughlin's One on One" transcription service, a quote attributed to Rep. Tom Lantos (D CA) regarding military options in Bosnia during his appearance on that show should have been attributed to ex-Yugoslavian Prime Minister Milan Panic.

???? OVERLOOKED ???? ?

WHAT A DIFFERENCE A YEAR MAKES: Fannie Mae's National Housing Survey of 2,198 respondents, conducted by Dem pollster Peter Hart and GOP pollster Robert Teeter 4/7-23, revealed 50% of the U.S. public believes this is "a very good time to buy a home." Last year's survey found 38% agreeing with that statement.

===== THE CLINTON ADMINISTRATION =====

*1 CLINTON IN CLEVELAND: ON THE ROAD AGAIN

Under header, "President finds a respite in Heartland," Cleveland PLAIN DEALER's Sharkey notes the "thunderous applause" that greeted Clinton in OH. The "packed" audience "literally interrupted his stump speech with applause" although the address "did not break much ground on the domestic front." Rep. Sherrod Brown (D-OH) on whether he "heard anything new": "No. But he explains things so well" (5/11). PLAIN DEALER's Brazaitis: "After 110 frustrating days in Washington," Clinton came here

"looking for sympathy and support from the people who elected him." Clinton "summed everything up in one, clip-it-and-tape-it-to-the-refrigerator-door paragraph": "Bring down the deficit. Do it with spending cuts and tax increases -- no tax increases without the spending cuts. Invest -- in education and training, new technologies, incentives to business, changing the welfare system. Have political reform. Face health care" (5/11). PLAIN DEALER header: "Clinton revives agenda of change" (5/11). PLAIN DEALER side-bar stories covered Clinton's trip to a shopping mall, his visit to the pierogies restaurant he visited during the campaign, a Rhodes scholar he spoke to in the crowd, and a phone call he made to an injured patrolman (5/11). PLAIN DEALER editorial: "The hour-long session lacked a stirring theme, clearly and convincingly delivered, that could mobilize voters to support his plans" (5/11). Akron BEACON JOURNAL header: "It's back to the economy." BEACON JOURNAL's Hoffman & Turnbull write Clinton "returned home ... and refocused on the economy" (5/11). Clinton "left Bosnia behind" (Miller, DAYTON DAILY NEWS, 5/11).

NATIONAL MEDIA: "Trying to recapture the magic that took him" to the WH, Clinton "journeyed" to OH "trying to revive his image as the agent of change" (Rankin, PHILA. INQUIRER, 5/11). Clinton, "who has been virtually chained" to the WH, "appeared to relish his chance to leave Washington and its criticisms." In comments to reporters, Clinton "displayed some bitterness that he was not receiving credit for supporting popular items" like lobbying restrictions. "At times," Clinton "edged toward shrillness in his insistence that his plan was the best path for the American people" (Ifill, N.Y. TIMES, 5/11). "Warned by Senate Democrats that his infant presidency is already at risk," Clinton "returned to the campaign trail [5/10] to fight for his embattled economic program" (Nelson, N.Y. DAILY NEWS, 5/11). NBC's Mitchell: "Clinton hit the road today to try to recapture the spirit of his successful campaign" (5/10). CNN's Blitzer: "[Clinton] is doing what he likes to do best: get outside the Washington beltway and campaign" (5/10). NPR's Liasson: "After weeks of soul-searching, the [WH] staff has determined that the remedy for what ails [Clinton] ... is to get [him] out of the Oval Office and back in front of the public where he can best demonstrate his political skills" ("All Things Considered," 5/10). NPR's Cheryl Devall: "The President is in campaign mode again, talking to business luncheons and shaking hands at shopping malls in an effort to let Americans know he hasn't given up on his economic plan" ("Morning Edition," 5/11).

FOCUS, OR LACK THEREOF: W.S. JOURNAL header: "Clinton, in Trip to Cleveland, Defends Agenda." Subhead: "President derides critics as he presses for each of a dozen initiatives" (5/11). KNIGHT-RIDDER's Rankin notes Clinton "touched on topics ranging from the Rural Electrification Act to national service to trimming the White House staff" (PHILA. INQUIRER, 5/11). W. POST header: "On the Road, Clinton Detours From Message" (5/11). The speech "was a recast stump speech, emphasizing budget cuts, social responsibility and political and campaign finance reform" (Nichols, USA TODAY, 5/11). "His plan to focus like a 'laser beam' on economic issues turned into a light show with flashes of attention on all his favorite programs -- except foreign policy" (Bedard, W. TIMES, 5/11). NPR's Liasson: "Clinton responded to the criticism that he is doing too much with a spirited defense of his unlimited appetite for issues and programs" ("ATC," 5/10). "Clinton did make good on his purpose of giving a detailed populist defense of his plan. ... But he couldn't stop there. ... It was clear that Clinton is having trouble accepting his advice to limit his focus" to the economy (Devroy, W. POST, 5/11).

CNN's Blitzer: "He defended his strategy of raising [many] issues at the same time" (5/10). "Combative" (Nelson, N.Y. DAILY NEWS, 5/11). "Rambling" (Rankin, PHILA. INQUIRER, 5/11). "James Joyce stream-of-consciousness" (Devroy, W. POST, 5/11). "Nearly hourlong" and "all-too-detailed" (Sharkey, PLAIN DEALER, 5/11). "The applause lines were vintage new Democrat" (Brazaitis, PLAIN DEALER, 5/11).

(NOT) SPEAKING OF FOREIGN POLICY: ABC's Hume: "The president who has spent so much time lately trying to rally Europe for military action in Bosnia was nowhere to be seen today. ... The word Bosnia never passed anybody's lips" (5/10). CBS' Rather: "Clinton made a point of not mentioning Bosnia even once today" (5/10). W. TIMES' Bedard writes that the issue of Bosnia "disappeared from [Clinton's] screen" (5/11).

REAL PEOPLE: NBC's "Today" sampled public opinion of Clinton this morning by interviewing men and women in area coffee shops all throughout the country. From Atlanta, GA: "He's doing about a B minus. I'd like to see him concentrate more on the economy, that's why I voted for the guy. Seems like he's going off in all kinds of different directions." From Miami, FL: "I think he's doing very poor ... he has no direction, I still think he is trying to be elected president. ... There is too much emphasis on social issues, and not enough on the economy." More from Miami: "He's been in office four to five months, and people are not giving him the time that he needs. We got into this mess for twelve years now, and it's going to take a couple of years to get out of it." From NYC: "He hasn't been decisive enough in his actions" (5/11).

*2 JOB BOARD: BLACK LEADERS QUESTION HUBBELL'S SINCERITY

Little Rock NAACP pres. Dale Charles said he thought Little Rock atty Webster Hubbell, nominated to be associate AG, should resign his membership in the Country Club of Little Rock, which did not admit its first black member until last year, but he "said he had no other problem with Hubbell's nomination." Hubbell defended his membership in written comments to the Sen. Judiciary Cmte. "He said he had worked to actively recruit minority members and would resign immediately if he thought the club racially discriminated against anyone" (Lemons, ARKANSAS DEMOCRAT-GAZETTE, 5/11). But Charles and Little Rock NAACP chaplain Daniel Bowman "sharply disputed" Hubbell's claim. Bowman: "He's lying. I've known Hubbell a long time, long enough to know that he's now saying whatever it takes to win Senate confirmation." Charles "said he, too, was unaware Mr. Hubbell had tried to recruit black members" (Seper, W. TIMES, 5/11). Charles: "If they wanted it to be integrated, they could have gotten more than one person." Hubbell is expected to appear before the Cmte 5/18-19. One Dem familiar with the confirmation process: "It's not going to be a lovefest." One GOP official close to the cmte: "They've got the votes if the Democrats hold firm." Dems hold a 10-8 majority on the cmte. The only black member is Sen. Carol Moseley-Braun (D-IL). An aide to Moseley-Braun said the senator "would not comment on Hubbell's nomination before the confirmation hearing" (DEMOCRAT-GAZETTE, 5/11). Joe Johnson, manager of Gov. Doug Wilder's (D-VA) '92 presidential campaign, "said no one in the black community would accept from anyone the kind of statements made by Mr. Hubbell 'and still believe that person to be credible'" (W. TIMES, 5/11). One Dem source "said it will be 'important' for Hubbell to confront the problem -- and put it 'within the context' of more positive information, such as free legal work for the poor" (Cafasso, N.Y. POST, 5/11). Coalitions for America, a DC-based conservative group, called for Hubbell to withdraw (DEM-GAZETTE, 5/11).

FOUR HOLDS: A "dispute" between Senate GOPers and the Treas. Dept. over "the proper way to gauge" Clinton's tax plan is "holding up" the nomination of Leslie Samuels as asst. Sec/Treas. for tax policy (W.S. JOURNAL, 5/11). Sen. Wm Cohen (R-ME) "put a hold on the nominations of over five senior USDA officials" after their 4/28 confirmation hearings over what he sees as the lack of aid given to ME's potato crop (Kamen, W. POST, 5/11). Sen. Pat Moynihan (D-NY) is "so annoyed" that Clinton hasn't nominated a new Soc/Sec Commis. that "he may be holding up" some appointments to HHS (Fairhall, Balto. SUN, 5/11). Sen. Minority Leader Bob Dole "has placed a hold" on the nomination of ex-House Ways & Means staff dir. George Weise to be U.S. Customs Commis. "because the administration has refused to appoint one of [Dole's] aides to a position" with Treasury (JOURNAL OF COMMERCE, 5/11).

GUINIER: N.Y. POST editorial states Clinton has appointed "no one as radical as" UPenn law prof. LANI GUINIER to a leading admin. position. Guinier, appointed to be asst. AG for civil rights, wants to create a "minority veto" which would "enable blacks and other minorities to veto legislation that effects their group's interests. ... Thus Guinier wants her caucus of 'authentic blacks' to have the right to kill any bill it doesn't like. ... Guinier's nomination goes well beyond Clinton misrepresenting himself during the national campaign by pretending to oppose racial quotas in order to win over the mainstream Democrats" (5/10). Ben Wattenberg: "Guinier's articles are not idle academic speculation" (N.Y. POST, 5/11).

TREASURY: DETROIT NEWS editorial urges opposition to the nomination of Boston Federal Reserve chief economist ALICIA MUNNELL as asst. Sec/Treas. for economic policy. Munnell "argues that the government could 'scoop up' what she calls 'a large pile of money' by soaking pensioners. She proposes slapping a 15-percent, one-time tax on qualified pension plans, such as corporate and union retirement programs, IRA's, Keoughs and 401-K's." The NEWS urges Sen. Banking Chair Don Riegle (D-MI) to reject her "on grounds that her work not only fails academic muster -- but would set off riots among workers and pensioners if they ever found their way into law" (5/10).

JUNKETS AT MAXINE'S HOUSE: "A big pay-back may be in the works for" Rep. Maxine Waters (D-CA), who co-chaired Clinton's CA campaign. Her husband, SIDNEY WILLIAMS, has been "penciled" in by the WH to become Amb. to the Bahamas. Waters: "Unless the President announces it, I don't know anything about it" (Houston, L.A. TIMES, 5/10).

LABOR LEADER GETS INT'L POST: Trans.-Commun. Int'l Union VP Jack Otero, the highest ranking Hispanic in the AFL-CIO, will be dep. Sec/Labor for int'l affairs (JOURNAL OF COMMERCE, 5/11).

DC NOT A "10" FOR DEREK: DEREK SHEARER, "the farthest left of Clinton's economic advisers, has quit as a deputy undersecretary of Commerce less than three months on the job." Reason?: "He said he merely wants to be with his wife in Santa Monica as she recuperates from an operation. ... [but] one source said Shearer was disappointed that his longtime friendship with Clinton failed to gain him a higher post" (L.A. TIMES, 5/10).

KING OF THE BEAN-COUNTERS: UCLA Law prof. LEO ESTRADA is "in line" to head the Census Bureau (Houston, L.A. TIMES, 5/10).

*3 CLINTON AND TAXES: CHAMBER COMES OUT AGAINST

The U.S Chamber of Commerce says Clinton's economic program "will do more harm than good to the economy," in its first broad analysis of the plan. The Chamber specifically criticized Clinton's energy tax because it would "hurt many manufacturers and food growers" and his plan to increase the corporate tax rate to 36% from 34%. The Chamber wants the WH to "continue to focus

on deficit reduction," by looking for more spending cuts rather than tax increases. U.S. CoC pres. Richard Leshner "said the chamber intends 'not to trash' the plan, but 'fix it': 'We don't want to just sit on the sidelines and let it be crafted without our input.' The CoC does like Clinton's proposed investment tax credit for small businesses. Their "opposition to the overall program could accomplish one thing: It might quiet conservatives in Congress who had attacked the chamber for being soft on Clinton's economic program" (Mommott, USA TODAY, 5/11). It is "unclear how the opposition will effect Mr. Clinton's plan, if at all" (Wines, N.Y. TIMES, 5/11). Despite the CoC's opposition, two directors of the Chamber's research foundation -- Robert Kriebel and Richard Rahn -- "were scheduled to announce their resignations in protest over the chamber's pro-Clinton leanings" (Pearlstein, W. POST, 5/11).

ENERGY TAX: Clinton, "reversing course under pressure from" Hill Dems, "agreed to make it easier for utilities to pass along his proposed energy tax to consumers." The Treas. Dept. had "carefully designed the tax so that utilities would pay it, and after getting the nod from state regulators, pass it along to customers almost invisibly." Clinton "acquiesced" to the proposal of House Ways & Means member Bill Brewster's (D-OK) proposal to allow utilities to bypass regulators and "make the energy tax a separate line on electric and natural gas bills." Clinton would have otherwise "faced defeat" on the issue in Cmte, which will begin "as early as today" voting on changes to the tax plan. Nat'l Assn of Regulatory Utility Commissioners dir. Michael Foley: "The Clinton folks didn't want something that would show up on customer bills and remind people that this isn't 'the BTU tax,' tax, it's 'the Bill-is-taxing-you-tax.'" Supporters of Clinton's energy tax had hoped that when utilities went to state regulators that some utilities would be forced to lower rates. The utility industry "hailed the news that the change was being negotiated. Even so, the concession wasn't sufficient to get utility groups to drop their overall opposition to the energy tax" (Calmes/Wessel, W.S. JOURNAL, 5/11).

CORPORATE TAX: W. POST's Hilzenrath reports, the admin. "has agreed to abandon proposed investment tax credit, which appeared headed to defeat, in return for a smaller increase in the top corporate tax rate" from 34% to 35.25%. Some House Ways and Means Dems "are pushing" for a 35% rate (5/11).

===== NATIONAL BRIEFING =====

*4 GOP: CONSERVATIVES AND CENTRISTS ARGUE ABORTION

Two GOP "world views collided loudly" 5/10 at a forum sponsored by the Republican Majority Coalition, "suggesting that the search for common ground on social issues like abortion may be a long one" for the GOP. "Conservatives" at the forum "asserted that it was mythology to suggest" the '92 election was lost because of Bush's "opposition to legalized abortion" or because the party "had moved too far to the right." Rep. Henry Hyde (R-IL): "I'm confident that 1992 will increasingly be viewed as an electoral aberration. The future belongs to conservatism." But "centrist" GOPers "countered that the party paid the price of allowing its image to narrow." Rep. Connie Morella (R-MD): "The Republican platform sent a message loud, clear, mean and intolerant across this country" (Toner, N.Y. TIMES, 5/11). Hyde and Pat Buchanan "opened the conference with strong pleas for keeping the GOP focused on social and cultural issues." Buchanan: "Values are the trump we possess. If we lose the traditional values issue, an awful lot of people are going to give up on us" (Hallow, W. TIMES, 5/11). RMC co-founder

Warren Rudman: "We've had such strife in this party over these value issues that the perception in the country ... is that the Republican Party has become very strident, very rigid." Buchanan on abortion: "For us it is a slavery issue, a moral issue, a human rights issue. If you walk away from the right to life, you lose the presidential election, and I don't know what you gain" (Lawrence, PHILA. INQUIRER, 5/11). CNN's Randall: "Six months after the election, Republicans are still arguing over the role of the abortion issue and George Bush's defeat. ... The abortion debate remains a symbol of [GOP] disunity." GOP consultant Roger Stone: "We have to unite around conservative economic principles -- low taxation, deficit reduction, spending restraint -- or divide over abortion and lose" ("Inside Politics," CNN, 5/10).

*5 WHITE HOUSE '96: KEMP CRITICIZED ON HUD DEAL

DALLAS MORNING NEWS' Fournoy & Loftis chronicle Jack Kemp's \$65 million plan "to overhaul the dilapidated West Dallas public housing project" while serving as HUD Sec. When Kemp announced the plan, he said it "symbolized" a "new day in public housing." But what Kemp "did not say was that the commitment ... was actually a year old -- made during private meetings with a small group from Dallas that lobbied for the money. Nor did he mention the trade-off. Poor families, most of them black, would get 1,200 new or renovated apartments. But they would have to give up 1,200 rent-subsidy certificates that they could have used to rent apartments of their choice. Instead, they would be forced to live in the city's poorest, most polluted area." Another matter Kemp did not mention was that "key officials with the city" and in HUD "thought the plan would fail" (5/10).

WELD: BOSTON GLOBE's Lehigh reports on reaction to Wm Safire's column regarding a letter written by Wm Weld on behalf of the Americans for Tax Reform Foundation (see HOTLINE 5/7). The letter "begins with an uncharacteristic bit of boasting and never quite stops preening" in the fund-raising letter. "It's not a saxophone but his own horn Weld toots throughout the letter, which stops just short of suggesting there may be another Massachusetts miracle dawning in the East" (5/7).

BUCHANAN: Pat Buchanan "will go mouth-to-mouth" with other nationally syndicated radio talk shows starting 7/5. Mutual Broadcasting made the announcement 5/10, saying "in contrast to other controversial radio talk shows, 'Pat Buchanan & Company' will present both sides of the issues, with heated debates between Buchanan and his co-hosts." A "rotating" list of co-hosts will include S.F. Examiner's Chris Matthews and W. POST's Juan Williams (Yorke, W. POST, 5/11). Buchanan's new foundation, The American Cause, announced its first conference will take place in DC 5/14-15. The conference is titled, "Winning the Culture War" (American Cause release, 5/10).

EMPOWER AMERICA: In a W. TIMES op-ed, co-founders Wm Bennett, Jack Kemp and Jeane Kirkpatrick give five observations on the Clinton Admin.: "The idea heavily marketed during the campaign that Mr. Clinton was a 'New Democrat' has been disproved by time and events. ... The presupposition that guides the Clinton administration's policies is ... 'government must do more.' ... One mandate President Clinton could claim was that he was elected to be an agent of fundamental change. ... However, he seems far less interested in reinventing government than in reinflating it. ... Bill Clinton's political career has been characterized by an easy abandonment of commitments. ... President Clinton has failed to create a government that can govern. ... It is not clear that President Clinton understands how to make this enormous government work" (5/10).

SOUTHERN GENTLEMEN: Southern GOPers met at the annual

regional policy conference of the Exchange Foundation 5/6-7 in Louisville "to trade ideas on issues and to look at two potential" '96 candidates -- SC Gov. Carroll Campbell and ex-Educ. Sec. Lamar Alexander. The conference was "aimed at developing ideas for conservatives to use at the local, state and national levels." RNC chair Haley Barbour: "The lesson of the 1992 campaign for us ... is that we have to stand for something. As that campaign went along, it was clear that we weren't giving people a reason to be with us." Campbell said the GOP "should stand strongly against Clinton's education plan, and "promoted himself a bit, talking about his tax cuts" and welfare reform programs. Alexander "focused on his new monthly satellite TV program," playing excerpts and asking for ideas "on how to improve the program, which is aimed at putting a clear focus" on GOP principles (Cross, Louisville COURIER-JOURNAL, 5/8). Memphis COMMERCIAL APPEAL's Locker notes, "with last year's loss" of the WH, the "role was expanded to include debate on how to regain the presidency" (5/9). Alexander: "We're not ususally very good at what we're for. I think we're better at what we're against" (AP/Charleston POST & COURIER, 5/8).

ROUGH ROAD HOME: On his way back to Columbia SC from Louisville, Campbell's plane had to make an emergency landing in Knoxville. Campbell said he "got a lesson in 'the mortality of man'" (Spartanburg HERALD JOURNAL, 5/9).

*6 GAYS IN THE MILITARY: SENATORS GET A FIRST-HAND LOOK

Members of the Senate Armed Services Cmte visited the U.S. Naval Station at Norfolk, VA to gather testimony for their hearings on whether to lift the ban on gays in the military. "What the senators heard -- with the exception of testimony from two gay officers -- was a litany of opposition to allowing openly gay men and lesbians in the military" (Howlett, USA TODAY, 5/11). "Sailors on a half dozen ships delayed showers and shaves ... while the U.S. Senate did research in the head. ... The shipboard tours and a three-hour hearing in a packed auditorium on the base marked the first time that lawmakers have traveled to a military installation to hear how armed services personnel feel about policy change." Of the nine senators who came to Norfolk, only Charles Robb (D-VA) "has said he favors allowing openly gay people to serve. He spent most of the day as a quiet listener." One submarine officer: "The objective ... is to show them how cramped the subs are and to show them how bad an idea it is to allow gays -- and, oh, by the way, women -- aboard submarines" (Jenkins, W. POST, 5/11). Personnel at the Naval Station "sent a message loud and clear" to the cmte: "Lifting the ban on homosexuals would damage morale and fighting effectiveness" (Gertz, W. TIMES, 5/11). Chair Sam Nunn (D-GA): "I heard more support for lifting the ban than I anticipated, but that opinion was still in the substantial minority" (N.Y. TIMES, 5/11). Sen. Ted Kennedy (D-MA) who was scheduled to make the trip, was a no-show. Kennedy had "clashed" with chairman Nunn over the field hearings (Gertz, W. TIMES, 5/11).

ELECTRONIC REAX: ABC's Greenwood: "There seemed to be support for a compromise in which the military would not ask a persons sexual preference and gays would be encouraged not to tell" (5/10). NBC's Myers: "On ships and in a hearing, opposition was overwhelming and passionate" (5/10). CBS' Stewart: "A reminder of the political price Mr. Clinton might have to pay if he orders the services to just shut up and salute" (5/10). NBC's Myers: "On this issue, Nunn at times resembles a prosecutor methodically laying out his case. ... Today's message was that heterosexuals have rights too" (5/10). CBS' Stewart: "It was a guided tour on what living close together really means"

(5/10). NPR's Raddatz: "Nunn and committee members took an informal poll of about 100 enlisted men. Asked how many would consider getting out of the service if gays were allowed to serve openly, more than 90 percent raised their hands" ("All Things Considered," 5/10).

*7 BOSNIA: TEMPORARILY OFF CLINTON'S RADAR SCREEN; STILL ON TV

ABC's Jennings: "Today's message was -- do not expect the [U.S.] to take any action against the Serbs, at least in the immediate future. Which at least raises the question, is the president failing to lead, or are others failing to follow?" ABC's McWethy: "The high-profile campaign to sell the allies on tougher steps against the Bosnian Serbs, including air strikes, has clearly hit some major snags. ... Clinton has apparently decided he does not want to risk bold action either until the reluctant Europeans are ready to follow" (5/10). CBS' Rather: "Clinton's talk of stopping genocide in Bosnia today shifted into what his aides are now calling 'a holding pattern.'" CBS' Martin: "[Clinton's] much-publicized rush towards military intervention in Bosnia was dead in the water" (5/10). NBC's Dancy cited a senior State Dept. official saying the U.S. "is making plans to fight what he calls a surrogate war in Bosnia": "One plan would have the U.S. and western allies use air strikes to freeze the Serbian guerrillas in place ... for three to six months. During that time, Bosnian Muslims ... would be trained in the use of heavy weaponry. ... The weapons would be supplied by Muslim countries. ... Muslim fighters may be trained in Croatia as well. ... Clinton has not yet signed off on the plan" (5/10). NPR's Cokie Roberts: "There's a lot of frustration with the United States among the European allies, that they want U.S. leadership. They don't want to be asked so much, they want to be told. ... That does seem to be the fundamental problem here, that the U.S. is not taking the bold leadership, pushing hard for some plan of its own. ... The Congress is very similar to the European allies ... on the one hand, they want to be told what the policy is and to have the president have a strong voice, on the other hand, they would scream bloody murder if they weren't consulted" ("Morning Edition," 5/11). NBC's Miklaszewski: "White House officials insist that President Clinton is not trying to signal any change in U.S. policy, that he's not backing off. But, given the reluctance of the allies to get involved in that war, he may have no choice, and like his budget at home, he may be forced to compromise" ("Today," 5/11).

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===== CAMPAIGNS OF '93 =====

*8 TEXAS SENATE: RUNOFF DATE OFFICIALLY 6/5

Gov. Ann Richards (D) officially set the runoff date for Saturday, 6/5, after the TX Legislature passed a bill which allows local governments "the option of holding their runoffs on that date as well." GOPers in the Legislature "initially opposed the unified runoff bill, believing it was a ploy to help" Sen. Bob Krueger (D), but then dropped their opposition. Also, the official canvass of the 5/1 election was completed and the margin between Treas. Kay Bailey Hutchison (R) and Krueger shrunk to a 99 vote margin (Ratcliffe, HOUSTON CHRONICLE, 5/11).

FIRMING UP THE RIGHT? Hutchison "took her firmest stand yet against ending the ban on gays in the military": "Repealing the ban will harm unit cohesion, undermine morale and jeopardize our military's effectiveness." Hutchison had previously "indicated her opposition but has said the decision on whether to lift the ban should be up" to the JCS. Krueger supports ending the ban, "but says the timing should be up" to the JCS (Ratcliffe, CHRONICLE, 5/11). Hutchison ccampaigned in San Antonio and other south TX cities with NRSC chair Phil Gramm and Rep. Henry Bonilla (R-23) (S.A. EXPRESS-NEWS, 5/11). The NRSC released a statement 5/10 saying the WH "has concluded" Krueger cannot win therefore Clinton will not come to TX and campaign for him (Elliot, AUSTIN AMERICAN-STATESMAN, 5/11).

IT'S OFFICIAL: Ex-Perot adviser Richard Fisher (D) officially endorsed Krueger 5/10: "There is no doubt in my mind that Bob is a man of deep integrity. He may not be as video-ready as his opponent, but he is a man of great character depth, and that's what this campaign is all about." Fisher also noted that both he and Krueger "agree that the nation's biggest problem" is the deficit: "Bob led the charge for Tsongas here in Texas. That was a brave thing to do, especially when his opponent was on the sidelines cheerleading for voodoo economics." Hutchison spokesperson David Beckwith "accused Fisher of Hypocrisy, saying 'his future political aspirations outweigh his nominal interest in changing the way business is done in Washington'" (Ratcliffe, CHRONICLE, 5/11).

LOOKIN' AHEAD: DALLAS MORNING NEWS' Attlesey writes "Ms. Hutchison is the clear favorite, and the race is hers to lose." He also notes, "Gleeful [GOPers] see a triple play coming up for Gov. Ann Richards as she prepares for her re-election in 1994." With Krueger "on the verge of defeat," ex-AG Jim Mattox's "political career may be revived if Mr. Krueger loses." Mattox may remind TX Dems he sat out this year and try to seek the '94 Senate nomination to face Hutchison. Attlesey: "That could put Mr. Mattox ahead of Ms. Richards on the Democratic ticket" in '94. He also notes the "bit of speculation" that Richards "might decide to run for the U.S. Senate in challenging Ms. Hutchison. Under that scenario, Democratic Comptroller John Sharp would run" for Gov. "Would Mr. Mattox challenge either Ms. Richards or Mr. Sharp in the Democratic primary?" (5/9).

*9 NEW JERSEY GOVERNOR: NECK AND NECK

A Bergen RECORD poll conducted 4/25-5/3 surveyed 802 likely voters; margin of error +/- 3.5%. GOP subsample: 208 LVs; +/- 7% (RECORD, 5/9). A poll, conducted for the Edwards campaign by Public Opinion Strategies' Bill McInturff, surveyed 500 registered GOP voters 5/2-3; margin of error +/- 4.5%. Subsample: 250 most likely primary voters (POS release, 5/10). Tested: Gov. Jim Florio (D), '90 Senate nominee Christie Whitman (R), ex-AG Cary Edwards (R), ex-state Sen. James Wallwork (R).

Wallwork was not included in the 3/93 RECORD poll. Primary 6/8.

GENERAL MATCHUPS		NOW 3/93	NOW 3/93		NOW
Florio	38%	39%	Florio	40%	40%
Whitman	34	30	Edwards	31	25%
			Wallwork		26
	RECORD		EDWARDS		
GOP PRIMARY	NOW 3/93	ALL MLVs			
Whitman	41%	28%	30%	31%	
Edwards	14	9	17	19	
Wallwork	8	2 (vol.)	9	10	

RECORD's Blomquist notes Florio's "long, slow comeback ... seems to have stalled." Among the signs that Whitman "is picking up steam" is her continued 3-1 lead over Edwards and the stability of Florio's job rating. "Just one in three voters" say Florio is doing an excellent or good job as gov. -- the same number that gave him favorable grades 8 months ago. "Florio's stall and Whitman's rise seem linked to three trends": Clinton's loss of momentum, the Dem/GOP division over taxes, and some voters' preference for women candidates (5/9).

WOMAN THING: "In her not-so-subtle way," Whitman "is playing to what one political expert calls her 'natural advantage' -- her gender." Besides "being a Republican," Bergen RECORD's Kiely notes her advantage may be "neutralized by the fact that her male opponents" are pro-choice. GOP strategist Roger Bodman: "There will be somewhat of a tilt to her, but it will be mitigated somewhat because the abortion issue is not there" (5/10).

BOND PROBE: Dem officials are "concerned about how" the US Atty's investigation into the sale NJ Turnpike bonds "will affect" Florio's campaign but "they say it's too soon to predict where" the probe "will lead and what consequences it may have." The "mood of Florio partisans has become decidedly more somber" since the probe was disclosed, although campaign officials "said people are too quickly jumping to the wrong conclusions." Florio's longtime CoS Joseph Salema "has been linked" to the probe (Wald, STAR-LEDGER, 5/9). PHILA. INQUIRER header over Salema profile: "Mover-shaker, Florio breaker?" (5/9). PHILA. INQUIRER editorial: "At present, the matter is far too murky for this newspaper to demand that Mr. Salema step down. ... If he wants to help his old friend, he would be wise to take a leave of absence until the investigation has run its course" (5/11).

STILL GOING: Newark STAR-LEDGER's Wald writes that since 1/93 Whitman's campaign has "'self-destructed' at least a half-dozen times" from her hiring of illegal aliens, to using state workers for her home satellite installation to missing the school election vote last month. However, "despite all this, she is still calmly moving ahead, taking her blows as if none of this bad news matters." One GOP consultant: "Everyone has been surprised by the depth of her support. You sit there and take major hits in the press and nothing happens" (5/9).

*10 NEW YORK CITY MAYOR: LIBERALS ENDORSE GOP GIULIANI AGAIN

Liberal Party leaders will endorse GOP mayoral candidate Rudolph Giuliani "'within the next two weeks' in a major blow" to Mayor David Dinkins (D). One of the state's "high-ranking" Dems: "The Liberals are going with Giuliani. It's a pragmatic decision because they're convinced he's going to win." Key Dems said the Liberal Party endorsement is "a done deal for Rudy" (Dicker, N.Y. POST, 5/10). Conservative Party chair Michael Long "guessed that, after party leaders meet this week, they'll pick investment banker George Marlin," who will formally announce at City Hall 5/11 (N.Y. NEWSDAY, 5/10). Both are GOPers, "but while Giuliani's political ideology has been more flexible, Marlin is an ardent conservative" (Lombardi, N.Y. DAILY NEWS, 5/10). NOTE:

The Liberal Party endorsed Giuliani in '89. The son of the Liberal Party head was on Giuliani's campaign payroll in '89 (see HOTLINE, 5/5).

ADVOCATE TROUBLES: An effort to "forge" a black-hispanic coalition to "bolster" Dinkins' re election bid "has led to a standoff between" Public Advocate candidates Assemblymen Roberto Ramirez and state Sen. David Patterson, "one of the city's rising black officeholders." Dinkins must decide which candidate to endorse. Ramirez "has been advanced" by some black leaders who think his candidacy will help turnout Hispanic support for Dinkins. In '89 Dinkins carried 70% of the Hispanic vote. However, Patterson's father and ex-NY Sec/State Basil Patterson is one of Dinkins' "oldest friends." Another reason Dinkins may not endorse in the race at all is that Consumer Affairs commis. Mark Green may run for the post as well. The position of Public Advocate is now known as City Council president. Actor/comedian Jackie Mason said he would seek the Advocate position as an independent (Purdum, N.Y. TIMES, 5/11).

FLIP FLOPPING? N.Y. POST header: "Dave and Andy put their hypocrisy on parade": "Cynicism is a staple of New York political life, but when Mayor David Dinkins and City Council President Andrew Stein marched yesterday in the 'homosexuality cleansed' Salute to Israel Parade, they added a whole new dimension to political opportunism." Kerrison notes that 7 weeks ago both Dinkins and Stein "rose up with righteous indignation" to boycott the St. Patrick's Day Parade because it barred gays from marching; the parade 5/9 also banned homosexuals (5/10).

===== 50 STATE REPORT =====

*11 ARIZONA: NAMES SURFACING FOR THE NEXT YEAR OF THE WOMAN

ARIZONA REPUBLIC's Willey gives the early line on some '94 House races. In the 4th CD, being vacated by Rep. Jon Kyl's (R) challenge of Sen. Dennis DeConcini (D), GOPers outnumber Dems by a "hefty" 52-34%, "prompting just about every [GOPer] listed in the phone book to indicate an interest in running." Willey writes the "Serious Seven," all GOPers, are: Maricopa Co. Supv. Jim Bruner, Sen. Maj. Leader Tom Patterson, ex-AZ asst. AG John Shadeegg, state Rep. Ernie Baird, Phoenix Councilman Skip Rimsza, ex-state Rep. Trent Franks, and state Rep. Susan Gerard. Willey writes Gerard, the "most moderate of the GOP crowd," is the "600-pound gorilla. ... Being the only pro-choice woman in the race should be a real advantage." Franks, "who used to sport a 'fetus feet' tie tack, owns" the pro-life label in the race (5/9).

*12 ILLINOIS: REP. HYDE DISMISSES CHARGES IN RTC SUIT

Rep. Henry Hyde (R-06) "says he has given up serving on boards in the aftermath of a lawsuit by federal regulators accusing him of negligence and mismanagement as a director of a suburban savings and loan that ultimately failed." Hyde attys "said last week they intend to seek dismissal of the lawsuit" by the Resolution Trust Corp. against Hyde and 11 other former officers or directors of Clyde Federal Savings and Loan Assn. The civil suit Hyde and others of "mismanagement" resulting "in losses in excess of \$17 million and led to Clyde's failure." Hyde: "This is a baseless lawsuit that questions my competency, not my integrity. ... When the lawyers are through with their paperwork, I expect to be dismissed as a defendant" (O'Connor, CHICAGO TRIBUNE, 5/10).

*13 INDIANA: MRS. QUAYLE FOR GOV AND A HARMLESS REP?

INDIANAPOLIS STAR reports, on the speculation that Marilyn Tucker Quayle will run for gov: "After all, she reportedly had been seriously interested in replacing her husband in the U.S. Senate when he left" to join Pres. Bush's ticket in '88. When

the STAR asked her if there was any truth to the rumor, she responded through a spokesperson that she "is honored beyond words," but added: "I'm not running" (5/9).

TRUST ME, I'M HARMLESS: Greencastle Mayor Mike Harmless (D) "ended months of speculation [5/6] by formally announcing his campaign" for IN's 7th CD. Harmless said Rep. John Myers (R-07) "has lost touch after 26 years in Washington": "We need to take some of Greencastle's approach to government to Washington -- and that's why we're running" (INDIANAPOLIS NEWS, 5/6). INDIANA LEGISLATIVE INSIGHT reports, "This will probably turn out to be Rep. Myers' toughest race, at least since his 1978 race against Charlotte Zietlow" (5/10 issue).

*14 MICHIGAN: SEN RIEGLE PREPS FOR '94 CAMPAIGN

Sen. Don Riegle (D-MI) "is preparing for his first serious re-election challenge by flying home weekly, seeking new sources of campaign cash and adopting stricter fund-raising standards." DETROIT NEWS' Parker writes, "[He] is applying early strategies to distance himself from a scandal that consumed him for three years," referring to his S&L/Charles Keating ties in '90. At the same time, "opponents in both parties are working to keep him frozen in time as a tarnished senator." Ex-NRCC co-chair Spencer Abraham is "already in the race," and Rep. Fred Upton (R), "also sees opportunity and will decide by July whether to run." Before Riegle "battles a GOP nominee, [he] must spend money and time fending off a fellow Democrat -- Macomb County Prosecutor Carl Marlinga -- in their party's primary." Marlinga "hopes to tap into Ross Perot-inspired revulsion at the big money politics that Riegle's ethics case came to symbolize." The "complex Keating matter is difficult to explain in a 30-second TV spot." However, Dem Analyst Jack Casey notes: "If he doesn't want to have a continuing debate on things that remind people of Keating, he'll have to be beyond reproach on fund raising." Other possible GOPers: Ex-Amb. to Italy Peter Secchia and Detroit Councilman Keith Butler (5/9).

GOV CANDIDATES GET OUT TOO: Ex-Rep. Howard Wolpe (D) attacked Gov. John Engler's (R) Proposal A as a "tax shift that hurts working-and low-income taxpayers and benefits the rich." Engler's proposal would cut school property taxes, increase the state sales tax from 4% to 6%, "hold the line" on property assessment increases and guarantee spending increases for school districts. Engler spokesperson John Truscott: "Obviously, Howard Wolpe has not read the plan. It's unfortunate his negative campaigning has already begun." Both Wolpe and state Sen. Debbie Stabenow (D) "have already begun attacking the governor in much the same way Bill Clinton attacked [Pres. Bush] in last year's presidential election." Stabenow said the Proposal A is not her "first choice" to deal with property taxes and school finance, it's the best proposal possible "given the political tensions in Lansing" (Christoff, FREE PRESS, 5/7).

*15 MISSOURI: WHEAT'S SENATE CANDIDACY WOULD LEAVE A SCRAMBLE

If Rep. Alan Wheat (D-05) abandons his seat to run for retiring Sen. Jack Danforth's (R) seat, there will be an "unprecedented scramble." The "pivotal player here" is Wheat, who is "holding focus groups and taking in-depth polls to determine whether a black, liberal congressman has a chance to defeat expected" GOP nominee ex-Gov. John Ashcroft (R). Jackson Co. exec. Marsha Murphy (D) also is "exploring" a senate run. Dem sources are "convinced" Murphy would take a federal judge post if appointed. "If that doesn't pan out, she could continue exploring a run for senator or switch to run" for Wheat's seat. Other possible Dems for Wheat's seat: K.C. Mayor Emanuel Cleaver and ex-K.C. Mayor Richard Berkley, ex-Jackson Co. prosecutor

Albert Riederer, K.C. City Councilwoman Katheryn Shields, circuit Judge Jack Gant, ex-Jackson Co. Exec. Bill Waris, state Rep. Karen McCarthy, ex-Rep. Jack Campbell and K.C. City Council members Dan Cofran and Carol Coe. GOPers: State Sen. Bob Johnson, state Rep. Pat Kelley and Fellowship of Christian Athletes' Ron Freeman (Hood, K.C. STAR, 5/9).

EMERSON EYES SENATE: Rep. Bill Emerson (R-08) is preparing to make "more visits around the state and will do some polling" among GOPers "later this spring": "I haven't been on the phone calling people up saying, 'wouldn't it be great if I decided to run for the Senate,' but I have been listening to all the people who have been talking about it. Frankly, I have been getting some pretty good encouragement." Emerson CoS Lloyd Smith said Emerson's "appearances are focused not only on seeking financial help" but to seek "foot soldiers" as well. Emerson he will decide "around mid summer" (S.E. MISSOURIAN, 5/9).

*16 OREGON: RULES CMTE HEARING SCRAPES RAW NERVE

The Senate Rules and Admin. Cmte "met for more than three hours in the first major airing of accusations against" Sen. Bob Packwood (R-OR). "The debate was not about his alleged sexual misconduct -- that will be heard by the Senate ethics committee -- but about allegations that he suppressed disclosure of investigations into his behavior and thereby changed the outcome of the [11/92] election." Cmte Chair Wendell Ford (D-KY) "said he was unsure when a decision on the next step would come, but it probably won't be until next week at the earliest": "I want to make sure we make the right decision. ... We're fishing in new water." Cmte "members of both parties were concerned that investigating Packwood's actions would set a dangerous precedent, allowing challenges of virtually any Senate winner who opponents felt lied during the campaign." Senate Min. Leader Bob Dole said the Rules Cmte hearings were a "little sideshow to build up the ethics committee hearing." Anti-Packwood group atty Katherine Meyer and Packwood atty James Fitzpatrick "were invited to make oral arguments on their positions following briefs submitted last month" (Portland OREGONIAN, 5/11). Fitzpatrick: "This proposal is unknown in senate jurisprudence. ... [and] would turn elections into a giant game of gotcha" (CNN, 5/10).

THE FIRESTORM: W.S. JOURNAL's Harwood: "The implications could be considerably more far-reaching than all of the reforms, including campaign finance and lobbying. ... No member of Congress is likely to be eager to have pre-election statements dissected later as a test of fitness to assume office" (5/11). N.Y. TIMES' Krauss: "In a city where shadings of the truth, known to political insiders as 'spin,' are as much a part of the culture as the bumper sticker, the chances that politicians might disqualify one of their own for misstatements appeared remote" (5/11). The hearing "was an unprecedented event that drew a packed crowd" (Dewar, W. POST, 5/11). ABC's Judd: "Rules Committee members approached the task of judging a fellow Senator with little enthusiasm and a lot of skepticism" (5/10). NPR's Totenberg: "The argument is a novel one in the jurisprudence of the Senate, and ... not one senator openly embraced it, not even the committee's only female member," Sen. Dianne Feinstein (D-CA) ("All Things Considered," 5/10).

SOFT UNDERBELLY: Sen. Dianne Feinstein (D-CA): "I am concerned because [the] request really opens a Pandora's box for this body" (USA TODAY, 5/11). Ford: "How can the Senate determine whether a single event or fact determined the outcome" (PHILA. INQUIRER, 5/11).

===== POLL UPDATE =====

*17 AMERICANS TALK ISSUES: OPINION ON "GLOBAL UNCERTAINTIES"
 1020 adults, interviewed 3/23-4/4 by Greenberg Research (D) and Market Strategies (R) for the Americans Talk Issues Foundation and the W. Alton Jones Foundation, margin of error +/- 3%. The data was released 5/10 by Alan Kay, Hazel Henderson, Republican pollster Dan Hansen and Democratic pollster Stan Greenberg (release from Fenton Communications, 5/10). NOTE: The data in the survey was collected over one month ago.
 QUESTION: "Are things in the world and this country moving in the right direction or are things pretty seriously off on the wrong track?"

	WORLD DIRECTION	COUNTRY DIRECTION
Right Direction	28%	37%
Wrong Track	65	56

QUESTION: "Now the Cold War has ended, how much of a threat would you say the former Republics of the Soviet Union are to the United States these days?"

Very serious threat	7%	Minor threat	46%
Serious threat	28	Not a threat at all	17%

QUESTION: "In the coming year, spending for national defense will be \$300 Billion. Defense spending has tripled in 15 years, but leveled off in last 3, would you cut, increase, or keep spending the same?"

Cut defense spending	43%
Increase spending	9
Keep it the same	47

QUESTION: "Have the United States and UN actions gone too far, not far enough, or accomplished just what was needed in ...?"

	SOMALIA	BOSNIA	IRAQ
TOO FAR	10%	8%	10%
NOT FAR ENOUGH	30	45	50
JUST WHAT WAS NEEDED	57	39	36

QUESTION: "Which actions are preferable for the United States and the UN to take to stop the fighting in places like Bosnia and Somalia?"

	PERCENT APPROVE
Diplomatic Initiatives	94%
Military intervention/Deliver supplies	94
Trade embargoes	86
Prohibit arms sales	84
Military intervention/Arrest & try leaders	83
Stop currency trading	71
Stop airline service	70
Military intervention/defeat aggressors	66
Cut off international phone service	43

===== TV MONI

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*18 THIS MORNING: ABC's "GMA" continued their broadcast from Australia. NBC's "Today" hosted Dem strategist Bob Squier and GOP strategist Roger Ailes. "CBS This Morning" hosted Ross Perot.

LAST NIGHT: ABC and CBS led with Bosnia. CNN and PBS' "M/L" led with Clinton. NBC led with gays in the military. "M/L" focused on Sen. Bob Packwood (R-OR) with AEI's Norm Ornstein and N.Y.U's Stephen Gillers. CNN's "Crossfire" hosted Rep. Henry Hyde (R-IL) and Wash Inst. for Near East Policy's Laurie Mylroie. "Larry King Live" hosted ex-CIA dir. Wm Gates, Col. Wm Taylor (ret.) and Sen. John Warner (R-VA). ABC's "Nightline" focused on Clinton public opinion with Clinton adviser Paul Begala and GOP analyst Roger Ailes.

BUSH ASSASSINATION ATTEMPT: Rep. Henry Hyde (R-IL):
 "Assuming the evidence is clear that there is a connection, I

think a very appropriate response must follow and it's got to be a substantial one. ... Some bombing strikes on structures ... would be great to punish him directly. ... It should be a severe punishment for this activity." Wash Inst. for Near East Policy's Laurie Mylroie: "[The U.S. government] should support the Iraqi opponents of Saddam, the Iraqi National Congress ... in getting rid of Saddam and this regime. And it should do so by all means possible. ... I didn't say eliminate him by killing him. ... I see this as a bigger thing: Saddam Hussein is taking his revenge" ("Crossfire," CNN, 5/10). Ex-CIA dir. Wm Gates: "There's no imperative that the administration has to make a decision or act promptly" ("LKL," CNN, 5/10).

PUBLIC PERCEPTION: Begala on Clinton's campaign style presidency: "He doesn't come to this job with a lifetime of contacts on the Hill. ... this is a guy, Bill Clinton, who comes from the real America, and that's where his strength is, and that's where we go to draw his strength." Ailes: "The translation of that is you just heard one of his top advisers say he is lousy at governing, but very good at campaigning." Koppel: "No, actually what I heard him say was he is lousy at dealing with Congress, but he's very good at campaigning" ("Nightline," ABC, 5/10).

AILES AND SQUIER: Ailes on Clinton's tour: "He wanted the job, he wanted to go to Washington, he wanted to fix things, now he's back at a mall in Cleveland hunting for people to pat him on the back. ... It's going to backfire." Ailes on Clinton trying to do too much: "Absolute nonsense. What did he try to do. He did two things. The first 100 days he's known for gays and taxes." Squier: "Out in the country, they understand what he's trying to do, and they want him to do it." Squier on Clinton's media attacks being somewhat "Republican-esque": "What he's saying is that he's trying to get his message out, not the message that is going to be defined in the White House press room every morning" ("Today," NBC, 5/11).

PEROT: Ross Perot was interviewed on "CBS This Morning" by both Harry Smith and Paula Zahn. The two-on-one lasted approximately 45 minutes. Perot on his comments that Clinton is trying to start a "little war" in Bosnia: "I did not accuse President Clinton of anything. ... I'm saying, historically, there's a tendency to do that. ... There's nothing there that even hints that President Clinton is doing that. I don't use his name. ... There is a history in our country of trying to divert the American people's attention from time to time." On his criticisms of Clinton's inability to focus: "He's trying to do too many things at once, he doesn't have time to do each thing well [and] he doesn't have a staff around him to do each thing well." On Clinton's health care plan: "It's been put together in a way that's designed to fail. ... I don't know the fundamental parts of the program" (5/11).

HA-HA: Jay Leno on the removal of the Statue of Freedom from atop the Capitol: "I got scared. I said to myself 'Oh my God, they're kidnapping Al Gore.'" On Clinton's proposed campaign finance reform plan reserving \$80M of taxpayer money for electing gov't officials: "Let's keep the 80 million for ourselves, get rid of Congress, and just lie to each other. This way we eliminate the middle man." On the Senate debate over sodomy laws in the military: "Finally an issue where all 100 Senators are experts." On the Senate Rules Cmte determining whether Sen. Bob Packwood (R-OR) should be expelled because he told one lie during his campaign: "If that's the standard, Bill Clinton could get the death penalty at this point" ("Tonight," NBC, 5/10).

===== TV SOUNDBITE =====
"Only in America with a newly Democratic majority
in the House and the Senate and the White House
would you be doing everything in secret."
-- Ross Perot on the developing Clinton health plan,
"CBS This Morning," 5/11.

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RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Ken Chitester (CHITESTER_K) (WHO)

CREATION DATE/TIME:11-MAY-1993 12:39:00.00

SUBJECT: GREENWIRE --- Tuesday --- May 11, 1993 ---

TO: Marla Romash (ROMASH_M) (VPO)
READ: UNKNOWN

TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
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TEXT:

--- Tuesday --- May 11, 1993 ---

THE DAILY EXECUTIVE BRIEFING ON THE ENVIRONMENT
Updated Each Morning At 11:50
282 North Washington Street, Falls Church, VA (703) 237-5130
=====

GREEN ALERT
BIG SPLASH: Whale meeting
in Kyoto opens with "war
of words." Today's DAILY
YOMIURI reports the
moratorium is likely to
remain intact. (#17)

ALL WET
EPA targets mom-and-pop
Drinking Water Act violators.
Tough treatment requirements
on tap for NC's Cape Fear R.
Mine waste threatens fish in
Sacramento River. (#5-7)

LOG-ISTICS
Will Congress overturn
court's ruling against log
export bans? (#2)
Enviros race chainsaws as
Exxon Valdez Trustees vote on
purchase of AK land. (#25)

CO2-OPERATION
G-7's July meeting likely to
tackle carbon emissions. (#18)

ON THE MOVE: TV networks take
to elec. cars in DC, but poll
finds consumers don't. (#26)
Full index on page 2.

SPOTLIGHT

UTILITY BILL? CLINTON
SHIFTS TAX TO CONSUMERS

Utilities have scored a
victory in the energy tax
wars as the CLINTON admin.
agrees to shift a key BTU
collection point from
suppliers to consumers.
Clinton, despite fear of
voter backlash, gave in to
protests led by a junior
House Dem.
Enviros contest the move,
saying it removes utility
incentives for efficiency,
fuel-switching. They ask
VP GORE to help block a
provision that would levy a
uniform tax regardless of
the type of fuel used.
But utilities still
resist the BTU plan. And
Chamber of Commerce joins
the opposition. (#1)
Having made concessions,
what cards do Clinton and
Treasury Sec'y BENTSEN have
left to keep Senate Finance
Committee Dems on board?

"[The admin. has] made a mistake in once again caving in early."
-- Union of Concerned Scientists' Thomas Grasso, on concessions
made under the proposed BTU tax plan.
"[It] is not environmental policy, it's a revenue raiser."
-- Patrick Raffaniello, aide to Rep. Bill Brewster (D-OK). (#1)

GREENWIRE/DATABASE INDEX

SPOTLIGHT STORY

ENERGY TAX: Clinton bows to junior Dem; enviros peeved. (#1)

SOCIETY AND POLITICS

SENATE WATCH: Dems eyeing Packwood seat also eye log tax. (#2)

MINING BILL: Weak proposal may not be bad, Bumpers says. (#3)

ENVIRONMENT AND THE LAW: ASBESTOS: Court rules again. (#4)

CLEAN WATER

DRINKING WATER: EPA targets small business violations. (#5)

SACRAMENTO RIVER: CA's Iron Mountain leaves toxic legacy. (#6)

CAPE FEAR RIVER: Waste runneth over in Carolina. (#7)

HAZARDOUS SUBSTANCES: GULF WAR: Illness, toxics link. (#8)

NATURAL RESOURCES

SPOTTED FROG: Four years later, USFWS denies listing. (#9)

CORMORANTS: Once-endangered MI birds now a "nuisance." (#10)

ENERGY: EMF: Utilities respond to public concerns. (#11)

MARKETPLACE

ENERGY EFFICIENCY: Firm separates "good from the bad." (#12)

MITSUBISHI: Full-page ad by enviro group targets firm. (#13)

PACKAGING: MO firm may have solution to six-pack problem. (#14)

STATE REPORTS: RI (#15)

VA (#16)

GLOBAL ISSUES

WHALING: US takes firm stance to uphold ban. (#17)

CLIMATE CHANGE: G-7 to announce CO2-operation. (#18)

POPULATION: Preparatory meetings underway. (#19)

PLUTONIUM: "Secret" exports from Europe to Japan exposed. (#20)

AROUND THE GLOBE (#21)

WORLDVIEW: POLAND (#22)

INDIA (#23)

RUSSIA (#24)

THE INSIDE LINE: Pristine land to get funding or logging? (#25)

MEDIA MONITOR: ON THE AIR (#26)

NOTICE: GREENWIRE has openings for summer interns. Fax resume
to Liz Skinner (703) 237-5299.

CLARIFICATION: Endangered species legislation introduced in the
Senate last week (GREENWIRE 5/7 #9) was also sponsored by Sen.
Max Baucus (D-MT).

===== FACT OF THE DAY =====

36% of Americans would not consider buying an electric car,
according to a poll by J.D. Power and Associates. (#26)

===== SPOTLIGHT STORY =====

*1 ENERGY TAX: CLINTON BOWS TO JUNIOR DEM; ENVIROS PEEVED

Utilities "have prevailed" in their effort to shift the
collection of the Clinton admin.'s energy tax from themselves
onto consumers, reports Bill Mintz in today's HOUSTON CHRONICLE.
Treasury Sec'y Lloyd Bentsen agreed 5/7 to allow utilities to
collect the tax from their customers as a separate item on their
monthly bills, industry representatives said yesterday. Rep.
Bill Brewster (D-OK), who proposed the shift during House Ways
and Means Cmte (WMC) markup, said the move may spur greater
energy conservation. But enviros charge the shift will "erase
the benefits of burning" cleaner natural gas rather than other
fossil fuels and will remove utilities' incentive to increase

efficiency. Bentsen agreed to the shift "after it became clear" that Dems on the WMC "were likely to support" the Brewster amendment. "The biggest drawback" for the admin. is the possibility that putting the tax on consumer bills "would provoke a backlash by voters." The Energy Dept. and enviros oppose part of Brewster's amendment that would impose the tax based on the utility industry's average fuel mix, which means a utility using mostly natural gas would pay the same tax as one using oil. Natural Resource Defense Council's Daniel Lashof warned last week that moving the collection point "could lead [enviros] to reconsider their support for the energy tax" (5/11).

Clinton, "fac[ing] defeat on the issue" in the WMC, "acquiesced" to Brewster's proposal, report Calmes and Wessel in the W.S. JOURNAL. Although the industry "hailed the news," it "wasn't sufficient" to get utilities to drop their overall opposition to the energy tax. Enviros called on VP Al Gore to fight the provision in Brewster's amendment that would levy a uniform tax on every kilowatt hour of electricity sold. The admin. "concurs" and is pushing for a tax that would vary depending on the fuels used (5/11). The WMC is scheduled to begin voting on pieces of the tax bill late today (David Hilzenrath, WASH. POST). Union of Concerned Scientists' Thomas Grasso: "[The admin. has] made a mistake in once again caving in early." Patrick Raffaniello, aide to Brewster, said the proposed tax "is not environmental policy, it's a revenue raiser" (5/11).

CHAMBER OPPOSITION: The U.S. Chamber of Commerce has joined business coalitions opposing the Clinton admin.'s proposed energy tax, calling the plan "onerous." CoC Pres. Richard Lesher said the BTU tax would raise costs and have an inflationary effect on the economy. The CoC, in a letter sent to all members of Congress yesterday: "[The tax] now embraces numerous exemptions designed to neutralize opposition to the tax, but which do not cure its underlying flaws" (CoC release, 5/10). N.Y. TIMES (5/11) and CNN's "Moneyline" (5/10) covered the CoC's opposition. WASH. POST editorial: "One of the opposition groups styles itself the champion of 'affordable' energy when in fact the problem with energy in the United States is that it is too affordable. The price is extremely low by world standards, and it encourages waste. ... A broad-based energy tax is a sound idea" (5/11).

FARM FURY: "Perhaps nowhere have the objections" to the BTU tax "been more strenuous than down on the farm, where the nation's agricultural producers see themselves as targets for urban interests" that don't understand their plight, reports Jim Stafford in the Oklahoma City OKLAHOMAN. Roger Ediger, pres. of the Oklahoma Grain and Stock Producers: "The numbers aren't friendly for agriculture" (5/9).

ALL'S QUIET ON THE CONSUMER FRONT: Consumers "are not complaining" about the BTU tax, seeing it as a way to reduce the deficit and increase energy conservation, reports DALLAS MORNING NEWS' Anne Reifenberg (5/9).

===== SOCIETY AND POLITICS =====

*2 SENATE WATCH: DEMS EYEING PACKWOOD SEAT ALSO EYE LOG TAX

An argument last week over log exports gave a possible preview of a political battle among three Oregon House Dems who could be eyeing Sen. Bob Packwood's (R-OR) seat (Ota/Hamilton, Portland OREGONIAN). Some Dems are wondering if Packwood might resign because of the "questions surrounding" him. Rep. Peter DeFazio (D-OR) last week took on a tax bill backed by his rivals, Dem Reps. Mike Kopetski and Ron Wyden. The bill would eliminate a tax credit for firms that export logs to subsidiaries abroad.

Revenues from the tax increase would be used for a reforestation tax break. DeFazio said the measure "takes money from one set of log exporters to give it to another" (5/9).

COURT RULING: Lumber industry experts said federal legislation "will likely moot" last week's appeals court decision overturning a federal ban on exporting timber from state-owned lands, reports Brian Johns in today's JO. OF COMMERCE (5/11).

OREGONIAN editorial: "Oregon's congressional delegation should aggressively lead the effort to enact an unambiguous, legally sufficient law giving states what the US government and private timber owners both enjoy: the right to decide where to sell logs from land they own" (5/10).

FOREST POLICY: Rep. Ralph Regula (R-OH) is trying to change Forest Service timber policy because "taxpayers are losing 'potentially millions of dollars a year due to timber thefts'" (Katherine Rizzo, AP/CLEVELAND PLAIN DEALER, 5/10).

NOMINEE KNOCKING: UN delegates from some developing nations were said to be "less than enthusiastic" about World Resources Institute Pres. James Gustave Speth's nomination for the new administrator of the UN Development Program "because of his background in environmental issues." Former pres. William H. Draper 3d, who has decided to step down from the post, "was seen as favoring economic development over environmental concerns" (Frank Prial, N.Y. TIMES, 5/11).

*3 MINING BILL: WEAK PROPOSAL MAY NOT BE ALL BAD, BUMPERS SAYS
Sen. Dale Bumpers (D-AR) may have found a "silver lining" in the Senate Energy Cmte's decision last week to bypass his proposal to reform the 1872 Mining Act, reports Terry Lemons in the Little Rock ARK. DEM-GAZETTE. Bumpers sees the cmte's move to "skip his plan and accept a weaker version as the first step toward enacting tougher mining regulations." The senator has been working to change the 121-year-old law for four years and said he sees the cmte's vote "as actually improving the prospects for changing mining regulations." Sen. Bennett Johnston (D-LA) "holds a similar opinion." Bumpers: "The committee has always been the real roadblock to mining reform, and this action dramatically increases our chances for success in the next few months" (5/10).

===== ENVIRONMENT AND THE LAW =====

*4 ASBESTOS: COURT RULES AGAIN; OPENS FUND TO MORE CLAIMS
"In an unusual move," the US Court of Appeals for the Second Circuit reversed one of its earlier rulings and cleared the way for many more workers to be compensated for injuries caused by asbestos products made by the Johns-Manville Corporation (Richard Ringer, N.Y. TIMES). The Federal appeals court in New York ruled on 5/5 that it erred in its 12/4 ruling. "That ruling could have limited compensation to only those parties who filed early claims over deaths or illnesses related to exposure to asbestos, which has been linked to cancer and lung disease." By reversing its decision, the court, in effect, "cleared the way for a plan, endorsed by the fund's trustee, for all valid claimants to share in the fund." The fund, the Mansville Personal Injury Settlement Fund, may have as much as \$2.5 billion in assets (5/11). In response to last week's ruling, the Manville trust said 5/7 that it had begun negotiations with plaintiffs' lawyers and if those negotiations were successful, they "would presumably lead to a new system for paying claims" (AP/N.Y. TIMES, 5/10).

===== CLEAN WATER =====

*5 DRINKING WATER: EPA TARGETS SMALL BUSINESS VIOLATIONS

Across the US, according to EPA officials, hundreds of thousands of small businesses are believed to be improperly disposing of toxic wastes in conventional domestic septic tanks,

reports Stuart Ditzen on page one of today's PHILA. INQUIRER. Quakertown, PA-based Keystone Dodge Used Cars was notified earlier this year by the EPA that it was operating an illegal "underground injection well," in violation of the Safe Drinking Water Act. Under orders from the EPA, the auto agency has spent about \$75,000 to "plug the drains, dig up the septic tank and clean up the soil." Keystone President Bud Merrill: "It was very expensive, but it's a situation I totally agree with. I've got grandchildren, and I would like for them to be able to drink the water in 20 years" (5/11).

*6 SACRAMENTO RIVER: CA'S IRON MOUNTAIN LEAVES TOXIC LEGACY

"For more than a century, miners dug, hauled and bulldozed" various minerals out of California's Iron Mountain and, in the process, turned the mountain "into a giant chemical reactor, creating the largest discharge of hazardous materials into a US river" (Scott Thurm, SAN JOSE MERCURY NEWS). Until a small dam was built in the 1960s, toxic wastes from the mountain sometimes "would kill millions of fish along 30 miles of the Sacramento River." Even now, with the dam containing much of the pollution, the mine is considered the largest source of copper in San Francisco Bay, nearly 300 miles away. The mine is on the Superfund list of most contaminated hazardous-waste dumps and the EPA is constructing a treatment plant that is "expected to neutralize the [mine's] acids and reduce the metals discharged by a little more than half" (5/10).

*7 CAPE FEAR RIVER: WASTE RUNNETH OVER IN CAROLINA

North Carolina's Cape Fear River is "losing its ability to continue absorbing millions of gallons of waste from area industry," reports Kirsten Mitchell on page one of the Wilmington STAR-NEWS. State officials said it is unlikely that new industries will be permitted to pump waste into the lower portion of the river "unless they comply with the most stringent treatment requirements." The river's problems stem from the way it absorbs pollution. Organisms in the river eat up oxygen as they consume discharged waste, and the decrease in oxygen kills fish. In addition, the abundance of swamps surrounding the river also contributes to the reduction in oxygen (5/9).

===== HAZARDOUS SUBSTANCES =====

*8 GULF WAR: REPORT SUGGESTS ILLNESS LINKED TO TOXIC EXPOSURE

A report to the National Academy of Sciences on 5/8 "adds to growing suspicions that many of the mysterious diseases linked to the Persian Gulf War may have been caused by exposure to several toxic substances" (Dave Parks, BIRMINGHAM [AL] NEWS). The report concludes many soldiers were "needlessly exposed" to dangerous fuels, fumes and chemicals, and suggests the military needs safeguards against further exposures. Report author Maj. Richard Haines, who spent the last year independently surveying ill veterans: "If the war were to recommence at this moment, the same errors would be repeated." The report, which details the results of independent medical tests and surveys involving about 100 ill veterans, "concludes that many veterans are suffering from nerve and brain damage caused by exposure to toxic substances that veterans listed in questionnaires" (5/9).

===== NATURAL RESOURCES =====

*9 SPOTTED FROG: 4 YEARS LATER, WILDLIFE SERVICE DENIES LISTING

The US Fish and Wildlife Service said 5/7 that the spotted frog found in clusters from Alaska to western Utah, "should be listed as an endangered species, but won't be because other species are more deserving" (AP/Medford [OR] MAIL TRIBUNE). The UT Nature Study Society asked the USFWS to list the spotted frog as endangered in 1989. Enviro's say the four years of waiting

"doomed the frog" along UT's Wasatch mountains and they blame a "slow-moving bureaucracy" and opposition led by then-Sen. Jake Garn (R-UT). According to a USFWS release, the fact that the entire spotted frog species is not threatened figured into their decision. UT state herpetologist Dave Ross "gives the spotted frog 25 more years before it is extinct" (5/8).

*10 CORMORANTS: ONCE-ENDANGERED MI BIRDS NOW A "NUISANCE"

Cormorants, listed as an endangered species and placed under the protection of the federal Migratory Bird Act in 1973, have recovered to such an extent that they have become a "national nuisance" (Thomas BeVier, DETROIT NEWS). For example, more than 100,000 cormorants "took over" Little Galloo Island in Lake Ontario last summer. The birds have depleted fish in Utah lakes and in other states where they winter. Cormorants have also cut into catfish populations. Populations of the bird have been growing by around 15% each year for the last 15 years, according to Don Mott, head of the US Dept. of Agriculture's animal control office in Mississippi. Mott: "They're out of control." However, species protection laws forbid harming the birds. Some fear the birds are threatening fishing economies, but researchers say fishing techniques and pressure from sport fishermen have hurt fisheries. John Griffin, Les Cheneaux Island, MI resident: "It's like a scene out of that (Alfred Hitchcock) movie, 'The Birds.' It's frightening" (5/9).

RARE BATS: US Forest Service officials are considering closing one of Logan Canyon's "feature attractions -- Logan Cave -- from October to April to protect rare bats while they hibernate." Commonly called western big-eared bats, last fall the flying mammals, which are listed as a "sensitive species" under the Endangered Species Act, were discovered hibernating in the cave (Travis Lay, SALT LAKE TRIBUNE, 5/10).

===== ENERGY =====

*11 EMF: UTILITIES RESPOND TO PUBLIC CONCERNS

Fears over the possible health risks from power lines is prompting utilities to spend more than \$1 billion on investigation of the issue, while businesses search for ways to protect workers from electromagnetic fields and thousands of people seek tests for their homes and offices (Ted Sherman, Newark, NJ STAR-LEDGER). Still, "no one knows just what is safe, or whether there is any danger at all from" EMFs. New Jersey regulators have ordered electric utilities to conduct a statewide survey of EMFs at all schools near transmission lines. The state Commission on Radiation Protection has been trying for three years to set limits on EMF exposure for new transmission lines, but no agreement has been reached on what the limit should be, so the issue remains "stalled." Even if regs are adopted, exposure to low-level electric and magnetic fields will be widespread, as everyday appliances like hairdryers and televisions generate EMFs (5/9).

A DAY IN THE LIFE: STAR-LEDGER reporter Ted Sherman carried a gaussmeter around with him for a day to measure EMF exposure, finding that he was "constantly surrounded in electromagnetic fields that often spilled well over the levels typically found near power lines" (Sherman, STAR-LEDGER, 5/9).

SCHOOL TIES: An informal study conducted by the ST. LOUIS POST-DISPATCH found that many schools in Missouri and Illinois are near transmission lines and other electrical equipment (William Allen, POST-DISPATCH). The survey also found that magnetic fields in many classrooms are equal to or exceed levels that some studies have linked to an increase in the risk of cancer (5/9).

Q&A: Under the header, "What's Known And What's Not About Magnetic Fields," the POST-DISPATCH's Allen offered a question and

answer article on EMFs. It will be five to ten years before definitive answers on EMF exposure are available, the paper reports, with the gov't planning to spend about \$12 million a year on research and the Electric Power Research Institute currently spending about \$17 million a year (5/9).

===== MARKETPLACE =====

*12 ENERGY EFFICIENCY: FIRM SEPARATES THE "GOOD FROM THE BAD"

Boulder, CO-based E Source is "capitalizing on headaches" caused by the booming success of the energy-efficiency industry, reports John Emshwiller in today's W.S. JOURNAL. What E Source does is "make sense out of the confusing array of new energy-efficiency products and services" and promotes its expertise at separating "the good from the bad." James Newcomb, E Source president, said his company expects revenue of about \$1.5 million this year, its first full year of operation. The firm has more than 200 clients, including several dozen utilities. Tucson Electric Power Pres. Charles Bayless, an E Source client, said: "We can't afford to keep up on every new light bulb or variable-speed motor" (5/11).

*13 MITSUBISHI: FULL-PAGE AD BY ENVIRO GROUP TARGETS FIRM

San Francisco, CA-based Rainforest Action Network placed a full-page ad in the N.Y. TIMES yesterday accusing the Mitsubishi Corporation of causing the "senseless death of millions of acres of rainforests across the globe" (W.S. JOURNAL). The ad called for a boycott of all Mitsubishi products, including television sets and cars along with Nikon cameras, Kirin beer, Value Rent-a-Car, and the Bank of California. The ad also urged individuals to call an 800 telephone number to have three telegrams sent to, among others, Mitsubishi's president, in order to protest the firm's sale of "plywood, paper and fancy veneers that are actually made from rainforest wood." A Mitsubishi spokesman said: "There is no truth to what they are saying. The allegations are totally groundless" (5/11).

*14 PACKAGING: MO FIRM MAY HAVE SOLUTION TO SIX-PACK PROBLEM

An environmentally safer product to replace plastic six-pack rings may have been found by Imperial Packaging Inc. of Missouri (AP/BANGOR [ME] DAILY NEWS). The company told lawmakers it has a patent on a cardboard holder that could go into commercial production if a market becomes available. The product is "the first viable alternative" to the plastic rings that Maine would like to ban, according to state Rep. Paul Jacques (D). A state ban on plastic rings is scheduled to take effect 7/93 unless the Legislature decides otherwise. However, manufacturers of plastic rings are "pessimistic" about their own ability to make a safer ring. (5/10).

===== STATE REPORTS =====

*15 RHODE ISLAND: ENVIRO OFFICIALS TARGET PLANT'S EMISSIONS

Davol Inc., a maker of medical supplies and Cranston, RI's second-largest private employer, is "routinely releasing" dangerous amounts of gas containing ethylene oxide, a carcinogen linked to leukemia, according to RI enviro officials (Joseph LaPlante, PROV. JOURNAL-BULLETIN). RI's Dept. of Environmental Management in 1991 found that the gas was leaking daily into the air from the plant's doors, windows and exhaust system. The gas "is still seeping" into the adjoining neighborhood, says Stephen Majkut, acting chief of the DEM's Division of Air Resources. But Davol's Dir. of Employee Relations Richard Daigle said: "We don't pose any threat to our employees or to the surrounding community. We are interested in being good corporate citizens" (5/9).

*16 VIRGINIA: BOARD APPROVES NEW TANK FARM REGS

VA's State Water Control Board approved new tank farm safety

rules yesterday that officials said will prevent another "environmental disaster" like the huge oil leak that has polluted a Fairfax County, VA, neighborhood, reports D'Vera Cohn in today's WASH. POST. VA regulators said the rules are "among the nation's most stringent," but Fairfax County officials called some provisions "too lenient." The new regs, which take effect 7/1/93, will require tank farms to install monitoring wells to test for leaks underground. The rules will also require the tank farms to perform regular inspections and pipe-pressure tests, to maintain tighter inventory records "and to install new safety features." In addition, new or renovated tanks must have double bottoms, under the regs (5/11).

===== GLOBAL ISSUES =====

*17 WHALING: US TAKES FIRM STANCE TO UPHOLD BAN

"A war of words broke out" at the International Whaling Commission meeting which opened in Kyoto yesterday (Teruaki Ueno, Reuters/PHILA. INQUIRER, 5/11). Most of those observing the IWC meeting "believe it will end in a deadlock that will leave the current moratorium intact," reports today's Tokyo JAPAN TIMES. An ex-IWC representative from Iceland said Japan and Norway should follow suit and withdraw from the organization, as Iceland did last year. Japanese Fisheries Minister Masami Tanabu "expressed concern" at a news conference "that the IWC may not be the right organization to discuss commercial harvesting, since it is dominated by countries 'that have nothing to do with whaling'" (5/11). Norway urged that a new category for small-scale coastal whaling, separate from the banned hunts, be designated (AP/mult., 5/11). But the IWC's scientific cmte expressed "serious concern" over the drop in population of small whales and dolphins and advised members to conduct surveys of certain species (Tokyo DAILY YOMIURI, 5/11).

The US demanded yesterday that the ban remain intact, regardless of scientific findings (Robert Thomson, FIN. TIMES). The US went further than most western nations, and "its stance suggests that the usually accepted 'sustainable development'... does not apply to whales." John Gummer, UK fisheries minister, said the ban should not be lifted until "whale numbers were verified." UK officials also said the proposed whale sanctuary in the Antarctic was not likely to succeed (5/11). The proposal "may face modification" to make it more appealing, according to a French gov't delegate (Kyodo/JAPAN TIMES, 5/11). "The French initiative contains wide and complicated problems," said Zhuo Youzhan, Chinese gov't rep. to the IWC, in opposition to the proposal (Kyodo/JAPAN TIMES, 5/9).

RADIO WAVES: NPR's Lucy Craft reported that whaling has a following among many Japanese, at least on a limited scale. Some feel that Japanese culture is "the real endangered species" in the whaling issue and that efforts to make the whaling ban permanent are "hypocritical" and "ethnocentric" ("Marketplace," 5/10).

*18 CLIMATE CHANGE: G-7 TO ANNOUNCE CO2-OPERATION

International cooperation to cut carbon dioxide emissions will be included in the economic declaration of the Group of Seven industrialized countries after their July meeting, said Japanese gov't officials (Tokyo DAILY YOMIURI). Steps include economic aid to developing countries, technology transfer and energy conservation. The G-7 declaration will also call for expediting the global warming treaty and the biodiversity treaty as discussed at the 1992 Rio Earth Summit. The countries have begun preparatory talks on the issues, and discussions will continue "because the US ... has not yet clarified its environmental policy, [Japanese gov't officials] said" (5/9). Enviro sec'y

Michael Howard said 5/7 that UK CO2 emissions were "likely" to rise after 2000 even if international targets to curb global warming were met (Bronwen Maddox, FIN. TIMES, 5/8-9).

TAX: The EC is expected to call for a settlement panel this week under the General Agreement on Tariffs and Trade to resolve a complaint over US enviro laws that heavily tax auto fuel. Europeans fear US corporate average fuel standards "will affect the export of certain classes of EC cars to the US" (Nancy Dunne, FIN. TIMES, 5/11).

*19 POPULATION: PREPARATORY MEETINGS UNDERWAY

The UN International Conference on Population and Development Prepcom II began its meeting yesterday in New York and will continue through 5/21. World Wide Fund for Nature's Dawood Ghaznavi, who is the group's director of WWF-Pakistan and attended the meeting, called on all countries represented to integrate environmental considerations in their nat'l population plans and strategies. Ghaznavi: "There is a critical need to maintain a balance between the people's needs and the Earth's carrying capacity if we are to ensure that valuable resources are conserved for future generations" (WWF release, 5/10).

*20 PLUTONIUM: "SECRET" EXPORTS FROM EUROPE TO JAPAN REVEALED

More than a ton of plutonium has been "secretly" shipped from Britain to Japan, reports Geoffrey Lean in the London OBSERVER. At an "obscure" UN meeting in Vienna recently, Japan admitted it had received nine plutonium shipments by sea from Europe between 1975 and 1992. The plutonium, thought to be used for experimental fast-breeder reactors, is "especially suitable" for weapons. The issue will be brought up at the UN in New York this week, according to Greenpeace's Damon Moglen, where governments are meeting to renegotiate the Nuclear Non-Proliferation Treaty (5/9).

*21 AROUND THE GLOBE

RIO FOLLOW-UP: Methods to help poor nations implement Agenda 21 were discussed at the 14th session on human settlement, which ended 5/5 in Nairobi, according to UN Environment Program and UN Center for Human Settlement head Elizabeth Dowdeswell (Nairobi DAILY NATION). Dowdeswell said despite speculation suggesting otherwise, the two UN agencies would not merge (5/7).

MIDDLE EAST: Control of water sources is a point of "friction" in the Middle East peace talks in Washington, DC (ISRAEL SHELANU int'l weekly). Whomever controls water in the West Bank will "exercise great control" over the Coastal Plain area of Israel (5/7 issue).

===== WORLDVIEW =====

*22 POLAND: BANKS GRANT CASH WITH ENVIRONMENT IN MIND

At least nine institutions are assisting Poland with the financial means to invest in environmental protection, reports Krystyna Forowicz in the Warsaw RZECZPOSPOLITA. The World Bank, the largest of these sponsors, granted \$18 million to Poland last year through the Global Environment Fund. Part of the money was devoted to monitor air in Krakow and Katowice, improve water quality management in the upper Vistula area, and examine the "ecological effectiveness" of industry (5/8-9 issue). In the wake of the recent "Environment for Europe" summit in Lucerne, Switzerland, Deputy Minister Andrzej Grzywacz said Poland should not rely solely on Western nations to solve their enviro problems. Central and Eastern European countries are hoping that an energy tax on carbon dioxide emissions might become a source of enviro funding (Forowicz, RZECZPOSPOLITA, 5/10).

*23 INDIA: ENVIRO MINISTRY MAY RETHINK WILDLIFE POLICY

Those favoring "sustainable, consumptive" use of wildlife are pressuring the Indian environment and forest ministry to relax its

two-year-old stringent rules on wildlife trade (Bombay INDIAN EXPRESS). The environment ministry is considering re-examining its wildlife policy and has asked the World Wide Fund for Nature in India to open the debate among non-governmental groups (5/10).

*24 RUSSIA: AUTHORITIES BAN FISHING IN SEA OF OKHOTSK

To prevent the depletion of the mintai, a Pacific Ocean fish that accounts for about 20% of the Russian catch, Russia banned fishing in the Sea of Okhotsk (Geoff Winestock, MOSCOW TIMES). Korea, China and Japan have complied with the ban, says Russian Fisheries Cmte official Vyacheslav Silanov, but Polish fishing ships have not. Attempts by Russian authorities to monitor illegal fishing have sparked several incidents this year (5/7).

===== THE INSIDE LINE =====

*25 VALDEZ SETTLEMENT: PRISTINE LAND TO GET FUNDING OR LOGGING?

When trustees controlling Alaska's share of the Exxon Valdez settlement funds meet tomorrow, they are likely to decide -- explicitly or by default -- the fate of pristine forested land just north of Kodiak Island, AK, according to Alaskan enviros. The native corporations that own Seal Bay, which ranks number two on the trustees' list of "imminently threatened" lands, have upped the asking price as the land's value has skyrocketed -- powered by the jump in seasonal timber prices. Ironically, although logging is now underway and the price tag has nearly doubled to \$50 million, so has interest in preserving the land, which grows more threatened with each toppled tree. Enviros fear that if the trustees do not agree to buy the land at the 5/13 meeting, the trustees' June meeting will be too late.

"The frustrating thing," said Alaska Center for the Environment's Alan Phipps, "is that the trustees have been paying lip service to acquisition" of Seal Bay but have yet to strike a deal. The trustees and Gov. Wally Hickel (I), who vetoed a bill that earmarked funds for Seal Bay, have been "screwing around" while "the chainsaws have been buzzing away," said Alaska Coastal Rainforest Campaign's John Scardino. Phipps also expresses concern for the precedent being set by Seal Bay: "It puts native corporations in the awkward position of wondering whether they have to log lands before they will be considered for purchase" for the purpose of preservation (GREENWIRE sources).

===== MEDIA MONITOR =====

*26 ON THE AIR

ELECTRIC VEHICLES: NBC's Robert Hager reported on electric cars on "Nightly News." Automotive engineers met in Washington, DC, yesterday to demonstrate the latest experimental electric models. Hager, on the demonstration models: "They're all quiet, no engine noise at all. And they're pollution-free, no exhaust." Hager said the cars need to be made practical and affordable, "so people will buy them" (5/10). CNN's Ed Garston reported on electric cars on "Early Prime." In a survey by J.D. Power and Assoc. of 4512 respondents, 36% would not consider buying an electric car, 36% said they probably would not consider buying one, 19% said they probably would consider buying one, and 6% said they would definitely consider buying an electric vehicle. Resistance to the cars has to do with distance capability, size, speed and cost of the cars. Dept. of Energy's Robert San Martin, on possible financial incentives to buy electric cars: "Some of the ideas ... will take you into looking at the potential for some types of loan programs. There are some tax incentives that can be available for infrastructure development, also" (5/10).

#

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Jonathan P. Gill (GILL_J) (WHO)

CREATION DATE/TIME:12-MAY-1993 13:39:00.00

SUBJECT: AgAm 5.12.93

TO: Patricia A. Clark (CLARK_P) (OA)
READ: UNKNOWN

TO: Arthur L. Jones (JONES_A) (WHO)
READ: UNKNOWN

TO: Carter Wilkie (WILKIE_C) (WHO)
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TO: Eric Berman (BERMAN_E) (WHO)
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TO: Nestor M. Davidson (DAVIDSON_N) (WHO)
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TO: Stuart E. Trevelyan (TREVELYAN_S) (WHO)
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TO: Arnold Shore (SHORE_A) (OA)
READ: UNKNOWN

TO: Keith Boykin (BOYKIN_K) (WHO)
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TO: David Leavy (LEAVY_D) (WHO)
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TO: Thomas F. McLarty (MCLARTY_T) (WHO)
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TO: Doris O. Matsui (MATSUI_D) (WHO)
READ: UNKNOWN

TO: Margaret A. Williams (WILLIAMS_MA) (WHO)
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TO: Bruce K. Sasser (SASSER_B) (OMB)
READ: UNKNOWN

TO: Barry J. Toiv (TOIV_B) (OMB)
READ: UNKNOWN

TO: Leon Fuerth (FUERTH_L) (VPO)
READ: UNKNOWN

TO: Marla Romash (ROMASH_M) (VPO)
READ: UNKNOWN

TO: Steven Akey (AKEY_S) (WHO)
READ: UNKNOWN

TO: Janet Handal (HANDAL_J) (WHO)

ARMS Email System

READ: UNKNOWN

TO: Stephen B. Silverman (SILVERMAN_S) (WHO)
READ: UNKNOWN

TO: Christine A. Varney (VARNEY_C) (WHO)
READ: UNKNOWN

TO: Jeffrey L. Eller (ELLER_J) (WHO)
READ: UNKNOWN

TO: Lisa Mortman (MORTMAN_L) (WHO)
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TO: Ernest D. Gibble (GIBBLE_E) (WHO)
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TO: Patricia A. Enright (ENRIGHT_P) (WHO)
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TO: Jonathan P. Gill (GILL_J) (WHO)
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TO: Richard Strauss (STRAUSS_R) (WHO)
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TO: Maria M. Tio (TIO_M) (WHO)
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TO: Joshua N. Silverman (SILVERMAN_J) (WHO)
READ: UNKNOWN

TO: Jess Sarmiento (SARMIENTO_J) (WHO)
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TO: Lavora R. Barnes (BARNES_L) (WHO)
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TO: C. Patricia Cogdell (COGDELL_C) (WHO)
READ: UNKNOWN

TO: Kimberly S. Hopper (HOPPER_K) (WHO)
READ: UNKNOWN

TO: Lorraine A. Voles (VOLES_L) (WHO)
READ: UNKNOWN

TO: Margaret C. Sherry (SHERRY_M) (WHO)
READ: UNKNOWN

TO: Elizabeth A. Bernstein (BERNSTEIN_E) (WHO)
READ: UNKNOWN

TO: Carolyn Curiel (CURIEL_C) (WHO)
READ: UNKNOWN

TO: David B. Anderson (ANDERSON_D) (WHO)
READ: UNKNOWN

TEXT:

Wednesday, May 12, 1993

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IMPACT OF ENERGY TAX (Reuter-5/11) -- President Clinton said he is rethinking his energy tax proposals because they might fall too heavily on America's farmers. He wants to help farmers without creating too many exemptions.

(KRF-5/10) -- Industry opponents of the barge fuel tax say it is likely to be reduced when the House Ways and Means Committee takes up the issue. The article notes that the outcome is unpredictable because the measure is tied up with the rest of the president's economic package.

MORE CHARGES FOR SKI AREAS WARRANTED (W.Post) -- A GAO report says the Forest Service receives far less than fair market value for use of public land for ski areas. Rep. Mike Synar (D-Okla.) said the report was the latest in a long line showing mismanagement of federal recreation activities. The ski industry complained about how the FS uses financial data.

FARM-PROGRAM LEGISLATION (FVN-5/11) -- Rep. Tim Penny (D-Minn.) introduced legislation to limit the number of farm payments an individual can receive.

(FVN-5/11) -- The article reprints a letter sent by commodity and farm organizations to the chairman of the House Agriculture Committee. The groups request that the committee refrain from making rule changes that would eliminate the three entity rule, impose a means test, or otherwise change the payment limitation rules. They said the changes would disrupt farming arrangements and jeopardize financing, but it is doubtful they would save any money. The letter presents detailed objections to the proposed changes.

(FVN-5/11) -- The article reprints a letter from Rep. Calvin Dooley (D-Calif.) to President Clinton that presents the legislator's views on what needs to be done to help farmers make the transition into the 21st century during a time of budget reductions. He calls for market expansion, R&D, and risk management-based farm programs.

EFFECT OF DISASTER PAYMENTS (WSJ) -- The article reviews crop-loss payments based on quality and notes criticism that the wider definition of crop disaster may set too subjective a standard and prove disastrous for the budget.

MORE ATTENTION URGED FOR AGRICULTURE (DM Reg-5/2) -- Former USDA Sec. Freeman expressed concern that too many people ignore the agricultural system that produces our food and are content to pay subsidies to balance supply and demand. He says the farm parity index indicates the economic health of agriculture and it shows that "farm products have a lower purchasing power today than ever before in the history of the United States." He says low farm prices are a serious drag on the national economy, and the financial condition of American farming is far weaker than is usually pictured.

CONFIRMATION UPDATE (AP-5/11, Reuter-5/11, W.Post) -- The articles say Sec. Espy won confirmation of five of his top aides after promising disaster payments to potato farmers with unmarketable potato crops and promising the government would buy Irish round white potatoes to keep surpluses of that potato off the market. AP says the Senate Agriculture Committee is planning to clear another set of USDA nominees for a full Senate vote this week.

CONTROLLED BURN ESCAPES (UPI-5/11) -- More than 400 firefighters contained 90% of a fire that burned 80 acres of prime timber on the Eldorado National Forest (Calif.). The fire began as a controlled burn, but flared out of control.

ACCEPTANCE OF BIOTECHNOLOGY (ChiTrib-5/11) -- A survey shows that a majority of respondents accept the use of biotechnology for food production in certain cases. The respondents who were aware of the technology were more positive about it and 71% agreed that biotechnology would personally benefit them in the next five years. The survey found concerns about insertion of animal genes into plants. The study was funded by USDA's Extension Service.

(PRN-5/11) -- A National Food Processors Assn. official said greater public understanding of food biotechnology is needed if consumers are to benefit from it. He said the public is eager to learn more about the technology, and everyone must work together to provide that education.

ADVANTAGES FOR CALIFORNIA FARMERS (FinTimes-5/11) -- A columnist who has been studying California agriculture says they have a big production advantage because of cheap, essentially subsidized water and cheap, partially legal immigrant labor. He says there appears to be little attempt by individual California farmers to address the environmental concerns of urban residents, and intimates that farmers pay their laborers no more than they have to. He concludes that "these hidden subsidies" give California farmers an enormous economic advantage over EC farmers.

MEANING OF LOAN-RATE ANNOUNCEMENTS (krf-5/10) -- The article says USDA's announcement of county-by-county loan rates for some crops based on the national average rate set in the fall indicates that USDA will not raise the 1993 national loan rate for wheat and feed grains. The article notes that the administration has been pressured to raise the loan rates.

WHITE HOUSE AGRICULTURAL KNOWLEDGE QUESTIONED (FWN-5/11) -- Rep. Tim Penny (D-Minn.) says no one at the White House knows agriculture. He said cuts in foreign agriculture and market development programs "are not the right way to go," and points out the importance of exports to farm income. Rep. Penny also expressed concerns about using the ARP to achieve budget savings; he says, "it's not market oriented at all." He said raising loan rates is an issue that is "basically dead on the House Ag Committee," but he thought Sec. Espy was still considering it.

GAO SUGAR REPORT CRITICIZED (FWN-5/11, PRN-5/11) -- Florida sugar growers said the conclusions of a soon-to-be-released GAO report on the sugar price support program are "irrelevant to today's realities." They say the report incorrectly claims the federal program adds \$1.4 billion to sugar prices, and the article outlines other industry objections. A sugar company executive says they favor ending the program, but they must have an end to EC subsidies. SUGAR QUOTA INCREASED (Reuter-5/11, KRF-5/11) -- USDA extended the tariff rate quota for sugar until Sept. 30, 1994, and increased the quota level to 2.268 million tons (from 1.231 million) effective Oct. 1, 1993. A USDA official said the action was taken to help prop up domestic sugar prices; the official expressed concern that companies would otherwise end up forfeiting on loans they had taken to grow the crop and the department would then have to store and dispose of the sugar.

(PRN-5/11) -- The American Sugar Alliance called the USDA quota announcement the "second positive step in the right direction." The first step was the \$5 million credit for Russia to buy US sugar. They said the actions indicate the administration is serious about solving problems of low sugar prices it inherited from the previous administration.

COTTON CONFRONTATION (JOC, Reuter-5/11) -- Australia's primary industries minister says US cotton subsidies were not justified and could seriously damage Australia's cotton industry. He said he will take up the issue during trade talks with the US later this month.

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RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Jonathan P. Gill (GILL_J) (WHO)

CREATION DATE/TIME: 12-MAY-1993 16:37:00.00

SUBJECT: President's Remarks on WFAN Radio 5.12.93

TO: (202) 456-6444 (WNS_1) (WHO)
READ: UNKNOWN

TO: Christian M. Baldia (BALDIA_C) (WHO)
READ: UNKNOWN

TO: Janet Handal (HANDAL_J) (WHO)
READ: UNKNOWN

TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\JGILL(A)NSF.GOV@MRX@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Remote Addressee (JIM KOHLENBERGER@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Liz Bowyer (BOWYER_L) (WHO)
READ: UNKNOWN

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TO: Roy Neel (NEEL_R) (VPO)
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TEXT:

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release May 12, 1993
REMARKS BY THE PRESIDENT
DURING TELEPHONE CALL WITH NEW YORK
RADIO STATION WFAN
The Oval Office
7:38 A.M. EDT

Q Good morning, Mr. President.

THE PRESIDENT: Good Morning. How are you?

Q I'm fine. How are you?

THE PRESIDENT: I'm all right.

Q Let me ask you something. What the hell is going on down there in that White House? What do you mean, you've lost your focus? (Laughter.)

THE PRESIDENT: I haven't lost my focus, you've just been seeing me through the foggy lens of television instead of the direct -

-
of radio. (Laughter.) There's a big headline in The Washington Post today, "Clinton Wins Third Major Victory In Congress," I think we're doing fine. You know, we lost one bill and a lot of people think it's like the last days of Pompeii. I mean, if you're going to fight for change, you've got to be prepared to lose a few as well as win some. But I think we're well on track.

Let me just point out that when the Congress adopted my budget outline, it was the first time in 17 years that adopted it within the legal time limit, faster than they've moved in 17 years. Everybody complained about the appointments process. When 100 days went by, it turned out I'd made more appointments during the period than my two predecessors did. We just passed the Motor Voter bill yesterday, a big issue for younger voters making it easier for them to register to vote. We've got the economic program on track. I feel good about the way things are. But it's -

-
you know, change is not easy and people -

-
if you want to keep score after 100 days, when the -

-
where we had 4,500 days of trickle down economics -

-

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you know,
I haven't done everything I meant to do in 100 days but I never
promised to do it in 100 days. I think we're doing fine.

Q I think that looked good last night, breaking that
Republican filibuster, because it looks like Bob Dole -

it's like
the Friday the 13th movies, you know, where you think you've finished
him off and then next thing you know that hand comes popping up out
of the lake there and, of course, in this case there was a pin in it.
(Laughter.) But this is an indication that it doesn't look like the
Republicans are going to be able to waylay everything you're trying
to do, does it?

THE PRESIDENT: Well, I don't think so. You know, the
filibuster on the jobs bill was an unusual thing, I think -

-

not that
they tried to do it, but that they never let the majority vote. And
I think the American people have got that figured out. And there are
always going to be Republicans -

-

or most, always -

-

that agree with
some aspect of what we're doing. And when you reach out with them,
to them and you try to work out compromises, there are -

-

almost
always there are some who want to go for the national interest over
the partisanship, and that's what happened here. We worked out some
problems with that Motor Voter bill and it rolled right through. The
same thing with Family and Medical Leave. So I think if we just keep
working at it, we'll have some success.

We've had 12 cloture votes -

-

that's the attempt to get
60 percent of the Senate just so a majority can vote their will

-

12
already in the first three and a half months. So I imagine they'll
make us do this a lot, but I think there are always going to be some
Republicans who want to be part of a bipartisan movement for change,
and I'm encouraged by it.

Q Or Republicans who want to be president.
(Laughter.)

THE PRESIDENT: There are always going to be people who
want to be President, and some days I like to give it to them.
(Laughter.) But if I did that, at least I'd have a telephone
conversation with you before I give it up so you can call me
President Bubba. See, I've been waiting for this all this time.

Q Well, Mr. President, I don't know what you've heard
about what's been going on in this program, but it's always been very
respectful. And anything you've heard to the contrary would just be
further evidence of the collapse of the intelligence community and

(laughter)

-

I mean, these guys didn't even know that the Berlin
Wall went down until they saw it on CNN. So you can't trust what you
hear from them.

I was talking to my friend Jeff Greenfield over at ABC
and he had a good observation. He said, is this economic program of
yours tougher to sell now, you think, because for whatever
circumstances you weren't able to run on it?

THE PRESIDENT: No, I don't think so. It's -

-

the
difference in the program that we're advocating and the one I ran on
over a five-

year period is not very great, but what happened was
after the election -

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-
I want to emphasize this -

-
after the election
the government came out -

-
the previous administration -

-
and said
that the deficit was going to be \$50 billion a year bigger than they
had said before in three of the four years of the term that I now
occupy. So I had to do more to cut the deficit and we had to put
that up front. And it's worked pretty well so far.

You know, ever since we announced serious intentions to
cut the deficit and were specific about it, interest rates began
dropping very steeply, mortgage rates were at a 20-

year low. You're
going to have a \$100 billion -

-
that's a lot of money -

-
in
refinancing of home mortgages and business debt and other things
which I think will really help the economy.

But that meant we had to put off some of the plans or
scale them back in the early going and put them back into the later
years of my term to invest money in things that I think are also
important. But we've got to get control of this deficit. It's been
spinning out of control now, getting worse and worse for a dozen
years and we don't have the funds we need to invest in jobs to grow
the economy and I think it's very important.

Q I think William Greider pointed it out in Rolling
Stone -

-
and you either agree with it obviously or don't -

-
that
during the campaign that the focus was one and the debate was on jobs
and it seemed that because of Bush cooking the books and not
realizing that the deficit was going to be -

-
(laughter) -

a little
bit bigger than it was that then the agenda switched to this five-

year plan to reduce the deficit. Let me ask you -

-
THE PRESIDENT: But wait, let me make one point. I
think there are two sides of the same thing. That is, if I didn't
think that reducing the deficit over the long-

run would help us to
create more jobs, and if I didn't think we could also get some
increased investment in new technologies and education and training
and to rebuild our cities and to do these things that have to be
done, I wouldn't be doing this.

I think there are two sides of the same coin. I don't
think until we -

-
I think until we show we can get control over the
government's budget and we can make some spending cuts, as well as
restore some of the tax loses that we had in the early years of the
trickle-

down revolution, I don't think we can get a job program going
in the country. So I think this getting the deficit down is part of
a long-

term job growth strategy. Jobs are the issue; reducing the deficit is a means to get control of our economic future. The whole purpose of it is to put people to work.

Q To talk about just a second, this economic plan and some of these numbers that we see now suggest that the public is --

about half. 50 percent of them don't think it's going to work. And let me tell you what filters down to people like me, you know, aside from the esoteric proposals and figures and stuff that many of us don't understand, but what we hear is that the numbers we hear is that, for every three dollars and so in new taxes, we're looking at about a dollar or so in spending cuts and there are some people that think the ratio's even higher than that. Is that accurate?

THE PRESIDENT: No, no. But I'll tell you, if you look at this thing over a five-

year period we have more spending cuts than we do tax increases. And that's true even though we have some targeted increases in investment, in education and training and new technologies. Now, the people who argue this the other way, they play clever games. For example, if you're going to cut a program that's in place you may have to phase-

in the cuts over a five-

year period; if you raise a tax, you can raise a tax immediately; if -

-

you've got to look at this whole budget.

In this budget we have more spending cuts than tax increases. We do have some spending increases, but if you don't believe that there are differences and different kind of spending, I don't know what we can do. We have some spending increases to give a nationwide apprenticeship program to help retrain the work force. We have some spending increases to get into new technologies to make up for defense cuts because we're losing a lot of high-

tech, high-

wage jobs.

You know, up in Connecticut we've had a lot of employment dislocation because of defense cutbacks, but you've got a whole high-

wage work force that needs to have something else to do. And every other government in the world is investing in new technologies to try to create those jobs for their people, if we don't do it we're going to be left behind. So we have to target some investments. But this budget has over 200 very specific budget cuts over the last budget adopted in the previous administration. And if you look -

-

it's five-

year budget, that's what the law requires us to do, to adopt five-

year budgets -

-

we've got more spending cuts than tax increases, and we should.

Q Is it important what the ratio is and if it is, what should it be do you think? I mean, because that's the -

-

you know, that's kind of the way we relate to it.

THE PRESIDENT: Well, the issue is how many cuts can you get without pulling the economy into a recession. What do you have to cut, how many cuts can you get without unfairly cutting the elderly? The same people who say we don't have enough cuts are also often saying we shouldn't cut what we're cutting. And the truth is, if you want to get to a balanced budget through spending reductions, the only way to do it now is to get control of health care costs. And that, basically, in the later part of this decade, if we can adopt a national health system and -

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you know, Hillary has been working on that with hundreds of others -

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and we can bring the governments deficit down to zero, but you can't do that overnight. And the biggest part of our deficit growth now is in health care costs and interest on the debt.

We're not spending a bigger percentage of our income on Social Security -

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our national income -

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than we were ten years ago. We're spending a smaller percentage of our income on federal aid in education than we were 10 or 12 years ago. What's happened now is, we started cutting defense, but health care increases overcame the defense cuts. So what I'm trying to do is to cut everything I can now, get health care costs under control and look towards, not only cutting the deficit, but bringing it down to zero over a multi-

year period. You just can't do this overnight.

You know, we took the national debt from \$1 trillion to \$4 trillion in 12 years with a \$300-

plus billion a year deficit when I took office. You can't just eliminate that overnight without having serious economic dislocations. You've got to do it in a disciplined way and take it down.

Q There's already been some compromise with some members of your own party in Congress. Do you anticipate any more of that, or is it -

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THE PRESIDENT: Well, I think there have been some changes that make it better. After all, we put this plan on the table only 30 days after I had taken office and I invited people to comment on it but to keep its essential features intact. That is, we had to have the spending cuts before I would agree to tax increases. The tax increases had to be largely progressive, that is they ought to be on people at higher income levels whose tax rates went down in the 1980's while their incomes went up.

That we ought to have a earned income tax credit -

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that's taxpayer jargon for giving a tax break to working class people with children, particularly who would be especially hard hit by the energy tax; and that affects people with incomes up to about \$29,000 a year, where they'll get an offset on their income tax to make up for the energy tax.

And there ought to be some incentives for investment in the American economy, either mine or some others. And we emphasize small business and we emphasize new plant and equipment for big business; and those things are all going to be in the ultimate tax package. So I feel good about it. I think that, you know, the changes that are being made basically, at least so far the ones that have been discussed with me, don't in any way undermine the fundamental principles of the tax program and the spending cut program I laid out.

Q There is a dramatic picture of you and an agonizing Lyndon Johnson on the cover of the current issue of TIME magazine asking the question if Bosnia is going to be your Vietnam. One, let me ask you, do you think it has that potential? And, two, what is the United States policy in Bosnia?

THE PRESIDENT: Well, let me answer the first question. There are similarities to Vietnam in the sense that there is a civil war and there is a national dividing line -

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that is between Bosnia and Serbia, which doesn't fully coincide with the ethnic cohesion of the Serbs in Bosnia and Serbia. Same thing on the other end of the country with Croatia and Bosnia.

Hercegovina.

It's a very complicated thing. Those folks have been fighting with each other for a long time. There are also some differences, however. You have the continuation of a principle of ethnic cleansing that you didn't have in Vietnam, people getting killed or raped just because of their religion, just because they're Muslims and because of their historic conflict in that area.

And you have a United Nations resolution which has, in effect, given a military victory to the Serbians. That is the U.N. imposed an arms embargo which had the effect of opening up for the

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Serbs the entire arms cache of the Yugoslav army and denying weapons to the Bosnian Muslims and, to a lesser extent, the Croats. So the international community has been involved.

The third and a big difference from the point of view of the average Americans is, I've made it very clear that the United States, unlike Vietnam, is not about to act alone. It should not act alone. This is a European issue. It's an issue for the world community to address.

We have worked very carefully with our allies to make the sanctions tougher and to keep the pressure on to try to do two things: to try to contain the conflict and to try to put an end to the slaughter. And our policy is that it is in the United States national interest to keep this conflict from spilling over into a lot of other countries which could drag the United States into something with NATO that we don't want and to do everything we can with our allies to stop the slaughter and to end the fighting. And that's our policy. Our policy is not to do what we did in Vietnam, which was to get in and fight with one side in a civil way to assure a military victory. That is not what we're involved in. We are trying to promote a settlement and we have signed onto a plan -

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two of the three political factions in that area have signed onto it and we have committed ourselves to working with our allies. So the policy is very, very different than the policy the United States pursued in Vietnam.

Q Any scenario, any place down the road -

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this may be a dumb question, but I ask -

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that you see ground troops somehow getting involved there? Does it ever reach that point? Say all the allies get on board and -

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THE PRESIDENT: We believe that there could be a United Nations force which we could take part in that could help to enforce the peace agreement or keep the peace. We've been involved in peacekeeping operations of this kind in many places. But the United States is not going to unilaterally enter the conflict on the side of one of the combatants and do what we did in Vietnam. That is not our policy and that's not what we're going to do.

Q You know, I agreed with you when you said during the campaign that history has shown that you can't allow the mass extermination of people and just sit by and watch it happen and that really is driving this, isn't it?

THE PRESIDENT: Yes. It is a difficult issue. Let me say that when we have people here who've been involved in many previous administrations that are involved in National Security including, obviously, a lot of people who were involved in the two previous ones, I mean, and everybody I talk to believes that this is the toughest foreign policy problem our country has faced in a long time. And I'm trying to proceed in a very deliberate way to try to make sure there isn't a Vietnam problem here. But also to try to make sure that the United States keeps pushing to save lives and to confine the conflict. I don't think we can just turn away from this just because we don't want to make the mistake we did in Vietnam doesn't mean we shouldn't be doing anything. There are things that we can do and we're trying to do more to try to push this thing toward a settlement.

I also think that in terms of our clear self-

interest in addition to the humanitarian issue, if we can stop this conflict from spreading and it has powder keg potential that that is clearly in our interest.

Q You know what I've always wondered, Mr. President, you read the editorials in the Washington Post, the New York Times and the Wall Street Journal and you read these op-

ed pieces -

-

do you ever read one of those and then look at -

-

call Al and say, man that's a good idea why don't we do that. (Laughter.)

THE PRESIDENT: Actually, I do.

Q Do you?

THE PRESIDENT: Absolutely, I do. I also often read editorials that question our policies or our op-

ed pieces that question our policy and I send it to the Vice President and to and to other people in the administration and I say, if we don't have an answer to this we shouldn't go on. This is the best case against our policy.

what's our answer to it? I think that's important.

You know I don't mind, frankly, I don't mind criticism; in fact, I welcome it when it's rooted in ideas, when people are questioning whether a policy is right or wrong. But what I try to do is to have a new spirit of possibility here. I want a sense that, you know, we stop all this other political give and take and real harsh partisanship and calculating personal advantage and just talk about the ideas and the issues at stake and try to keep our focus on what's best for the American people. We're really in a new and uncharted time in many ways. It's very exciting, there are all kinds of economic opportunities out there for the United States, but there are also a lot of very, very stiff challenges that we have to meet. And I think in order to do the right thing, we're going to have to keep our minds open and our ears open and be willing to experiment and to try some things until we find a course that will clearly work that helps to support the security of the American people.

Q You know, I was talking at the beginning of our conversation, Mr. President -

I was actually just kidding about this focus issue -

but, you know, what looked great was when you and Hillary went up to Capitol Hill and when you had that first town meeting in Michigan, and now you are in Cleveland and Chicago, and this telephone call. You know, it began to look for a time -

I remember I was watching Willie Nelson and Neil Young out there at Farm Aid and they were talking about you and Al Gore, and they said, "What change?" And I think -

you know, from the outside looking in, it's like we had eight years of watching old Reagan get off and on that helicopter, and we wanted to see you do stuff like this. And I think this is great, and I can't tell you how much I appreciate you calling.

But I would say this: Let's not wait until these approval ratings get down to single digits before you call me again, because -

(laughter) -

THE PRESIDENT: Let me tell you, one of the things I did, though -

and you may think this is a mistake. But I mean, put yourself in my position. Partly, when you get out of focus -

when I get out of focus with the people is when I'm not communicating directly with them, when I'm just answering other people's questions and I'm at the mercy of whatever is on the evening news.

But I came to this city with a determination to work with the Congress and to try to get some things done. In the first three months, I thought that, having been out across the country for the last year and a half, I should spend a great deal of time in intense efforts to develop an economic package, a health care package and to get the basis of our national security and foreign policy down so that I would have a framework to proceed in. Most of the time I've been here, I've spent on the economy and on health care. In other words, my time has been sharply focused. I don't think the American people know that because I haven't been out here talking to you and people like you out there.

But there's been a big difference between the way I've spent my time in the efforts of the administration and, I think, what the perception is. That's my fault, in a way, and I'm going to get out and correct it. But I had to spend a couple of months, I think, just going to work in the office, getting the details down, working through the procedures, making sure I understood how the thing worked, and now I can go back on the road and do the things that I think are important to connect the American people to their government. And I recognize that that's my responsibility. Only the President can do that; and if I don't do it, it won't be done.

Q I know, Mr. President, you're coming to New York this afternoon. Do you want to go to the Knicks game tonight, or -

-

(Laughter)

-

THE PRESIDENT: You're betraying your all-

sports radio.

(Laughter.) I know you're trying to convince your listeners that you know something about this. (Laughter.) You're trying to get your approval ratings up on sports. I know that.

Actually, I'd like to do it. But I'm going to speak at the Cooper Union this afternoon. And then I'm going to a Democratic Party event tonight. So I can't go to the ballgame. Although I'd like to; I'm a big baseball fan, as you know.

Q Well, of course, this would be basketball, Mr. President. (Laughter.)

THE PRESIDENT: Oh, did you say Knicks? I thought you said Mets.

Q No, nobody wants to see the Mets. Are you kidding?

THE PRESIDENT: Let me tell you something. My wife grew up in Chicago as a Cubs fan. Once you get for a baseball team you can't quit it just because it doesn't win.

Q Well -

-

THE PRESIDENT: I thought you said Mets. No, I'd love to go to the Knicks game, but I'm otherwise occupied. I watched two of those games last night on television. Do you think the American people would think less of me if they thought I stayed up late and watched basketball? (Laughter.)

Q No, I don't think -

-

in fact, I read you've been watching the Houston Rockets and the Clippers.

You know, I'll let you go here. Just one final observation that I thought was kind of funny. Did you see any clips of Strom Thurmond interviewing one of those gay sailors? Here he is

-

-

I don't know if you know what he was saying -

-

you know, have you seen a psychiatrist or -

-

(laughter) -

-

I thought, man if I could be 90 years old and have it that together, there really isn't any other goal. Let's hope the same happens for you, Mr. President.

THE PRESIDENT: Since we're on an all-

sports network,

let me give Senator Thurmond a plug. He still works out for 50 minutes a day, and that's why he's still out there doing it. So if everybody listening to us will start spending 50 minutes a day taking care of themselves, a lot of them will be 90, 91 and still plugging away like Strom.

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Q May I ask you a question about your jogging?

THE PRESIDENT: Sure.

Q What are your mile splits? We have an estimate here that's right around 12 minutes.

THE PRESIDENT: No. When I ran with the Boston Marathon runners, we ran a 5k, and this is allergy time for me so I have to start out slow. We ran the first mile in nine minutes, the second mile in eight minutes, and the third mile in seven minutes.

Q Man, that's a lot faster than I do it. (Laughter.)

THE PRESIDENT: And I average about -

-

when I run here in town, I average probably about an 8.5 minute mile. But I can run if faster on Valentine's Day. The Vice President and I did 2.5 miles in a Heart Association run at about 7.5 minutes a mile.

Q Terrific. Mr. President, thank you very much, thanks for coming on, and good luck.

THE PRESIDENT: Thanks. Talk to you again, I hope.

END8:05 A.M. EDT

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CREATION DATE/TIME: 13-MAY-1993 12:51:00.00

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TO: Remote Addressee { 1=US@2=TELEMAIL@3=INTERNET@*RFC-822\JPOLEY(A)ESUSDA.GOV@MRX@EOPMRX } (DEFAULT)
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TO: Remote Addressee { 1=US@2=TELEMAIL@3=INTERNET@*RFC-822\DLYTEL(A)NSF.GOV@MRX@EOPMRX } (DEFAULT)
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TO: Jeffrey L. Eller { ELLER_J } (WHO)
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TO: Lisa Mortman { MORTMAN_L } (WHO)
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TO: Ernest D. Gibble { GIBBLE_E } (WHO)
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TO: Patricia A. Enright { ENRIGHT_P } (WHO)
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TO: Jonathan P. Gill { GILL_J } (WHO)
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TO: Richard Strauss { STRAUSS_R } (WHO)
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TO: Maria M. Tio { TIO_M } (WHO)
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TO: Joshua N. Silverman { SILVERMAN_J } (WHO)
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TO: Jess Sarmiento { SARMIENTO_J } (WHO)
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TO: Lavora R. Barnes { BARNES_L } (WHO)
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TO: C. Patricia Cogdell { COGDELL_C } (WHO)
READ: UNKNOWN

TO: Kimberly S. Hopper { HOPPER_K } (WHO)
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TO: Lorraine A. Voles { VOLES_L } (WHO)
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TO: Margaret C. Sherry { SHERRY_M } (WHO)
READ: UNKNOWN

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TO: Elizabeth A. Bernstein (BERNSTEIN_E) (WHO)
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TO: David B. Anderson (ANDERSON_D) (WHO)
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TO: Roy Neel (NEEL_R) (VPO)
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TO: Remote Addressee (MARLA E. ROMASH@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
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TEXT:

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release May 13, 1993

PRESS BRIEFING
BY DEE DEE MYERS
The Briefing Room

9:50 A.M. EDT

MS. MYERS: Good morning. Okay, a few quick announcements. Today's schedule, the President has a small business event in the OEOB, room 450, at 10:30 a.m.; at 12:30 p.m., lunch with the Vice President; 4:30 p.m. to 5:30 p.m. he does his usual Thursday photos with folks from around the country; and then at 8:00 p.m. he is at the National Law Enforcement Officers candlelight vigil, and he should be back at the White House at around 9:00 p.m.

Q What kind of remarks does he have there?

Q What is he doing at that event?

MS. MYERS: It'll be some crime-

related remarks. No new
policy unveilings.

Q Any legislative push for the crime bill or
anything?

MS. MYERS: No. I'm sure he will -

-
he generally talks
about the crime bill and the Brady bill whenever he has a chance to.
He may talk a little bit about community policing, which is included
in the empowerment zones proposal and other places.

Q -

-
photographers dinner after that?

MS. MYERS: No photographers dinner.

Q Janet Reno, will she be there?

MS. MYERS: I don't know. I believe so. But I'm not
100 percent sure.

Q There will be remarks?

MS. MYERS: Yes.

Q Dee Dee, there was only one photo op listed at 4:30
p.m. Are there others?

MS. MYERS: There are several -

wheelchair basketball team, National Association of Private Enterprise, a group of military aides from the White House, and that's it.

Q And there will photo ops in all three of those?

MS. MYERS: Actually the only one that's a photo op is the wheelchair basketball team.

Q Why is he snubbing the photographers?

MS. MYERS: I don't think he's snubbing them. He's going to the candlelight vigil. He's been to, as you know, three press dinners this year. He's obviously taken that seriously and will continue to attend those press dinners throughout his tenure here.

Q This administration likes photographers better than the Ford

MS. MYERS: We like you all the same. We love all of you very much. (Laughter.)

Q What's the -

MS. MYERS: It's Small Business Week, and I don't know what the exact structure of the event is, actually. He's going to make remarks, talk a little bit more about the deficit reduction trust fund, touch on some of the themes he talked about yesterday, and he'll actually have a new proposal -

but an announcement to make on incentives for small business.

Q As part of something that already exists, like empowerment zones, or -

MS. MYERS: No, no, as part of reconciliation.

Q Can you tell us where the Bosnia-Macedonia -

everything stands now? We're getting such mixed signals as though it's off the stove now and so forth.

MS. MYERS: Actually it's not. It's moving forward. There has not been a lot of change from yesterday. But where we are is, as the President said yesterday, troops in some kind of peacekeeping force in Macedonia is something that's been raised. It's not something that's imminent, but it has been raised as a means of keeping the conflict from spilling over into other parts of the region.

In the meantime -

Q He is still considering that?

MS. MYERS: Yes, it's something that's on the table; but again, no decisions have been made and no deployments are imminent.

Q Is Kosovo also being considered as part of that?

MS. MYERS: It's something that's been raised by the allies.

Q What was the question?

MS. MYERS: The question was, is Kosovo under consideration, putting some kind of peacekeeping force in Kosovo.

Q Can I ask under what authority we would put these peacekeeping troops in? Have they been invited by the governments? I mean, I may have missed it -

MS. MYERS: In Macedonia there's already a CSCE force in there. It's really a monitoring force. What's being considered, really, is an expansion of that under CSCE authority. That is the same sort of -

it's an expansion of that program that is currently being looked at. I believe the troops are -

now are Scandinavian.

Q Regarding Kosovo, I mean, is the President in favor, would be in favor of sending U.S. troops there as part of an international force?

MS. MYERS: What he's said is he's in favor of taking action to keep the conflict from spilling over. There is some concern about the ethnic Albanians in Kosovo, but no decisions have been made. It's something that's been raised by the allies, but not something that we've made a decision on yet.

Q Dee Dee, up until this point, the whole -- the thing the President was saying is that there would be no troops, period, unless there was a peace agreement -

MS. MYERS: In Bosnia.

Q Right. But what is the motivation now to even think about putting troops in? Is this basically to placate the Europeans?

MS. MYERS: No, the President has said we have several objectives here. One is to keep the conflict from spilling over, the others are to stop the Serbian aggression and to stop ethnic cleansing. I think there has been, throughout this conflict, grave concern that the conflict could spill over and that similar ethnic disputes could erupt in other parts of the region. Putting people in Macedonia or Kosovo, which is not something that is being actively pursued right now, would be a means of containing the conflict.

Q Dee Dee, how would their presence contain it? I still don't understand that. You're saying that, just by being there it will prevent a spillover?

MS. MYERS: Absolutely.

Q -

why?

MS. MYERS: Why? Yes, because I think there will be people on the ground to keep either some kind of -

to keep the Serbs from either moving into another part of -

Q Physically keep them from moving in?

MS. MYERS: That would certainly be part of it, or to monitor their actions to prevent them from sort of organizing some kind of an aggressive action.

Q So you're sending them into a combat situation?

MS. MYERS: Well, it's to prevent a combat situation. It's not currently a combat situation. It is very different than what's happening in Bosnia.

Q So those are things he is not actively pursuing now? What is he actively pursuing?

MS. MYERS: At this time, we're continuing to consult with the allies. As you know, the President is continuing to press for further action. I think over the course of the last couple of weeks, what's developed is a consensus that we do need to take additional steps to show that the international community is not going to allow ethnic cleansing and Serbian aggression to go unchecked, that we have to take action to contain the conflict.

Q Does he still think that he can't convince Europe -- at one stage to use military steps or to resort to force against the Serbs?

MS. MYERS: I don't think those options are off the table. I think we're continuing to press forward and continuing to consult on a number of options. The President has not changed his view of the situation, as he pointed out yesterday. And, again, I would point out that there is a consensus that the international community should take additional action. So we'll continue to press forward.

Q How do you get to that point?

MS. MYERS: That was the result of Christopher's trip, the Secretary of State's trip. That's something that I think all of the allies have confirmed.

Q They ought to do something, but they don't know what to do? Is that -

-

MS. MYERS: Well, at this point, yes. They want to do something, we're continuing to press for consensus on what that would be. Obviously, one of the things that's happening is that the sanctions against the former Yugoslav republic, Serbia and Montenegro are having an impact, and we're going to continue to watch Milosevic to see if he is sincere and committed to the embargo of all but humanitarian and food aid to the Bosnian Serbs.

Q What does it look like so far on that?

MS. MYERS: We're continuing to monitor it. Some of the news reports have been mixed, but we're continuing to look for additional efforts.

Q Well, what does your monitoring show -

-

that it's airtight, that it's a sieve, that he's living up to it? It's been, what, a week now?

MS. MYERS: We're still monitoring it, but I think there's clearly been a reduction in support.

Q Do you agree with the British -- came on today that this whole thing is causing a rift between the two countries and the allies in Europe because the Clinton administration is pushing them so hard?

MS. MYERS: It's causing a rift between the European countries, or between us and the European countries?

Q The United States and the European countries, particularly Britain.

MS. MYERS: I think we disagree with that. Obviously, we're going to continue to press. This is something that the President feels strongly for and something that we've worked hard on for the last several weeks. But I think we have good relationships with our European allies, and we're committed to keeping that relationship strong and acting in a multilateral fashion to stop the conflict in Bosnia.

Q Do you anticipate the President doing anything this weekend? This referendum vote is Saturday and the Europeans have made it clear that they don't want to take any action or additional steps until after that vote. Do you anticipate the President working Saturday and/or Sunday in consultation with the allies?

MS. MYERS: I think the consultations are ongoing. The President doesn't have any particular meetings scheduled. It may take another day to get the results of that referendum. We don't have any events tied to that.

Q Is it a watershed for U.S. policy?

MS. MYERS: No. As we've said before, we don't believe it's legitimate. But some of our allies are committed to seeing what the results are, and in the meantime we'll continue to consult with them and press forward towards consensus.

Q Is the President involved in those consultations, or has he taken himself out of that and is letting subordinates do that?

MS. MYERS: He's obviously being kept informed, but the consultations themselves are primarily happening with the Secretary of State and others. Nothing's scheduled.

Q And your statement on Monday that action on Bosnia was in a holding pattern, is that still the case?

MS. MYERS: I think what I meant to convey was that a lot of the allies are committed to waiting until the referendum over the weekend. In the meantime, we're going to move forward, pressing for a consensus for additional action.

ARMS Email System

Q You said a minute ago that clearly a consensus to press for future action -

what evidence is there of that?

MS. MYERS: That's -

Q Recognizing that the allies want to wait for the weekend referendum, what consensus -

what evidence can you show us now that there's a consensus for further action?

MS. MYERS: I think that was the outcome of the Secretary of State's trip to Europe. And I think that is something that the allies have confirmed, that they believe we need to take additional action, and we're pressing for a consensus on exactly what that action would be.

Q? Illustrated how?

MS. MYERS: Through the results of his consultations with them, through their comments subsequent to it. I think they've all said that they believe that the international community needs to do more on -

and what we're working on now is to forge a consensus on exactly what steps we should take.

Q

Q Well, they have -

with the exception of Italy declined to back the President's call for military action.

MS. MYERS: Well, I would say -

we haven't said that there is a consensus at this point on exactly what steps should be taken, but I think that the President's leadership has driven the international community to the point that they all agree that additional steps should be taken. And we'll continue to work with them to reach consensus on what those steps are.

Q Dee Dee, now that the Croats and the Muslims are fighting, is it true that there is a lessening of support among the --

on the U.S. side for lifting the arms embargo period?

MS. MYERS: Well, I think our position hasn't changed. I think clearly the conflict is an issue of concern and something that we'll watch very closely.

Q Has the President changed his thinking at all on it?

MS. MYERS: No.

Q Dee Dee, is that possibility of lifting that arms embargo, is that becoming less of a reality though even though he hasn't changed his views given the opposition of Europeans?

MS. MYERS: Well, the situation is fluid but I think the President's position has not changed, and we'll continue to press for consensus for further action with the allies, but the President's position has not changed.

Q Dee Dee, is it the President's feeling that should the Serb's reject the Vance-

Owen plan to reach a referendum, the Europeans would have to accept the steps proposed by the President that they would have no way out -

is that his feeling?

MS. MYERS: I don't want to characterize what their response would be other than to say we're going to continue to press for further action.

Q I was asking just because a French Minister

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-
said
this morning that in fact France doesn't have -

-
doesn't hold much
stock -

-
is a bit irrelevant, which show that, in fact, regardless of
the result France will continue to oppose the lifting of the embargo
and even air strikes. So what kind of a chance does the President
have of convincing Europeans if they think that anyway -

-
in fact,
irrelevant?

MS. MYERS: Well, I think the consultations are ongoing.
And we're going to continue to press, and we'll see what happens.
But I don't think that as far as we're concerned the referendum has
an impact one way or another on the our plans.

Q What impact has the Pentagon report on the success
or lack of it of airpower in the Gulf had on the President's
consideration of that option in Bosnia?

MS. MYERS: I don't know that he's had a chance to
evaluate that yet.

Q Well, on the referendum among the Bosnian Serbs, is
it still the U.S. government's position that the results of the
referendum have no credibility?

MS. MYERS: Absolutely.

Q The Times has a story this morning that the United
States -

-
the administration has asked Mexico to accept former
representative Jim Jones as the U.S. ambassador there. Is that
correct?

MS. MYERS: I can't confirm appointments until we make
them.

Q I wouldn't ask you to confirm the appointment, I
was asking you to confirm whether we've asked Mexico to accept him?
(Laughter.)

MS. MYERS: Same answer.

Q Now that the President has recommended this or
proposed this deficit reduction trust fund, how does the White House
intend to get that into, through Congress? I mean, have you got
somebody to draft the bill? Are you working on it here? What's the
state of play on that?

MS. MYERS: Yes, there's

-
I'm not sure exactly what
the -

-
we will introduce legislation through the -

-
it will become
part of the reconciliation process. And I'll have to get back to you
on what exact steps. But we're optimistic that we can get it through
Congress; there's a lot of support in Congress for it.

Q Are you going to work to -

-
MS. MYERS: It will be legislation. I'm not sure who
the cosponsors have been. As you know, Rep. Schumer and others have
been the main proponents of this in the past, and Senator Bradley on
the Senate side. So we'll work with Congress to get legislation
introduced. It'll probably have a lot of cosponsors.

Q

Q Is it fair to say that you sort of sprung this on
Congress because many of those who even thought this would have been
a good idea were surprised that it happened yesterday?

ARMS Email System

MS. MYERS: Well, I think it was something that we had discussed with various members and staffs over the course of several weeks. I don't think we gave them a lot of lead time that we were going to announce it yesterday, but they knew that it was something that we were considering and something that the President was looking favorably at.

Q And he put this out there because the poll results you were getting from around the country were showing that people weren't buying the economic program without some proof that the President was seriously committed to reducing the deficit?

MS. MYERS: I think that clearly people are willing to contribute more if they believe that the money will be spent prudently and for things like deficit reduction. I think it was an opportunity -

-

an opportunity for the President to be very specific, to have a specific plan that says, yes, these additional taxes and these spending cuts will go toward deficit reduction. So I think it's an opportunity -

-

we're focusing on the economic plan this week and it makes its way through the Ways and Means Committee. That process is going extremely well. And this is just an excellent opportunity for the President to show that he's committed to deficit reduction.

Q Isn't it true, as the Republicans were quick to charge yesterday, that there really is no net deficit reduction in the Clinton administration; that when you leave office, at the end of the first term, say, the deficit will be approximately what it is today?

MS. MYERS: That's just not true. There will be -

-

Q -

-

what was the deficit last year, and what would the deficit be?

MS. MYERS: That's an irrelevant measure, because if you look at what the deficit projections were under the Bush five-

year plan, and what the deficit projections are under the Clinton plan. There's a tremendous amount of deficit reduction, both in cumulative terms and in real terms.

Q Well, all that means is your holding the line on --

MS. MYERS: No, it means that we're reducing the deficit

-

-

reducing the deficit by \$500 billion over five years, and as a percentage of GNP by 50 percent. It goes from 4. -

-

I can't remember; I don't have the numbers in front of me. But we cut the deficit as a percentage of GNP in half over five years, which is infinitely more than the previous two administrations have done with the deficit, when see it skyrocket both in real terms as a percentage of GNP.

Q Are there any plans to address the nation, even tentative, on the Bosnia situation?

MS. MYERS: No plans.

Q If there as military -

-

would you call the Desert Storm model of getting congressional approval and setting a deadline?

MS. MYERS: We just haven't gotten to that point. I just can't speak to plans that -

-

about decisions that haven't been made.

Q Can you jump ahead to tomorrow, what's on the schedule?

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MS. MYERS: Yes. Glad you asked. At 1:00 p.m. the President will hold a press conference in the Rose Garden, weather permitting. And if the weather is not good, we'll do it here. It is just a regular old press conference as opposed to anything more specific. In an ongoing series of press conferences, I might add. (Laughter.) Oh, dozens, dozens.

Q -

-

third one -

-

MS. MYERS: This is the third one, dedicated just to letting you guys talk about what you want to talk about.

Q Have you really counted how many questions he's answered?

MS. MYERS: It's over 500, so it's a lot.

Q You're keeping track?

MS. MYERS: Actually, I'm sure by tomorrow we'll have the specific number for you.

Q Can we like an Arsenio Hall, 1,000-question -

-

MS. MYERS: We might have to do a big ceremony around the 1,000th question. Have some -

-

I don't know -

-

Q Don Imus will probably get it.

MS. MYERS: Yes, he probably will. That's a good idea. Saturday he's doing his radio address. That's the only public event on the schedule as of now. Sunday, no public events.

And Monday morning we will leave for Los Alamos, New Mexico, and then on to San Diego. Monday night we will do a town hall meeting in San Diego at the studios of KGTV, Channel 10, which is the ABC affiliate in San Diego. It'll be 8:00 p.m. to 9:00 p.m. Pacific Time, and we have the coordinates if anybody's interested. And it will be a small studio audience, and it's 40 to 50 local residents.

Q Any other cities involved?

MS. MYERS: We will probably get to Los Angeles on Tuesday.

Q I mean, any other cities involved -

-

MS. MYERS: I don't know what the structure -

-

that's a good question. I don't think so.

Q Could you finish that up, Dee Dee? Los Angeles -

-

MS. MYERS: We'll probably go to Los Angeles Tuesday morning and then come back to Washington. We don't have an event scheduled yet in Los Angeles.

Q What's in Los Alamos?

MS. MYERS: It's defense conversion.

Q Is he planning on converting Los Alamos to something? I mean, is there a specific -

-

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MS. MYERS: No -

Q I mean, they have a very specific job there.

MS. MYERS: They do. But the President's been there before and talked about -

there is obviously civilian uses for the kinds of technology that they specialize in there.

Q Could you give us an approximate departure time on Monday?

MS. MYERS: It'll be in the morning. We'll do the event in Los Alamos and then get to San Diego in the evening, Pacific Time. So I don't think it'll be a real early departure.

Q Is there any -

comment on -

Q Return time on Tuesday? Dinner time

late night?

MS. MYERS: Sometime in the evening probably, early evening.

Q Dee Dee, is there any comment on the French government's request today that the Blair House agreement be renegotiated?

MS. MYERS: No comment on that. We'll continue to push forward toward framework for GATT by the G-

7 meeting in Tokyo and we'll continue to press for that.

Q The President hasn't been informed yet or he doesn't want to comment it or -

MS. MYERS: No, I'd have to take the question.

Q Can we get back to Bosnia just for a brief minute? Senator Biden's comments Tuesday in the Senate have ruffled a lot of feathers in Europe -

they were pretty -

does the President share his views? Does he feel the way he stated them was helpful to his achieving a consensus?

MS. MYERS: The President said on Tuesday that he wasn't going to characterize at all Senator Biden's comments. and went on to say that his position. the U.S. position is well-

known in Europe and we'll continue to work with our allies. We believe that this is an international problem that requires multilateral action; and we'll continue to press for a multilateral solution.

Q Dee Dee, back on the economy, given the wholesale price figures yesterday and the retail price figures today, is the administration concerned that inflation is once again becoming a problem?

MS. MYERS: Well, at this point, we don't believe there's a lot of inflationary pressure, but it's something we'll continue to watch.

Q What's the status of that -

investigation on the plot against Bush?

ARMS Email System

MS. MYERS: It's ongoing. Don't have any report on it today.

Q They're not back yet?

MS. MYERS: No.

Q Is Sessions going to get the coup de grace today?

MS. MYERS: I believe he's meeting with the Attorney General today. And beyond that -

Q What does it mean -

MS. MYERS: She said that she

the question was, is Sessions going to get the coup de grace today -

(laughter) -

in Helen's usual delicate terms.

Q Off with his head. (Laughter.)

MS. MYERS: That's right. (Laughter.)

Q Give him a push. (Laughter.)

MS. MYERS: The Attorney General will meet with

the answer is, the Attorney General will meet with Director Sessions today. The Attorney General, when she's prepared, will present a report to the President, who will review it and make a decision.

Q Will the President meet with Sessions?

MS. MYERS: Nothing's scheduled.

Q He's asked for that.

MS. MYERS: We haven't made -

nothing -

he'll wait until he gets the report from the Attorney General and make a decision on that.

Q How long could that take, Dee Dee?

MS. MYERS: The Attorney General is reviewing the allegations against him and Sessions' defense.

Q And what's the time frame on all of this?

MS. MYERS: There's no particular time frame, but obviously Janet Reno has said it's something that she wants to move forward with, and is meeting with Sessions today as part of that process.

Q Is it likely today, the final decision by the President?

MS. MYERS: No, no, no. At some point the Attorney General will present a report to the President. She hasn't done that yet. She's meeting with him, I think, as part of the preparation process.

Q -

MS. MYERS: Not that I know of.

Q Have a replacement yet?

Q What else is the President doing tomorrow?

MS. MYERS: The only other public event is he's meeting with the White House Fellows at 5:00 p.m.

Q No meetings with lawmakers? No meetings with -

MS. MYERS: Nothing's scheduled. That could change, depending on what happens. But there's nothing scheduled.

Q No meetings with national security folks or diplomatic advisers?

MS. MYERS: Nothing's scheduled. He continues to, obviously, receive regular updates. He's in regular contact with his National Security Adviser and others on Bosnia and other international situations.

Q But nothing's scheduled outside his normal morning briefing?

MS. MYERS: No formal meetings scheduled.

Q On Ways and Means, you said the process is going extremely well. How many exemptions is the administration willing to accept on the energy tax?

MS. MYERS: Well, we don't have a specific number of exemptions on the energy tax. Obviously we're going to work with the House Ways and Means members to reach something that's acceptable, that protects the President's overall goals. And so far we've very gratified by the way the whole reconciliation process has gone in a number of committees. For example, yesterday the direct loan program got out of Labor and Education, in the Senate, which was extremely gratifying. The whole process is going very well, and we think that the House will probably vote on it tonight -

the House Ways and Means Committee.

Q Dee Dee, on the Ways and Means, since it appears that the ITC is dead in the water, is the President proposing these small business incentives as an alternative to the permanent -

MS. MYERS: I would say, don't miss the President's small business event this morning.

Q Is he going to mention corporate income tax? Is he willing to compromise, come down from the 36 as Rosti wants?

MS. MYERS: Well, we're willing to work with the House, obviously, to reach a compromise that both meets with the President's objectives, which is a plan that is ultimately fair, that raises revenue by going back to the people who did the best in the 1980s, who saw their incomes go up but their taxes go down. We think that we will achieve that. We're very happy with the way the process is going so far and the way it's preserving not only the specifics, many of the specifics of the President's plan -

the vast majority of the specifics -

but also the intention of the President's plan. But I don't think we'll have any specific comment on that today, but he will talk about other small business incentives.

Q Is the President giving a reception for the Middle East negotiators at some point?

MS. MYERS: None is scheduled at this point.

Q Can I go back to the economy for just a second, the inflation -

do you think that's a one-

time thing, weather-

related, or do you have a reason for why the jump if you don't think there's inflationary pressure -

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MS. MYERS: Let me take that question, or have one of our economists respond.

Q Is there a briefing this -

MS. MYERS: George is briefing at noon -

12:30 p.m.

Q Where was the President this morning? It appeared that he wasn't in the Oval Office this morning. Do you know where he was?

MS. MYERS: He came in at 9:30 a.m. -

I think -

he was definitely in there for a meeting at 9:30 a.m. I think before that he was at the Residence, yes.

Q At 9:30 a.m. -

all right -

THE PRESS: Thank you.
END10:16 A.M. EDT

ARMS Email System

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Jonathan P. Gill (GILL_J) (WHO)

CREATION DATE/TIME:13-MAY-1993 19:10:00.00

SUBJECT: President's Remarks to Champion Wheelchair Basketball Team

TO: (202) 456-6444 (WNS_1) (WHO)
READ: UNKNOWN

TO: Christian M. Baldia (BALDIA_C) (WHO)
READ: UNKNOWN

TO: Janet Handal (HANDAL_J) (WHO)
READ: UNKNOWN

TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\JGILL(A)NSF.GOV@MRX@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Remote Addressee (JIM KOHLENBERGER@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Liz Bowyer (BOWYER_L) (WHO)
READ: UNKNOWN

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TO: Jeffrey L. Eller (ELLER_J) (WHO)
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TO: Elizabeth A. Bernstein (BERNSTEIN_E) (WHO)
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TO: Jack Quinn (QUINN_J) (VPO)
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TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TEXT:

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release May 13, 1993

REMARKS BY THE PRESIDENT
WITH THE NATIONAL INTERCOLLEGIATE CHAMPION WHEELCHAIR
BASKETBALL TEAM, UNIVERSITY OF TEXAS-

ARLINGTON

Diplomatic Reception Room

4:42 P.M. EDT

THE PRESIDENT: Ladies and gentlemen, I am honored to be the first President to welcome the National Intercollegiate Wheelchair Champions to the White House. I have to tell you that I am very impressed by this group of fine young men. They've done some amazing things. For the third year in a row the Moving Mavs from the University of Texas at Arlington have brought home a national championship. I hear that they're the pride of UT

Arlington, that their home games are drawing record crowds, and that every time another banner is brought home in Texas Hall the excitement and the enthusiasm of the fans keeps building.

I want to recognize a few of the people who've been instrumental in this team's remarkable success. The driving force behind the Moving Mavs, of course, the coach, Jim Hayes; Ryan Amacher, President of the University of Texas at Arlington and one of their biggest supporters, my friend, Congressman Martin Frost, who just coincidentally happens to represent them. (Laughter.)

I'm impressed with their winning record and their hard work and determination. I understand that this team really reflects the pioneer spirit of Texas and does not flinch in the face of obstacles. All of them are pioneers not only in wheelchair athletics, but in the ongoing struggle in our nation to obtain equal opportunities on and off the court for all Americans with disabilities, not inabilities.

They display the attributes of strength and determination. They've practiced, they've worked hard. They've produced a championship team in ways that few people ever know. I commend all of you for your unrelenting pursuit of excellence and for your demonstration about what is true in every sport -

-

that as an individual you may star, but as a team you can be champions.

I believe that when people are empowered and when they work together, when they're given the opportunity to make something of themselves by a real community effort, that's when we all achieve the fullest meaning in our lives. If we're going to be a strong America, we're going to have to do more of what you've done with this team, Coach.

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I'm proud of all of you. I welcome you to the White House. I know the people back home are proud of you, too. Thank you very much. (Applause.)

MR. AMACHER: Mr. President, I have two gifts for you. One is a seal of the University of Texas at Arlington. And I'd like to, on behalf of UTA, thank you for inviting us to the White House. As one of the players said as we were coming up the walk, "Is this awesome or what?" (Laughter.) The last gift I'd like to leave you with is tickets -

first tickets -

to the Final Four of the Wheelchair Basketball Championship to be held March 9, on the UTA campus. The first tickets are for you and Mrs. Clinton. We'd be delighted to have you attend.

THE PRESIDENT: Thank you.

MR. AMACHER: And let me turn it over to Coach Hayes, who has a gift for you.

COACH HAYES: Mr. President, we would like to take this opportunity to make you an honorary member of our team and then we have a jersey fixed up for you. And if I may call your attention

there is some significance to the numbers. We figure the fourth team for us and four more years for you seems appropriate. (Laughter and applause.)

THE PRESIDENT: This is great.

PLAYER PHUNG TRAN: Now on behalf of my teammates I'd like to present you this ball with our signatures on it. (Applause.)

THE PRESIDENT: We've got a basket down the way, we could probably -

(laughter) -

shooting some hoops instead of being in here. Thank you, very much. Anybody else, Martin, you want to say anything?

CONGRESSMAN FROST: Mr. President, I just want to thank you for taking time out of your schedule. I mentioned briefly to the team how busy you are each day and how it's important it is -

how significant it is that you would share a few minutes with them. And I want to personally thank you for doing that.

THE PRESIDENT: Thank you. Thank you very much, all of you and good luck to all of you. You know, things do get busy around here but if people like you don't come to see us sometimes we forget why I'm here. It's easy to get too busy and lose connections with the people in the country. You know, tonight all over this country people will see a picture of you here. And you have no idea whether some young person will see your picture here and be inspired and say, well, I can do more with my life. I can make more of myself, there is something else I can do. And I don't think you could possibly underestimate the impact that your achievement will have on others. I really want to encourage you. I also want you to know I don't have the upper-

body strength to play basketball. (Laughter.) Now, don't run off with that. (Laughter.)

Q Mr. President, are you satisfied with the way your tax bill came out of the House Ways and Means Committee?

THE PRESIDENT: I was -

well, I haven't -

Chairman Rostenkowski called me about an hour or so ago, right after the vote, and based on what I know, I'm very satisfied. I'm immensely pleased. All the basic features of the bill remained intact and many of the changes that were made I think made it a better bill. So again I have not had a chance to study all the things that were done today.

but based on what I know. I believe it is a very good bill indeed.
It still maintains the essential features. The earned income-

tax
credit is there for people making roughly \$29,000 a year or less to
basically add fairness to the tax code and relieve them of the impact
of the energy tax.

The bill is highly progressive, virtually all of the
money raised on people with incomes of over \$100,000. The
immunization program, the family preservation program is intact. The
empowerment zone program was endorsed by the committee and they added
quite a bit of money to it so we could encourage more cities to get
involved in trying to bring free enterprise into distressed areas. I
think that is a very impressive thing.

And I think changing the small business incentive to an
expensing rather than an investment tax credit is basically a net
plus because more small businesses can access it at less hassle. So
I feel very good about it -

-

what I know about the bill. You know,
like I said, I haven't -

-

but what I know about it is very
encouraging.

Q Why shouldn't the American people regard this as a
black letter day with a new tax bill coming their way?

THE PRESIDENT: Because all this money is going to go to
reduce the deficit. Because we've got interest rates at a 20-

year
low. Because most Americans have refinanced a home or a business
loan, they've already saved more money in interest costs than they
will pay in higher taxes. And because if we don't do something to
cut spending and increase some taxes we're going to bankrupt the
country.

We tried it the other way for 12 years. We tried
lowering taxes and increasing spending and we went from a \$1 trillion
to a \$4 trillion debt. Didn't work out very well. And I think the
American people want us finally to step up to the bar and reduce this
national deficit and get it down eventually to zero and get some
economic growth going.

I also believe until we bring the deficit down we won't
have any money to invest in education and training and new
technologies. We have to prove to the American people first we've
got the discipline to spend their money properly and to run this
government properly.

I think it's not a black letter day, it's a red letter
day for America. We're finally beginning to face our problems in a
mature way. And I'm encouraged. And I applaud the House Committee
for what they did today.

THE PRESS: Thank you.
END4:52 P.M. EDT

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RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Jonathan P. Gill (GILL_J) (WHO)

CREATION DATE/TIME:13-MAY-1993 13:01:00.00

SUBJECT: President's Remarks to the Cooper Union Community

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READ: UNKNOWN

TO: Janet Handal (HANDAL_J) (WHO)
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TO: Liz Bowyer (BOWYER_L) (WHO)
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TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TEXT:

THE WHITE HOUSE
Office of the Press Secretary
(New York, New York)

For Immediate Release May 12, 1993

REMARKS BY THE PRESIDENT
TO THE COOPER UNION COMMUNITY

Cooper Union School for the
Advancement of Science and Arts

3:50 P.M. EDT

THE PRESIDENT: Thank you very much. It always seems to be a good thing for me when I'm introduced in New York by Governor Cuomo. (Laughter.) I must confess to having mixed feelings as I sit on this revered stage with all these distinguished citizens and President Iselin made his eloquent remarks and then your fine Mayor spoke so forcefully, and the brilliant Chairman of the Senate Finance Committee brought us back to Woodrow Wilson, and then Governor Cuomo once again gave me a hard act to follow. (Laughter.) And they all left the stage. (Laughter.) I thought to myself, pray this is not a metaphor for the battle ahead. (Laughter and applause.)

This is the second thing I have had in common with President Wilson. I received a fascinating letter the other day from Johnston and Murphy -

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the shoe manufacturers from Nashville, Tennessee. They have made shoes for every President going back to the 1850s. So they made a pair of shoes for President Lincoln. And they send you a little catalog and you pick the shoes you want. And they send them to you with your name in them; it says "Johnston and Murphy -

-

every President served." And so they -

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(laughter) -

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and so I ordered these rather simple plain black shoes, and they wrote me this wonderful letter in which they said, we're from Nashville, Tennessee, and we know what's in your heart, so here's an extra pair of shoes. And they sent me a box of blue suede shoes. (Laughter.)

And then, in the letter they recounted the choices of all the previous Presidents. And they said that in one way my

choice was not particularly innovative; that five other Presidents had chosen the same style I did. (Laughter.) Including Harry Truman, which made me very proud. (Laughter.) But they said, you do have the biggest feet of any President since Woodrow Wilson. (Laughter.) So you had two sets of big feet here from the Presidents.

President Wilson said in an address that Senator Moynihan quoted: "I have been dealing with young men most of life." He wasn't so gender sensitive as he should have been. "And one of the things I have tried most to impress upon them is not to stay young too long, but to take themselves seriously."

Now, at one level I want us all to stay young forever, but I do think the time has come for us to take ourselves and our purposes more seriously. This celebrated institution and the community of scholars and activists it embraces is the result, as President Iselin said, of Peter Cooper's determination more than 130 years ago to create an institution intellectually vigorous with free tuition, the first non-

discrimination policy in American history, and a genuine commitment to social justice. He believed you could do more than one thing at a time. (Applause and laughter.)

Here Mr. Lincoln asked our country to confront the cost of the spread of slavery. To ask hard questions about the conditions that had plagued our nation since its beginning. Remember it was Thomas Jefferson, not Abraham Lincoln -

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Thomas Jefferson the slave owner who said, "I tremble when I think of slavery to consider that God is just." There were people who knew in their hearts the truth, but had denied it a long time.

Lincoln said that to continue to do that threatened to tear our country apart. He knew the nation would be destroyed if slavery spread and that, unless the country's drifting stopped, the very drift would carry within it the seeds of our destruction. And so, here at Cooper Union he asked those hard questions and gave strong answers. Soon after he won the nomination of the fledgling Republican Party and went on to win the presidency by only 39 percent of the popular vote, receiving virtually no votes south of the Mason-

Dixon Line. Soon after that the war came and Lincoln's fight for the union grew into a determination to abolish slavery.

Several days a week I walk alone into the room in the White House where Abraham Lincoln signed the Emancipation Proclamation and try to remember the purposes of the United States of America.

The fight for the Union and the fight against slavery cost Abraham Lincoln his life, as well as the lives of hundreds of thousands of his fellow countrymen. But America prevailed in form and spirit. And America has endured in form and spirit because in times of crisis and challenge, leaders have asked the hard questions and given the strong answers, and the American people have rallied.

Look at the condition of America today. How can we avoid asking those questions? To be sure, we are still the strongest nation in the world politically, economically and militarily. To be sure, more than anyone else in the world we have accommodated the incredible diversity of our land with remarkable harmony. When you look at what is happening, the heartbreak in the former Yugoslavia today, where there are three ethnic groups that genetically have no ethnic differences at all but call them ethnically different solely because of the accidents of religion and history.

It is an incredible tribute that in this country, in this great city, and across the country -

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in Los Angeles and in all places in between -

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that we live together as well as we do with our diversity. But still we cannot avoid the hard questions.

If we're so great, why are most middle-

class families working longer hours today than they were 20 years ago for wages that in real terms are less than they were a decade ago? Why are one in 10 of our people so impoverished they're on food stamps? Why are over 8 million of us out of work if we're in the 17th month of a recovery? Why are there over 35 million of us without health care and millions more Americans terrified of losing their health coverage, with 100,000 Americans a month

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losing their health insurance; and millions of others who can never change jobs under the current system because they or someone in their family has been sick, and so they have a preexisting condition, which makes them unemployable with health insurance elsewhere?

Why -

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why that half the people on welfare not get off of it as a safety net after just a few months? Why is there a whole class of new poor people, mostly young women and their little children -

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many of those children never born into an integrated family? Why was only 35 years ago -

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only 35 years ago, there conditions even in New York City in which there were three police officers on the street for every violent crime, and today there are three crimes for every police officer?

Why does the government fail to deal with the problems that this age has brought to us and engaged the American people in dealing with them? Why have we seen the government's debt grow from \$1 trillion to \$4 trillion in the last 12 years, while we reduced our investment in the people of America and their promise and their ability to compete?

Why in the world would we reduce all this defense spending, including jobs for engineers and scientists and factory workers, with no plan whatever to put that money back to work to create opportunities for them cleaning up the environment, or exploring the frontiers of technology here at home, or helping us to compete with people all around the world?

The American economy finds itself in the middle of a global marketplace, challenged on every hand by nations who have made wise investments in their people, their workers and their technological edge. Yes, there is today a global recession, which is making our problem more difficult. But if you take the long view, those who have made the investments in the '80s and those who are doing so now will be rewarded over the long run. For a decade or more, we have both expanded our debt and reduced our investment in areas key to our future.

We also have in this country a crisis of belief and hope. When President Kennedy took office, younger than I was when I took office, over 70 percent of the American people fundamentally believed that their leaders would tell them the truth and that their system could succeed. Now it seems as if half the people just stand around waiting to be disappointed, waiting to be told what's wrong and who's failed and how the special interests once again have strangled the national interests, and why they should go on about their business without believing things can be different.

I believe that the nature of our challenge is this: We must both restore our economy and restore the confidence of our people in our democracy. And I do not believe we can do one without the other.

This is a strange and, in a way, wondrous moment in our history when citizens everywhere desperately want things to change, but still are wary of it and reluctant to place their faith in anyone's prescription. We must begin with the economy. We must change the way the government works if we expect the economy to improve. And we must rebuild the confidence of the American people based on the three words which were the watch words of my campaign for President: more opportunity for all; more responsibility from all; and the clear understanding that we are a community and we're all in this together, going up or down together. Whether we like it or not, that is clearly the truth. And we must begin to act as if it were.

How can we reduce the deficit? Let's start with the big problem of the debt. Well, the answer is not popular -

-

to reduce the deficit you have to reverse what produced the deficit. What produced it? Tax cuts and spending increases. Doing what people like. The most popular thing in the world is for me to cut your tax and write you a check. And that was what was done by government for the American people for 12 long years. I'll cut your tax and I'll write you a check -

-

that's a good deal. It used to be known as a free lunch when I was a kid.

We have to begin to reverse this process. And because government has been at fault, first you should ask

government to change. So I have asked in Washington that we begin with significant spending cuts below the budget that was adopted last year to reduce the deficit and to free up resources for targeted investment in the future of our economy and of the young people here present in this hall.

We should look at every program for possible savings, including ones that Democrats have favored for a long time. And there should be no tax increase, not a dollar, without the spending cuts. That is the meaning of the budget resolution that was passed a few weeks ago in record time. It contains the largest deficit reduction proposals in history -

-
over \$500 billion in deficit reduction over a five-

year period, with more than 200 very specific cuts in programs. Those were tough to make but necessary in the face of a \$4 trillion debt that will continue to grow until the deficit itself is reduced to zero.

That deficit is robbing us of our ability to invest in our future. More and more of our money just goes to pay interest on the debt. If we don't change it, by the end of the decade over 20 cents on every dollar you pay in taxes will go just to service the debt. Now, that is also a redistribution of wealth away from middle-

class taxpayers to the upper-

income people who hold the debt, instead of to invest in the jobs and the education and the infrastructure of the future of New York and the rest of America.

We made cuts in Medicare, a thing that is difficult to do. We asked upper-

income Social Security recipients to pay tax on more of their incomes, a thing that is difficult to do. We asked -

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in spite of the fact that I value public service greatly and I believe public employees too often have been used as whipping boys for the difficulties and frustrations of the moment, still I asked the public employees of the United States of America to have a pay freeze for a year and to keep their wage increases below inflation and cost of living allowances for each of the next three years.

I come from a rural state, heavily electrified by the Rural Electrification Agency, but I asked that the subsidies to the REA be reduced. I asked that certain programs that benefit cities but that don't have the accountability of the normal budgeting process also be reduced. All these were not easy but, it seems to me, essential if we're going to ask the American people to sacrifice that the government take the lead and show the way.

We're also fighting, however, to do something no government has done before: to both reduce the deficit and increase targeted investments in areas that are designed to secure the future of this country -

-

in the ones Governor Cuomo mentioned: in Head Start; in the program to get children off to a healthier start in life with immunizations and nutrition; in better programs for apprenticeship training for our work force; in opening the doors of college education to all Americans through reforming the student loan process and a program of national service; in new incentives for our industries to develop new technology.

These are things which other countries do as a matter of course and take for granted and which lead to huge increases in productivity. The case for them should be plain in America once inessential spending has been cut.

The cuts, however, must be credible. And credibility is difficult to come by in Washington today. They must be legally enforceable; they must be plain to the American people. After 12 years of rising deficits and Americans feeling deceived about the issue, I don't blame the people of this country for being distrustful about what they hear from Washington when it comes to bringing down this deficit.

That is why I have decided today to propose that we establish a deficit reduction trust fund and put every penny of new taxes and the budget cuts proposed in my budget into the trust fund so the American people know that it has to go to deficit reduction. (Applause.)

There are several members of the New York congressional delegation here today. I thank them all for being

ARMS Email System

here and I thank especially Congressman Schumer for his leadership on this issue. I thank Senator Moynihan for his support of this issue. (Applause.) Senator Moynihan said on the way up here that he thought we ought to do it to win a victory for the clarity of our determination to reduce the deficit. Senator Bradley had an op-

ed piece in the paper today endorsing the idea. The time has come to prove that when we say we're going to do something with the people's money, we actually do it. (Applause.)

Let me repeat what this means. We will create a trust fund in which every dollar that is raised will go to deficit reduction and in which all the net budget cuts which have been approved will do so also. This is very important.

This seriousness, however, should not relieve us of our obligation to recognize that over the long run we must also bring down the investment deficit in this country. I am as dedicated to that as I ever have been. I know that long-

term economic growth depends on high-

quality and comprehensive education and training; converting the workers and the investments from defense that is being cut to new technologies which must be increased; establishing new and innovative partnerships with the private sectors and, as I said earlier, opening the doors of college education to all Americans. But bringing the deficit down will give us the freedom to do that.

This budget saves, as I said, about \$500 billion. And the trust fund will ensure that we do just that. It will be a change in the way Washington does business. It has broad support. But I also want to emphasize that it will only confirm the direction on which we have embarked.

The financial markets here in New York have already understood the seriousness of this administration. Look what's happened to long-

term interest rates just since the election -

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just since the election. Mortgage rates at a 20-

year low. Many other interest rates at record lows. All the analysts say that if this can continue a few more months in this period, we will see about \$100 billion freed up for investment in America through people refinancing their home loans and business loans and taking our car loans and consumer loans at lower interest rates. This is a job stimulus program that is big and important. And bringing the deficit down so that the huge overhang of private and public debt of the 1980s can be refinanced is a great strategy to begin the economic renewal of America, and we must stick with it. (Applause.)

More can be done. But to do more we have to actually rethink the whole way the federal government operates -- how does it operate on its own terms; how does it relate to the states and the private sector. I asked the Congress to give me some more money for technology so I could run the White House with many fewer people than my predecessors had. I asked that we have a 14-

percent across-

the

board cut in the administrative costs of the federal government over the next few years; 100,000 reduction in the payroll by attrition, over \$9 billion in savings simply by administrative changes alone. But that is just the beginning.

I have also asked Vice President Gore to head a task force which will reexamine every agency of the federal government, every program of the federal government, and the whole way it is organized. Every major company in America had to go through a wrenching reexamination process in the 1980s. The federal government had many of its departments cut, but the way it operated continued to be largely unexamined. It is time that we impose the same sort of reexamination process on the national government. When we do it, we will find more savings and, more importantly, we will increase the quality of service to the American people. (Applause.)

Finally, I want to compliment the House of Representatives last week on passing a bill with the mind

boggling title of enhanced rescission, but when you strip it away what it amounts to is a modified line-

item veto, which is enjoyed

by most governors and which will enable the President to strike out spending items that he believes are unnecessary but will give the Congress the freedom to put them back in after voting on them individually -

-

so that the people can make their own judgment and so can the members of Congress.

These things will make the federal government more efficient and will set us on the path to long-

term reform. We ought to also think about our partnership with the private sector and our partnership with state and local government. Mayor Dinkins mentioned it. I was gratified to see a couple of mentions in the press recently about the fact that our administration had tried to give cities more relief from unnecessary regulations and states more leeway in promoting various kinds of reform in health care. I just told Governor Cuomo that I was very excited about the health care reform package that he put forward in New York, and Hillary's task force has been very much influenced by the New York reforms.

We believe that a lot of the problems of America can be solved by cities and states if the national government will have targeted investment and then will give people their head to do what they know needs to be done. You would be amazed how many programs have quite a bit of money in them, but most of the money or a great deal of the money never reaches the ultimate beneficiaries at the state or the city level because of the all the layers in between.

You'd be amazed -

-

I was in Chicago a couple of days ago and the Mayor of Chicago that there are one or two programs that his staff wouldn't even let him try to get for Chicago because the administrative hassle of securing the funds were so great. We're going to change that. We're going to have a new and different and vibrant process that trusts the people of New York and their elected leaders and the state of New York and their elected leaders and people throughout the country to have real innovation in the same way that I think we want in the private sector in the United States. (Applause.)

But, finally, let me say -

-

the Mayor, the lone clapper. (Applause.) We also have proposed to change the relationship between government and the private sector in a tax reform package that Senator Moynihan will soon take up if it passes the House, and I hope it does. There will be significant incentives for businesses, large and small, to increase their investment in this country and to be rewarded for it. We will have initiatives that will empower neighborhoods and give people significant incentives to go into neighborhoods in small towns and rural areas and in big cities to put real investment there to create real jobs.

We'll provide people real incentives to end welfare as we know it and require them to move forward with that. We will do things that are different from what either party has done before to try to empower people to live up to their God-

given potential in a new and different partnership between the United States and people in the private sector.

When you strip it all away, there's still one more tough question that has to be answered. If you want the deficit brought down, we have to face the fact that in 1981, taxes were cut by six percent of the national income of this country, twice what President Reagan originally recommended when he was elected President. And that gap has never been made up.

David Stockman, President Reagan's Budget Director, has an interview in a magazine called the New Politics Quarterly this month in which he says, I don't agree with all of President Clinton's spending plan, but at least he's telling the truth; you cannot fix the deficit without a tax program, because we cut taxes more than twice as much as we proposed to do it when we came in. We got into a bidding war; we got carried away; what we did was irresponsible. And then all the politicians since then never had the stomach to tell the American people the truth. And it was just more fun to cut taxes and pass out money than to do the reverse. Now, that is the hard truth.

After I was elected -

-

I really believed in the campaign that we could raise revenues modestly on upper income people, close some corporate tax loopholes and do some other

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things, do the spending cuts and bring the deficit down. After I was elected, the government announced that the annual deficit was going to be \$50 billion a year bigger in three of the four years that I would serve as President -

\$50 billion a year bigger; and \$15 billion a bigger in the fourth year. And it became clear to me that under those circumstances we could not begin by cutting anyone's taxes; that we ought to have a responsible, balanced energy tax; and that most of the tax burden should be borne by those who had their taxes lowered in the '80s while their incomes went up -

people in higher income groups -

but that we ought to have a balanced and fair package. Not to soak the rich, but to share the burden. To try to say this is our job.

And so I say to you, yes, I will put this money in a trust fund, but that does not mean the money does not have to be paid. If you want the interest rates to stay down, if you want the profits of lower interest rates, you must undergo the pain of the spending cuts and the tax increases. Because that's the only way to really bring the deficit down.

Now, the question is, are we going to do this or not? Are we going to do this or not?

AUDIENCE: Yes, we are.

THE PRESIDENT: I think we are. (Applause.)

There are some who say no. Today in Washington there are 80,000 lobbyists. It's a growth industry. (Laughter.) I'll guarantee you one thing, I created some jobs since I got to be President. (Applause.)

But the Congress is now dealing with two bills which will help to reform the way our politics work. They just passed the motor voter bill, something young people of America really wanted and which I'm very proud of -- (applause)

which I hope and pray will continue the trend of increased voter participation. But now Congress is dealing with two tough other issues. The United States Senate passed last week a bill, finally, believe it or not, in the year 1993, finally requiring everybody who actually lobbies them to register as a lobbyist; and requiring that the gifts that they give to members of Congress or the expenditures they make on trips or whatever all be reported. Believe it or not, they weren't done before now. The Congress passed that with only two dissenting votes -- the Senate did. The bill is now going to the House.

In addition to that, last Friday I proposed a comprehensive campaign finance reform law which will lower the cost of congressional campaigns, reduce the influence of political action committees, and open the airwaves to challengers as well as incumbents for more honest debate. It is a tough, good bill. (Applause.) If we can pass these bills, they will help to open the system, too.

People are full of hope now. We've received in three and a half months more letters than the White House got in all of 1992. If you haven't gotten yours answered, I hope you'll be patient. (Laughter.) We've got over 200 volunteers coming in just to open the mail and trying to sort it and read it. But it is a wonderful reaffirmation, the critical and the complimentary and support letters alike, that Americans really want their system to respond to them again. And we must do that.

If the first issue is the economy, or in the vernacular of my old campaign sign, "it's the economy, stupid" -- that means deficit reduction, investment for jobs in technology and education. It means controlling health care costs and dealing with that crisis. I should tell you that no matter how much we reduce the deficit in the next five years, it will go right back up again if we don't address health care costs because that's the fastest growing part of the federal budget deficit.

It must include all these things, as well as political reform and changing the way government works. And change is hard. It doesn't happen overnight. You have to do what Lincoln did -

ask hard questions, give strong answers and hope the American people rally.

We can move forward. We can have a whole new

partnership in this country -

-

one that goes beyond the things
that normally divide us, beyond the dividing lines of party, of
race, of gender, of region, of income. We can do that. Ideas
and energy can replace drift and delay. We can grow in wealth
and wisdom and liberty.

But this requires more than good ideas and more than
political energy. If I may say, if you don't remember anything
else I say, I hope you'll remember this: The human condition in
the end changes by faith. And faith cannot be held in your hand.
The Scripture that I carry to my place of worship every Sunday
says, "Faith is the assurance of things hoped for, the conviction
of things unseen." (Applause.) But make no mistake about it, it
is by far the most powerful force that can every be mustered in
the cause of change.

Today we are seeing too much cynicism and too little
faith -

-

an obsession with the moment. An obsession with the
politicians and their wins and their losses. An obsession with
blame and division. An obsession with paralysis. An obsession
with always pointing out the pain of change and never embracing
it's promise. Without faith. In the end we always wind up
resorting to the easy and the immediate -

-

tax the other guy; cut
that other program, not mine. Wait for somebody to deliver the
goods to me, or wait for it not to happen till I can blame
somebody else for what didn't.

But faith changes all that. Lincoln's cause in 1860
was to keep our house from dividing. Our cause today is to put
our house in order. If a house divided against itself cannot
stand, surely a house in disarray will not provide shelter and a
home. Surely a house where problems are denied or blamed on
someone else in the next room can never be a home or America.

To preserve the American Dream in our time and for
your future, yes, our leaders must ask tough questions and give
strong answers. But people must rally to the cause of change
with faith. We have to believe again. Believe through the
frustrations and the difficulties of the moment, as Martin Luther
King characterized them. Believe through the inevitable rocks in
the road to the ends of the journey. We must believe through the
smallness and the spite that conflict always brings out in all of
us -

-

we must believe through that to the spirit and generosity
and courage that is America at it's essence.

Mr. Lincoln closed his Cooper Union speech with the
following words: Let us have faith that right makes might. And
in that faith, let us to the end dare to do our duty as we
understand it.

My fellow Americans, our clear duty is to revive the
American Dream and restore the American economy. And for as long
as it takes with energy and joy and humility, let us dare to do
that duty. Thank you very much. (Applause.)
END4:25 P.M. EDT

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RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: Jonathan P. Gill (GILL_J) (WHO)

CREATION DATE/TIME: 14-MAY-1993 16:34:00.00

SUBJECT: President's Press Conference May 14, 1993

TO: (202) 456-6444 (WNS_1) (WHO)
READ: UNKNOWN

TO: Christian M. Baldia (BALDIA_C) (WHO)
READ: UNKNOWN

TO: Janet Handal (HANDAL_J) (WHO)
READ: UNKNOWN

TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\JCHILL@A:NSF.GOV@MRX@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Remote Addressee (JIM KOHLENBERGER@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
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TO: Liz Bowyer (BOWYER_L) (WHO)
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TO: Alan J. Stone (STONE_A) (WHO)
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TO: Thomas O. Levenberg (LEVENBERG_T) (WHO)
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READ: UNKNOWN

TO: Jeffrey L. Eller (ELLER_J) (WHO)
READ: UNKNOWN

TO: Lisa Mortman (MORTMAN_L) (WHO)
READ: UNKNOWN

TO: Ernest D. Gibble (GIBBLE_E) (WHO)
READ: UNKNOWN

TO: Patricia A. Enright (ENRIGHT_P) (WHO)
READ: UNKNOWN

TO: Jonathan P. Gill (GILL_J) (WHO)
READ: UNKNOWN

TO: Richard Strauss (STRAUSS_R) (WHO)
READ: UNKNOWN

TO: Maria M. Tio (TIO_M) (WHO)
READ: UNKNOWN

TO: Joshua N. Silverman (SILVERMAN_J) (WHO)
READ: UNKNOWN

TO: Jess Sarmiento (SARMIENTO_J) (WHO)
READ: UNKNOWN

TO: Lavora R. Barnes (BARNES_L) (WHO)
READ: UNKNOWN

TO: C. Patricia Cogdell (COGDELL_C) (WHO)
READ: UNKNOWN

TO: Kimberly S. Hopper (HOPPER_K) (WHO)
READ: UNKNOWN

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TO: Lorraine A. Voles (VOLES_L) (WHO)
READ: UNKNOWN

TO: Margaret C. Sherry (SHERRY_M) (WHO)
READ: UNKNOWN

TO: Elizabeth A. Bernstein (BERNSTEIN_E) (WHO)
READ: UNKNOWN

TO: Carolyn Curiel (CURIEL_C) (WHO)
READ: UNKNOWN

TO: David B. Anderson (ANDERSON_D) (WHO)
READ: UNKNOWN

TO: Roy Neel (NEEL_R) (VPO)
READ: UNKNOWN

TO: Thurgood Marshall, Jr (MARSHALL_T) (VPO)
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TO: Greg Simon (SIMON_G) (VPO)
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TO: Remote Addressee (MARIA E. ROMASH@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
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TO: Leon Fuerth (FUERTH_L) (VPO)
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TO: Jack Quinn (QUINN_J) (VPO)
READ: UNKNOWN

TO: Katie McGinty (MCGINTY_K) (VPO)
READ: UNKNOWN

TO: Remote Addressee (SALLY J. AMAN@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TEXT:

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release May 14, 1993

PRESS CONFERENCE BY THE PRESIDENT

The Rose Garden

1:05 P.M. EDT

THE PRESIDENT: Good afternoon, ladies and gentlemen.
I'm glad the weather permitted us to do this outside.

Three months ago, I presented a plan to our country and to the Congress designed to address what I believe were the significant challenges of this time. For more than 40 years, our country was organized to stand up against communism, to try to help develop the free world, and for most of that time we took our economic prosperity for granted. It is now clear that, at the end of the Cold War, we must organize ourselves around the obligation we have to be more competitive in the global economy and to enable our people to live up to their full potential.

That means we have to do a lot of things to turn this economy around, beginning with a serious effort to reduce our national debt, to invest in jobs and new technologies, to restore fairness to our tax code, and to make our political system work again.

This week I was able to go back again to the American people to take my case into the country, into Cleveland and Chicago and New York. And here in Washington there were new efforts to break the gridlock and to put the national interests above narrow interests. The results were particularly impressive in the work done by the House Ways and Means Committee, achieving over \$250 billion in deficit reduction through spending cuts with \$2 in spending cuts for each dollar in new investment, in jobs, in education. The program provides significantly everything that I presented to the Congress, even though there were some changes. In fact, some of the changes I think made the bill better.

Let me reiterate them. Number one, significant deficit reduction. Number two, taking on entitlement issues that have for too long been left on the table. Number three, real investments for small businesses and for big businesses -

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incentives to get people to invest money in this economy to create jobs. And perhaps most importantly, a break for working-

class families -

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a huge increase in the earned income tax credit for people with incomes under \$30,000 to relieve them of the impact of the energy tax and to say for the first time, people who work 40 hours a week with children in the home would be lifted above poverty. And finally, of course, the plan was very progressive -

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seventy-

five percent of the revenues coming from the top six percent of the American taxpayers.

I also reiterated that I don't want a penny in taxes without the spending cuts. And I proposed in New York that we create a deficit reduction trust fund into which all the taxes and all the budget cuts could be put and kept for the five-

year life of this budget. This is a very important thing. I realize some have said it is little more than a gimmick, but the truth is there is no legal protection now for the life of the budget for these funds. This will provide it in stone, in law.

In every element of this, there has been some willingness on the part of those who have supported our efforts to take on powerful vested interest in behalf of the national interest, whether it is in repealing the lobby deduction or in going for a direct loan program for college loans that will save \$4 billion but which will remove a government

guaranteed income from several interests who like the system as it is now.

The Congress also moved this week to reinvigorate our democratic process by ending the filibuster and passing the motor voter bill. These are the kinds of changes that the American people expect of us. They do not expect miracles, but they expect solid, steady progress, and I am determined to stay on this course.

It has been a good week, and if we're willing to take more tough decisions, there will be more good weeks for the American people ahead.

Q Mr. President, you've said that the United States will not go it alone with military action in Bosnia. And yet, the European allies have refused to sign-

on to your proposals. If the allies refuse to follow suit, where does that leave the United States?

THE PRESIDENT: Let me reiterate what I have said because I think that the United States has taken the right position and I think that we've gotten some good results. I have said, and I will reiterate, I think that the United States must act with our allies, especially because Bosnia is in the heart of Europe and the Europeans are there. We must work together through the United Nations.

Secondly, I do not believe the United States has any business sending troops there to get involved in a conflict in behalf of one of the sides. I believe that we should continue to turn up the pressure. And as you know, I have taken the position that the best way to do that would be to lift the arms embargo with a stand-

by authority of air power in the event that the present situation was interrupted by the unfair use of artillery by the Bosnian Serbs. That position is still on the table. It has not been rejected out of hand. Indeed, some of our European allies have agreed with it and others are not prepared to go that far yet.

But we have to keep the pressure up. And I would just remind you that since we said we would become involved in the Vance

Owen peace process, two of the three parties have signed on. We've gotten enforcement of the no-

fly zone through the United Nations. We've been able to airlift more humanitarian supplies there, and we've been able to keep up a very, very tough embargo on Serbia which I think led directly, that and the pressure of further action, to the statement that Mr. Milosevic made to the effect that he would stop supporting the Bosnian Serbs.

Where we go from here is to keep pushing in the right direction. As we speak here, the United Nations is considering a resolution which would enable us to place United Nations forces along the border between Serbia and Bosnia to try to test and reinforce the resolve of the Milosevic government to cut off supplies to the Bosnian Serbs. If that resolution passes and in its particulars it makes good sense, that is a very good next step. We're just going to

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keep working and pushing in this direction. And I think we'll begin to get more and more results.

Q Are you contemplating sending U.S. forces to Macedonia and perhaps to protect safe havens in Bosnia?

THE PRESIDENT: On the question of Macedonia, the Defense Department has that and many other options under review for what the United Nations -

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what the allies could do to make sure that we confine this conflict, to keep it from spreading. I've not received a recommendation from them and, therefore, I've made no decision.

Q Mr. President, there is a wide spread perception that you're waffling, that you can't make up your mind. One day you're saying, in a few days we'll have a decision, we have a common approach -

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the next day you're saying, we're still looking for a consensus. Will American troops be in this border patrol that the U.N. is voting on and, you know, where are we?

THE PRESIDENT: Well, first of all, I have made up my mind and I've told you what my position was. And I've made it as clear as I can. But I also believe it is imperative that we work with our allies on this. The United States is not in a position to move unilaterally, nor should we. So that is the answer to your question.

The resolution being considered by the United Nations I think contemplates that the UNPROFOR forces would be moved and expanded and moved to the border. At this time there has been no suggestion that we would be asked to be part of those forces.

Q A domestic question. Could you tell us how were you affected by the testimony of Colonel Fred Peck, whose son is a homosexual, who said that, nonetheless, he could not in good conscience support lifting the ban?

THE PRESIDENT: I thought all the testimony given in that hearing -

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I saw quite a lot of it from more than one panel

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was quite moving and straightforward. I still think the test ought to be conduct.

Q Do you think that -

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does this allow for the possibility of the "don't ask, don't tell" -

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the compromise that would allow -

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THE PRESIDENT: You know what my position is. I have nothing else to say about it.

Q Mr. President, you said last week that if you went to air power in Bosnia you would have a clear strategy and it would have a beginning, middle, and end. What happens, though, sir, if a plane is shot down, if you lose a pilot or a couple of pilots, or if the Bosnian Serbs decide to escalate the conflict -

-

or the Serbians
-- by going into, say, Kosovo?

THE PRESIDENT: Well, the Bush administration before I became President issued a clear warning to the Serbs that if they try to occupy Kosovo and repress the Albanians there, that the United States would be prepared to take some strong action. And I have reaffirmed that position. As a general proposition, you can never commit American forces to any endeavor on the assumption that there will be no losses. That is just simply not possible, and as the Pentagon will tell you, we lose forces even now in peace time simply in the rigorous training that our armed forces must undertake.

Q In the debate on homosexuals in the military, you use the word "conduct" as though it were an absolute and easily

definable term. Do you believe, one, that homosexuals should be celibate, as Schwarzkopf suggested, or could they engage in homosexual activity, consenting, on or off base; or two, should the uniform code be allowed to have any sort of difference between its treatment of homosexuals and heterosexuals?

THE PRESIDENT: I support the present code of conduct, and I am waiting for the Pentagon to give me its recommendations.

Q Your nominee to head the Justice Department's Civil Rights Division has expressed what many regard as rather striking views about voting rights and a number of other areas, including expressing some misgivings about the principle of one man, one vote. And I wonder if you are familiar with all these views and if you support them, and if you do not, why you chose her.

THE PRESIDENT: I nominated her because there had never been a full-

time practicing civil rights lawyer with a career in civil rights law heading the Civil Rights Division. I expect the policy to be made on civil rights laws by the United States Congress, and I expect the Justice Department to carry out that policy. Insofar as there is discretion in the policy, that discretionary authority should reside either in the President or the Attorney General in terms of what policies the country will follow. I still think she's a very well-

qualified civil rights lawyer, and I hope she will be confirmed. And I think she has every intention of following the law of the land as Congress writes it.

Q Were you familiar with them when you -

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Q Mr. President, as you know, there is a lot of concern in the Democratic Party and in the White House about the upcoming Senate election in Texas. And one of your top political advisors, Paul Begala, is becoming more involved down there. Do you see any expanded role for yourself? Is there anything you can do, or are you all pretty much resigned to losing this seat?

THE PRESIDENT: Well, I'm not -

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first of all, I'm not resigned to losing it. I think Bob Krueger can still win the race. But it depends on, as with all cases, it depends on how he frames the issues, how his opponent frames the issues, and what happens there. I think he's a good man, and I think he's capable of doing a good job. And I think he could still win the race. But that's up for the people of Texas. You know, in the primary one of the big problems was 25 percent of the Republicans turned out and only 15 percent of the Democrats did. I don't know what's going to happen there. But I certainly support him, and I hope he will prevail. I think it would be good for the people of Texas and the Congress if he did.

Q Do you expect to do any more for him and possibly go down there?

THE PRESIDENT: No one's discussed that with me. You know, I don't know. I've always been skeptical about the question of whether any of us could have any impact on anyone else's race. I've never seen it happen up or down in my own state in Arkansas. There may be some ways we can help with fundraising and things of that kind, but all the time I ran at home I never let anybody come in to help me, whatever the national politics were.

Q Mr. President, what would you say or what do you say to federal reserve officials who are arguing for a slight rise in short-

term interest rates because they're concerned about resurging inflation?

THE PRESIDENT: I would say that the month before last we have virtually no inflation, and you can't run the country on a month-

to-

month basis. You've got to look at some longer trends. There are some clear underlying reasons for this last inflationary bulge which don't necessarily portend long-

term inflation. I think it's a cause of concern. We ought to look at it, but we ought to wait until we have some more evidence before we raise interest rates in an economy where industrial capacity is only at 80 percent.

If you look at all the underlying long-

term things, long-

term trends in energy prices, industrial capacity, the kinds of

things that really shape an economy, there is no reason at this time to believe that there could be any cause for a resurge in inflation.

Q Sir, the argument is made at the Federal Reserve that higher taxes, higher burdens on business through health care fees or other things like that will indeed raise inflation while the economy stays weak.

THE PRESIDENT: Just a few weeks ago some people were arguing that all this would be deflationary and would repress the recovery. So I guess you can find an expert to argue any opinion, but there is no evidence of that. The prevailing opinion at the Fed and the prevailing opinion in the economic community has been that the most important thing we can do is to bring down long-

term interest rates by bringing down the deficit. You can't have it both ways. You're either going to bring down the deficit or we're not. And everything in life requires some rigorous effort if you're going to have fundamental change.

Q I wonder if you ever stop to think that this month we are celebrating two events, Small Business Week and World Trade Week. I wonder do you understand what the importance of the world trade in this week is in the minority and small business people can contribute to support their services and product to the world and mainly to those countries of the former Soviet Union? How do you respond?

THE PRESIDENT: How do I want small business to contribute? Well, first of all, an enormous amount of our economic growth in the last three years has come out of growth in trade. And one of the problems we're having with our own recovery is that economic growth is virtually nonexistent in Asia and in Europe -

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at least in Japan and in Europe -

-
not in the rest of Asia. China is growing rapidly.

One of the things that we can do to increase exports is to organize ourselves better in the small business community. The Germans, for example, have enormously greater success than do we in getting small and medium-

sized businesses into export markets. And one of the charges of my whole trade team is to organize the United States so that we can do that. That's one of the things the Commerce Secretary is working on.

Q Mr. President, you're going to be meeting with the President of Ireland in a little while. And as a -

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THE PRESIDENT: I'm looking forward to it.

Q -
as a candidate, you made several promises in regard to Ireland. One of them was to send an envoy -

-
a special peace envoy, and another was that you would not restrict Jerry Adams' admittance into this country. He's the leader of Sinn Fein, and his visa was denied last week. And you promised that as President he would be admitted.

THE PRESIDENT: I think you ought to go back and read my full statement that I made in New York about the Adams case. I'll answer that in a minute.

But let me -
-
first on the peace envoy, I talked to the Prime Minister of Ireland and I will discuss with the President of Ireland what she thinks the United States can do. I am more than willing to do anything that I can that will be a constructive step in helping to resolve the crisis in Northern Ireland.

Q -
whether an envoy is necessary -
-

THE PRESIDENT: I don't believe the President of the United States should be unaffected by what the Prime Minister or the President of Ireland believe about what is best for Ireland. I don't believe that. I think I should ask them what they believe. I'm not sure I know better than she does about that. And I should listen and should take it into account. I am prepared to do whatever I can to contribute to a resolution of this issue.

On the Jerry Adams question, I said at that time because he was a member of Parliament, if I were President I would review that. I thought that if there no overwhelming evidence that he was connected to terrorists, if he was an elected

a duly elected member of Parliament in a democratic country, we should have real pause before denying him a visa. I asked that his case be reviewed by the State Department and others. And everybody that reviewed it recommended that his visa not be granted and pointed out that he was no longer a member of Parliament.

Q Mr. President, in your opening statement, you said this has been a good week for you. But the latest CNN/USA Today Gallop poll, as you probably saw, shows a 10-

percent decline in your job approval rating since the end of April, from 55 to 45 percent. Why do you think that is happening and is it your fault and what can be done?

THE PRESIDENT: Well, for one thing, I'm trying to do hard things. And I can't do hard things and conduct an ongoing campaign at the same time. You know, I'm doing things that are hard, that are controversial. And anybody who doesn't want to assume responsibility can stand on the sidelines and criticize them. I never expected that I could actually do anything about the deficit without having some hits. I never expected that I could take on some of these interests that I've taken on without being attacked. And whenever you try to change things, there are always people there ready to point out the pain of change without the promise of it. That's just all part of it.

If I worried about the poll ratings I'd never get anything done here. My only -

the only thing I'd remind you is for 12 years we've seen politicians and the Congress and the Executive Branch worry about their poll ratings every month and then at the end of every four years things are a lot worse. If things are better at the end of the period that I was given to serve, then the poll ratings now won't make any difference. And if they're not, they won't make any difference. So my job is to do my job and let the chips fall where they may.

Q There seems to be a Catch 22 emerging on Bosnia. One would be the -

you have consistently said that you want to have a consensus with the U.S. allies. But until that consensus is formed, you found it seems very difficult to explain to the American people precisely how that war should be defined -

is it a civil war, is it a war of aggression. And also not necessarily what the next step should be, but what are the principles, the overriding principles that should guide you as policy? What can you tell the American people right now about that?

THE PRESIDENT: First, that is both a civil war and a war of aggression, because Bosnia was created as a separate legal entity. It is both a civil war where elements of people who live within that territory are fighting against one another. And there has been aggression from without, somewhat from the Croats and from the Serbs -

principally from the Serbs -

that the inevitable but unintended impact of the arms embargo has been to put the United Nations in the position of ratifying an enormous superiority of arms for the Bosnian Serbs that they got from Serbia, and that our interest is in seeing -

in my view, at least -

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that the United Nations does not foreordain the outcome of a civil war -

-
that's why I've always been in favor of some kind of lifting of the arms embargo

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that we contain the conflict, and that we do everything we can to move to an end of it and to move to an end of ethnic cleansing.

Those are our interests there and those are the ones I'm trying to pursue. But we should not introduce American ground forces into the conflict in behalf of one of the belligerents, and we must move with our allies. It is a very difficult issue. I realize in a world where we all crave for certainty about everything, it's tough to deal with, but it's a difficult issue.

Q Mr. President, on the subject of the arms embargo, do you believe that the fighting between the Croats and the Muslims has validated the European objections to your proposal to lift the arms embargo, showing just how complicated it is and how easily those weapons can get into other hands? And, secondly, do you think that you should try to level the playing field by using air strikes alone if your hands are tied on the arms embargo?

THE PRESIDENT: I believe that the troubles between the Croats and the Muslims complicate things, but at least the leaders have agreed on an end to the conflict. On the other issue, I think that the best use of air power is the one that I have outlined, and I don't favor another option at this time.

Q The Prime Minister of Norway today announced that Norway is going to resume commercial hunt of the minke whale. How do you react to that? And is the United States going to take any punitive actions against Norway?

THE PRESIDENT: It's the first I've heard of it. I'll have to give you a later answer.

Q One of the charges leveled by critics of you in Arkansas and now at the beginning of your term as President is that you've surrounded yourself with too many young people and put them in too many senior positions. How do you respond to that criticism?

THE PRESIDENT: Like Lloyd Bentsen and Warren Christopher? (Laughter.) I mean, who are you referring to? Mr. McLarty, Mr. Rubin, Ms. Rasco and Mr. Lake, to name four, and I are all, I think, older than our counterparts were when President Kennedy was President. There are a lot of young people who work here, but most of the people in decision-

making positions are not particularly young. And I am amazed sometimes -

-
you think I ought to let some of them go?

I realize that there is this image that the administration is quite young. I think we have one of the most seasoned and diverse Cabinets that anybody's put together in a long time. And we have a lot of people who aren't so young working in the White House. I don't know how to answer your question about it.

Q Mr. President, what will you do to ensure that health care will be accessible geographically to people in inner cities and rural areas, so that cross-

town and cross-

county travel will not become a barrier to health care?

THE PRESIDENT: Well, I haven't received the report, as you know, of the Health Care Task Force yet but let me say that one of the markers I laid down for them when they began their work was that we didn't need just simply to provide coverage for Americans, but there had to be access in rural areas and in inner city areas, especially. And they are exploring any number of ways to do that.

I spent one afternoon here on a hearing on rural health care, talking about how we could bring health care to people in rural areas and make it economical and available. And I have spent an enormous amount of time in the last 16 months in urban health care settings trying to discover which model -

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I've done that myself -

trying to determine which models can be replicated in other inner city areas. From my experience at home I knew more about rural areas. But the bottom line is you've got to have more clinics in the rural areas and in the inner cities that are accessible and where there is an ethnic diversity, where they are accessible not only physically, but in terms of language and culture. And these things can be done. And if you do it right, if they're really comprehensive primary and preventive health care centers, they lower the cost of health care because they keep more people out of the emergency rooms.

Q Mr. President, the Serbian government has indicated it is going to stop sending arms to the Bosnian Serbs. If they hold true to that, does that then preclude the option of rearming the Bosnian Muslims?

THE PRESIDENT: Well, I have two responses. First, I hope the United Nations resolution will succeed so that we can put some U.N. people on the border to determine whether that, in fact, is occurring. Secondly, whether that precludes the rearming option depends really on how many arms have been stashed already in Bosnia, particularly the heavy weapons -

-
the heavy artillery. I think that is the issue. And that's a fact question which we'll have to try to determine.

Q Many people wonder, Mr. President, what your policy in Latin America is going to be. Your economic team just told us that you want to spend more money in police here in the United States. The past administration spent almost \$3 billion in Peru, Bolivia and Colombia. What is your vision and how are you going to change that policy?

THE PRESIDENT: I think we should continue to support those programs. I can't say that they would be immune from the budget cutting process that has affected almost all of our domestic programs here. We've had such a big deficit we've got to cut across-

the-

board. But I believe that those programs have served a useful purpose. I think especially where we have governments with leaders who are willing to put their lives on the line to stop or slow down the drug trade, we ought to be supporting them and I expect to do that.

Q You've been talking a lot recently about deficit reduction, the deficit reduction trust fund. You're talking now about having to stretch out your investment programs, postpone some of the things. What do you say to people in urban areas, some of the liberal congressmen on the Hill who say, wait a minute, we're the ones who elected this guy and now the programs that have been starved for 12 years that we need aren't going to be able to get money? What sort of political position does that put you in with your core supporters?

THE PRESIDENT: Well, I ask them, first of all, to look at the five-

year budget. The enormous squeeze on domestic spending including investment spending began 12 years ago. I can't turn it around overnight. I asked them to look at the five-

year budget and look at it in light of the fact that the deficit numbers were revised upward after the election by \$50 billion a year in three of the next four years. And I ask them also to consider this: Until we can prove that we have the discipline to control our budget, I don't think we'll have the elbow room necessary to have the kind of targeted investments we need.

I think the more we do budget control the more we'll be free to then be very sharply discriminating in investing in those things which actually do create jobs. I don't think we have any other option at this time.

Q Mr. President, in your New York speech this past week at Cooper Union, you spoke of a crisis of belief and hope. And earlier Mrs. Clinton in a speech talked about a crisis of meaning. How do you see these crises manifesting themselves? What are the causes of them? And how severe do you see this?

THE PRESIDENT: Well, I think they manifested themselves in people's honest feelings that things are not going very well in this country and that they haven't gone very well in a long time; and the alienation people feel from the political process, and in the alienation they often feel from one another in the same neighborhoods and communities. There are real objective reasons for a lot of these problems. After all, for most people the work week is lengthening and incomes are declining. The job growth of the country has been very weak. The crime rate is high, and there's a sense of real alienation there. And I don't think we can speak to them just with programs. I think that -

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in our different ways, that's what both

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Hillary and I were trying to say.

And the thing I was trying to say to the American people at the Cooper Union that I want to reiterate today is that you can never change if you have no belief in the potential of your country, your community, or yourself. And that the easy path is cynicism. The easy path is to throw rocks. The better path is doing the hard work of change.

The thing I liked about what happened in the Ways and Means Committee this week is -

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not that I agree with every last change they made in the bill, although some of them actually made the bill better -

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all the fundamental principles were left intact. But we actually did something to move the ball forward -

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to deal with the deficit, to deal with the investment needs, to deal with -

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to go back to the other question that Mr. Lauter asked -

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to deal with the need to get more real investment in the inner cities and the rural areas of the country. We are doing things.

And what I tried to do all throughout the campaign in talking about hope, in talking about belief, in trying to go back to the grass roots was to say to people, the process of change may be uneven and difficult and always controversial, but it has to be buttressed by an underlying belief that things can be made better.

When the election returns in November -

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that I was not fully responsible for, there were two other candidates in that race -- which showed a big increase in voter turnout, especially among young people, that meant to me that we were beginning to see the seeds of a change in attitude. As I said at the Cooper Union, when President Kennedy occupied that office, nearly three-

quarters of the American people believed that their leaders would tell them the truth and that their institutions worked and that their problems could be solved. So there was a lot more elbow room there. You know, a year or two years could go by -

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people could be working on something with maybe only slightly measurable progress, but the country felt it was moving forward. That is what we have to restore today -

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a sense that it can be done and it cannot be done by the President alone, but the President has to keep saying that: that faith is a big part of this.

Q And the causes of these crises as you perceive them?

THE PRESIDENT: I think the causes of them are the persistent enduring problems unanswered, unresponded to, and the absence of a feeling that there is a overall philosophy and a coherent way of dealing with them.

Q Though your tax package has made it through the House Ways and Means Committee, every Republican voted against it. If that happens again in the Senate you could be facing yet another roadblock. How have you changed your legislative strategy to see that you win over a few Republican votes this time?

THE PRESIDENT: Well, the budget cannot be filibustered. So in a literal sense it could -

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we could pass it without any Republican votes. But the sad -

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what I hope is that to show that by

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a combination of budget cuts and tax increases and the things that have been done to make this program even more attractive -

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we've got a lot of business people for this program now, a lot of them -

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that we ought to get some Republican support. But that's a political decision that a lot of those folks are going to make.

I can tell you that one member of the Ways and Means Committee told me yesterday that a Republican member said to him as they were dealing with this -

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said, boy, there's a lot of wonderful stuff in his bill. I didn't know all this stuff was in this bill. This is wonderful. I said, well, why don't you vote for it? He said, no, we've got to be against taxes. So I think that's just --

they're going to have to decide what they're going to do about that.

Q You talk about competitive -

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being competitive in the world and that, I hope you agree, that involves NAFTA. What would be the priorities of a new ambassador to Mexico and what is the latest in NAFTA? Do you support tougher sanctions in trade for those that violate the treaty?

THE PRESIDENT: I believe the treaty has to have some enforcement provisions. I have not read the last language, but it is my understanding that what the negotiators is working toward is some sort of sanctions for repeated and persistent violations of agreements that the countries involved in NAFTA make. I don't think any of us should make agreements and expect there to be no consequences to their repeated and persistent violation. But I want to say again, I believe that increased trade with Mexico and NAFTA are in the interest of the United States.

The Salinas government, through the unilateral reduction of their own tariffs, has helped to take the United States -

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and through policies that promoted economic growth, beginning with getting control of their deficit -

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has taken the United States from a \$6-

billion trade deficit with Mexico to a \$5

billion trade surplus.

Mexico just surpassed Japan as our second biggest trading customer for manufactured products. So I think that it's very much in our interest to pass NAFTA and I hope I'll be able to persuade the Congress to do it when we conclude the agreement.

Q Would that be a priority of a new ambassador to Mexico?

THE PRESIDENT: Absolutely, sure.

Go ahead.

Q Okay. I'd like to go back to your Justice Department for just a second, Mr. President. Since during the campaign you said it was a mistake and, in fact, apologized for playing golf at an all-

white country club in Little Rock, shouldn't it disqualify your nominee for Associate Attorney General, Webb Hubbell? Is there an exception because he's a family friend? And are the locals -

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THE PRESIDENT: Absolutely not.

Q Are the local civil rights leaders wrong when they say that his attempts to integrate the club appeared to have been a last-

minute political conversion?

THE PRESIDENT: No. As a matter of fact, if you go back

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first of all, let me -

the first question is no, he should not be disqualified. The second question is, is it a last-

minute conversion? The African American who joined the club testified that Webb Hubbell had been trying for years to get him to do it, and he had not agreed. That's what the record shows. Thirdly, my belief is that the overwhelming majority of African American leaders in my state would very much like to see him confirmed. He has always had a reputation as being a strong advocate of civil rights, whether as Mayor of Little Rock or Chief Justice of the Supreme Court of my state. He is a very eminent citizen with a very good background. And I think the vast majority of the civil rights leaders of my state will advocate his appointment based on his record. And I think on the facts of this, I just wouldn't -

this last-

minute conversion
thing just doesn't hold water.

Q What does it say then, sir, that he should be a member of an all-

white country club, as other members of your Cabinet also are -

or were when it was still all white?

THE PRESIDENT: I think he should have either resigned or integrated it. And, of course, he was in the middle. He said, I tried for years to integrate it and I only -

it took me too long to succeed. What I think is really the case is that some of the other people may have been blocking it. He was trying for years to do it. I know that because I used to hit on him about it for years.

Go ahead, Mara.

Q Mr. President, I want to go back to a question that Helen asked earlier about your indecisiveness over Bosnia. I'm wondering how you think that's affected perceptions of you as a leader? There is a concern reflected in polls and in some comments from Democratic members in Congress that you are indecisive and perhaps not tough enough to tackle all the problems.

THE PRESIDENT: I would just like to ask you what their evidence is? When Russia came up the United States took the lead and we got a very satisfactory result. When I took office I said we were going to try to do more in Bosnia. We agreed to go to the Vance-

Owen
peace process and two of the three parties signed on. We got enforcement of the no-

fly zone. We began to engage in multinational humanitarian aid. We got much, much tougher sanctions. We got the threat of military force on the table as a possible option. Milosovic changed his position. All because this administration did more than the previous one.

And every time I have consulted the Congress they say to me in private, this is a really tough problem. I don't know what you should do but you're the only President that ever took us into our counsel beforehand; instead of telling us what you were going to do, you actually ask us our opinion. I do not believe that is a sign of weakness. And I realize it may be frustrating for all of you to deal with the ambiguity of this problem, but it is a difficult one.

I have a clear policy. I have gotten more done on this than my predecessor did. And maybe one reason he didn't try to do it is because if you can't force everybody to fall in line overnight for people who have been fighting each other for centuries you may be accused of vacillating. We are not vacillating. We have a clear, strong policy.

In terms of the other issues, who else around this town in the last dozen years has offered this much budget cutting, this much tax increases, this much deficit reduction and a clear economic strategy that asks the wealthy to pay their fair share, gives the middle class a break and gives massive incentives to get new investment and new jobs in the small business community and from large business as well? I think

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I don't understand what -

on one

day people say he's trying to do too much. He's pushing too hard. He wants too much change. And then on the other day he says, well, he's really not pushing very hard. I think we're getting good results. We've been here three months. We've passed a number of important bills and I feel good about it.

I think the American people know one thing: that I'm on their side, that I'm fighting to change things. And they're finding out it's not so easy. But we are going to get a lot of change out of this Congress if we can keep our eye on the ball and stop worrying about whether we characterize each other in some way or another and keep thinking about what's good for the American people.

Every day I try to get up and think about not what somebody characterizes my action as, but whether what I do will or will not help to improve the lives of most Americans. That is the only ultimate test by which any of us should be judged.

Thank you very much.

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TEXT:

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release May 14, 1993

PRESS BRIEFING
BY
OMB DIRECTOR LEON PANETTA,
SECRETARY OF THE TREASURY LLOYD BENTSEN, AND
CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISORS LAURA D'ANDREA TYSON

The Briefing Room

10:50 P.M. EDT

DIRECTOR PANETTA: Everybody has the handouts and all the material. All right, let me begin.

The action over the last week by 13 House committees we believe is a critical step toward the enactment of the President's economic plan. It's a clear sign the President's program is on track.

We began on February 17th with the President's presentation of an economic plan to the Congress and to the nation. Six weeks later, the Congress of the United States enacted a budget resolution which incorporated the outlines of that economic plan. And today, six weeks later, the House committees have taken action to implement that plan.

Thirteen committees of the House of Representatives have adopted spending cuts and revenue increases needed to implement President Clinton \$500-

billion deficit reduction plan. This plan is a balanced plan between spending and revenue savings. Nearly 100 specific spending cuts are included in the reconciliation savings. That's added to 100 discretionary cuts that will be part of the appropriations savings.

For every \$3 that we achieve in spending cut savings, \$2 go for deficit reduction and \$1 goes for investments. On the revenue side, 75 percent of the revenues come from those earning \$100,000 or more. For those of you that have followed the budget process in the past and the arguments over deficit reduction, every single sacred cow has been taken on in this package. There are Medicare savings totally almost \$48 billion. Social Security provides almost \$32 billion in savings. Agriculture, veterans programs, federal pay has been frozen, COLAs have been delayed for three months and four months under one of the proposals in the committees. So cost of living indexing has been delayed as part of this package.

Every one of the areas that we have constantly said Every one of the areas that we have constantly said ought to be part of deficit reduction is included in the reconciliation proposal that the Congress is moving forward and that the President has proposed.

In addition to that, there is very tough enforcement included in this package which will ensure that the deficit savings that we have targeted will, in fact, be achieved. The individual

committee proposals will now be packaged into an omnibus reconciliation bill by the House Budget Committee, and we expect the bill to be adopted by the House before the end of May.

I want to take this time to congratulate the hundreds of House members, including the 13 chairmen of these committees, who worked to get the President's economic plan over one of its first significant hurdles. We have taken a major step towards the enactment of one of the largest deficit reduction packages in the history of this country. The net five-

year deficit reduction contained in the reconciliation bill, including the enforcement provisions, will be expected to meet the targets of \$496 billion under the Congressional Budget Office scoring, or \$524 billion under the administration scoring.

Let me, if I can, summarize some of the savings that have been accomplished by each of the committees. And let me just say this

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talking about reducing the deficit is always easy. Doing something about it is tough. I suspect that over the next few days we're going to hear the same old critics saying, if you had just done a little more of this, if you had just done a little more of that, if we hadn't done this, if we hadn't done this, we might have supported this package. Those are the same old excuses that have brought us to a \$4.4 trillion national debt. The time for yelling is over. The time for doing has arrived. And these committees have met that challenge.

Let me just mention, try to summarize some of the key accomplishments. In agriculture they had to achieve about \$3 billion in savings as part of reconciliation. They did that by cutting deficiency payments and increasing triple-

base acres from 15 to 20 percent. They reduced the market promotion program to about \$148 million per year. They cut funding for the Rural Electric Administration, the REA, by implementing reforms in that area.

The House Armed Services Committee had to achieve in excess really of almost \$2 billion. They did it by delaying 1994 military retiree COLAs by four months, from January to May 1994. In addition to that, they delayed the 1995 through 1998 military retiree COLAs by three additional months each year. In addition to that, they froze military pay in 1994.

The House Committee on Banking, Finance and Urban Affairs had in excess of \$3 billion to achieve in savings. They did it through increasing enforcement and through implementing reforms in banking practices.

The House Education and Labor Committee, \$6 billion in savings, and that was largely done through implementing the Guaranteed Student Loan Program -

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or converting the Guaranteed Student Loan Program into a direct loan program that achieves the kind of savings that the President and the Congress are looking for in this area. It was a tough vote; they were able to get that done.

The Energy and Commerce Committee -

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this number is not accurate -

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\$48 billion is what you have here. That is the Medicare savings. In addition to that, they did spectrum fee savings of about \$7 billion, and Medicaid savings on top of that. So the total number in Energy and Commerce was \$65 billion. As I said they implemented the spectrum fee. In addition to that, they implemented additional fees for the Nuclear Regulatory Commission. And on Medicare, they made specific reductions in the Medicare area limiting payments, for example, for clinical laboratory tests, reducing the scheduled 1994 increase in physician fees and limiting payments for durable medical equipment. Those were some of the changes that were made in that area.

The next committee that acted was the House Foreign Affairs Committee. We've combined the Foreign Affairs Committee, the Judiciary Committee, Merchant Marine and Fisheries and Public Works. They had a combination of about \$1 billion and their savings were achieved largely through implementing, in some instances, the same savings with regards to COLA reductions as we saw in other areas. That was true for the Committee on Foreign Affairs. On Judiciary they increased some patent fee surcharges. House Merchant Marine and Fisheries provided and extended some tonnage duty fees.

The Natural Resources Committee, the House Natural Resources Committee had a tremendous load as well, almost \$2 billion. And they did it through largely recovering administrative costs for

federal mining leasing. They instituted a hard rock mining claim maintenance fee, and they also extended through 1998 the existing requirement that the Nuclear Regulatory Commission recover 100 percent of its cost through user fees.

The House Post Office and Civil Service Committee probably gets one of the big badges of courage here for the savings that they have taken on. They've had \$11 billion in savings. It includes, obviously, the reduction of the federal work force by over 150,000 over the next five years. They eliminated cash awards. They eliminated the '94 annual civilian pay adjustment. They delayed COLAs, as I said, for civilian retirees by three months for 1994 through 1996, and they adopted other reforms as well. Some very tough decisions for a committee that, in essence, has to deal with federal employees throughout the government, but it shows that they were willing, in a large deficit reduction package, to have the government step up to the plate when it comes to spending savings.

The House Public Works and Transportation Committee at about \$300 million. Generally that was done through increasing the general aviation aircraft registration fees.

House Veterans Committee, another committee that obviously deals with a sensitive constituency, extended five provisions under current law that achieve savings in the veterans area. In addition to that, reduce the annual increase in the G.I. Bill benefits by one percent along with other savings.

And, of course, House Ways and Means Committee had the largest responsibility in the combination of revenues plus expenditure savings. They achieved their Medicare savings of \$48 billion largely through a freeze in that area as opposed to some of the specific reductions that were included in Energy and Commerce.

For those of you that haven't followed the process, basically what you'll have is Energy and Commerce has their approach to Medicare savings, Ways and Means has provided their approach. And those will be resolved in the conference when we reach the conference. This is not unusual. We've had that same kind of approach in the past in dealing with reconciliation.

Let me also mention the enforcement provisions that we have included in this package. The enforcement provisions will include the following: We will see discretionary spending controls that will be part of this package. There will be a pay as you go requirement, which basically means any new spending will have to be paid for. We will have a sequester if these targets are not reached. There will be cuts across-

the-

board. The deficit reduction trust fund will be implemented as well.

And let me just say on that, for those that have suggested that that's just a symbol, the fact is that any savings, whether they're from spending savings or from the tax increases, that are dedicated to deficit reduction, without this change would go to what's called the pay-

go score card, which basically means that it could be used for additional spending in the future. That's a reality. And establishing the trust fund assures that that will not go for the potential of being spent in the future, but will go specifically for deficit reduction. It does mean something. It was important to do. And it's a necessary step as part of the enforcement effort.

In addition to that, we have the modified line-

item veto, or the enhanced rescission proposal, which will also be added as an enforcement provision under this budget.

Let me just mention also on the history of reconciliation savings, we've had reconciliation bills beginning in 1981, '82, '83, '84, '85, '86, '87, '89, '90. This is the largest deficit reduction in a reconciliation bill in the history of reconciliation savings. Even the 1981, which everybody always refers to the Reagan reconciliation proposal -

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we lost money under that proposal, almost \$233 billion. Because, at the time, there was a tax bill that lost revenues of about \$282 billion. Reconciliation produced savings of only \$49 billion in that year, so that we had a net loss of \$233 billion under that reconciliation proposal. Here we have achieved, as I said, very close to the \$400 billion that -

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to the \$500 billion that we're seeking in terms of overall deficit reduction.

Let me also mention that there are some important presidential initiatives that are part of this reconciliation as well. Childhood immunizations, family preservation, the earned income tax credit, empowerment zones, direct student lending, the

Mickey Leland Food Stamp Hunger Relief Bill, unemployment benefit reforms, and trade adjustment assistance. So there are some important provisions to try to help needy people in this country at the same time.

Let me conclude by saying what the reconciliation schedule looks like. The committees are going to report and have reported their reconciliation proposals. All legislation now is going to the House Budget Committee. The Budget Committee reports a reconciliation bill on May 20th. On May 25th the reconciliation bill will be filed. On May 26th it goes to the Rules Committee and on May 27th it goes to the House floor for passage.

The President's program is essential to keeping our economy going. Our commitment to deficit reduction has already reduced interest rates and effectively pumped billions of dollars into the economy. Every step we take to implement this plan puts us a step closer to our goal of freeing capital for private investment that will lead, hopefully, to more jobs and to higher living standards for working families both today and tomorrow. A critical step has been achieved by these House committees, and we congratulate them in that effort.

SECRETARY BENTSEN: Good morning. Let me make a point to you as to how quickly this has been done. As I was looking at the record, going back an entire decade, we have not seen a budget resolution pass as quickly as this one. And to see the Ways and Means Committee passing reconciliation by May 14th, I can't recall a time that it has been expedited to that degree. And yet I can think about the previous administration that sent us budget after budget that was dead on arrival. Not the case this time. So we've made incredible progress in working toward the passage of the largest deficit cut in history.

For 12 years, here in Washington, we've seen an unwillingness to face up to true deficit cuts and the problem has become just worse and worse, where -

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lip service paid to that idea. But nothing but excuses came out when we talked about step up and deliver.

President Clinton has changed all that. This year under his leadership we'll pass the most far-

reaching deficit reduction that we have seen thus far. I'm convinced of it because for the first time an administration has stepped forward and made the difficult decisions about what programs to cut. Not sending us the black box like was sent to us before; these are the tough choices; now you make them. And as a result no one made them. Here's an administration that faced up to that with some 200 specifics to be carried out.

For the past few weeks you might not have known that we had a four-

year \$500 billion deficit reduction plan up at Ways and Means. You'd think all we were going through was a stack of unrelated bills. But the fact is we were building one item at a time a deficit reduction package to change the course of our economy.

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and that's tough work.

Ways and Means has produced legislation that largely achieves what we asked for in the way of deficit reduction. Does the plan set out what we meant to do? Does it reduce the deficit in a significant way? It certainly does. And if you look at those charts that Leon was showing you, it clearly shows that answer. It is remarkably like what we sent up. If you talk about the overall \$496 billion, it is there. They have retained it.

Every Congress makes some changes and this one will be no exception. But I'm very much impressed that they kept their eyes on the target in cutting that deficit. It makes our tax code more progressive. CBO numbers tell us 75 percent of that tax increase will be paid for by families making over \$100,000 a year. And that's 6.5 percent of the families in the United States that fall into that category. It's approximately 50 percent in spending cuts and 50 percent in tax increases. And for every \$3 in spending cuts, \$2 goes to deficit reduction and \$1 to investment. It contains a ground-

breaking energy tax that encourages conservation and discourages pollution. It promotes investment and economic growth, and it brings the deficit down substantially. And that's what we set out to do.

Let me make a point that I don't think has generally been recognized, and that's the phasing in of the energy tax. We're talking about in 1994 the energy tax for the average family making \$40,000 a year, that energy tax goes up \$1 monthly -

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\$1. And when

it's fully phased in four years later, we're talking about \$17 a month in the cost of the energy tax. And if we can keep these kinds of interest rates and cut it more, we'll pay for it five and six times over for that family in what they're doing in the refinancing of a home mortgage.

Now, let me say this process is far from over. I expect there are going to be changes and more changes. But we're not going to lose sight of the fact that the job is getting that deficit down, and getting it down by something that approaches \$496 to \$500 billion. We've talked all along about the economic picture just talking about our plan, but those lower interest rates didn't just happen. It's because the bond market -

-
a very sophisticated customer -

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is absolutely convinced with what they have done on interest rates that we're serious about deficit reduction and that we have a good opportunity to put this one through. They expect the program to pass.

Bringing that deficit down is our utmost important economic responsibility and that's what we intend to do. Thank you very much.

MS. TYSON: Just let me finish up by emphasizing the last comment of Secretary Bentsen in drawing your attention to this chart. I mean, I think it's important in discussing the historic nature of this package to really keep in mind at all times the underlying economic logic. And it's really very simple.

The deficit is the major problem or constraint hindering the economy's long-

term growth. The government, when it runs a deficit, takes society's savings and investable resources away from the private economy. We want to get more investment in the economy. The right way to do that is to reduce the deficit, which will lower interest rates, increase investment, increase productivity and ultimately increase living standards. It's a very simple logic.

There are only two important wrinkles on the logic that I think I would emphasize to add to what's already been said. First of all, we want to get the deficit down, but we want to do it in a way which is not so cumbersome on the economy as to slow it down. We thought very hard and carefully about the right size of a package. A package big enough to have a significant effect on the deficit over a multiyear period. So we bring the deficit down relative to the size of the economy. We bring it down in half approximately relative to the size of the economy. But we do it gradually because to do it more radically would really slow the economy down.

The second thing I want to say is that we, even already in the package that's been passed so far, we are asking for a shift in the spending priorities of the government. So you saw today that we have already asked and received support on empowerment zones, on trade adjustment assistance, on childhood immunizations. While we are reducing the size of the government in the economy we want to change what the government spends its money on so we can have both more private investment through lower long-

term interest rates and also more public investment, more of the government spending money on things we need for the future. And I think that that really is the underlying economic logic. And I really want to congratulate members of the Congress for passing -

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for moving on this historic deficit reduction package.

In point of fact, the only way to restore long-

term prosperity to the U.S. economy is through a significant deficit reduction effort, coupled with a switch in government spending priorities, and we are now on the road to that path.

Thank you.

DIRECTOR PANETTA: Questions?

Q Secretary Bentsen, the bond market has reacted positively, but business confidence and consumer confidence have gone down rather dramatically in the last couple of months. Many people suggest that's because people are losing confidence in the administration's ability to accomplish its goals in deficit reduction. You've gotten past one committee -

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main committee in the House in the Appropriations Committee, but you have a very hard road, don't you, with the Senate? How are you going to succeed in the

Senate?

SECRETARY BENTSEN: Well, I think we are going to succeed in the Senate. And I think what you've seen -

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the impetus that's come from the House is going to have substantial influence on the Senate. I think that will be very helpful to us.

And as I look at the underlying factors on the economy and I look at the use of some 79.9 percent of our productive capacity as compared to the 85 percent that we had just before the recession, as I look at labor unit costs going up just one and a half percent, I think those things are stabilizing insofar as the concerns about possible inflation. So I'm optimistic as to what's going to happen on interest rates.

And I believe the credibility of accomplishing this is very much fortified by what has happened. What you saw -

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it was a long, lingering debate about the stimulus package, and that sort of drew the attention away from the main objective of what we are trying to accomplish in deficit reduction. This fortifies it, and that's a smashing good vote. I'm optimistic over it.

Q Just to follow, do you think the stimulus package was a mistake because it eroded business confidence and the administration's dedication to deficit -

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SECRETARY BENTSEN: I think there was a diffusion of the objective as that lingered on. I think this brings us back to the overall main objective of this administration and what it's trying to accomplish.

Q Secretary Bentsen, on the Senate Finance Committee you don't have the huge majority that you have in Democrats -

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SECRETARY BENTSEN: I seem to remember that, yes.
(Laughter.)

Q Are you going to have to compromise further in order not to lose any of the Democrats?

SECRETARY BENTSEN: I think what you're going to see is a continuation of the objective of the \$500 billion approximately in deficit reduction, and that that will be equally balanced between cuts and taxes, and I think we'll fulfill that one.

Will there be changes around the margins? We had changes around the margin in the House, and I'm sure that will happen in the Senate. That will not be anything new.

Let me tell you the other side of that. When you stop and think back, the previous administration -

-

every budget they sent was dead on arrival. What a dramatic difference we're seeing in this situation.

Q Will the administration now go back and seek funding for the elements of the stimulus package that were stalled in the Senate, particularly the summer jobs program?

SECRETARY BENTSEN: I don't have the detail on that.

Q Mr. Panetta, could you answer that question, please? Will you go back and try to get money for the summer -

-

for the summer jobs program?

DIRECTOR PANETTA: I think the President is interested in trying to pursue some additional funds for the summer jobs program. That is an interest that he has and I think he'll be forwarding a request to the Congress to do that.

Q For how much?

DIRECTOR PANETTA: I think right now we're looking at probably about a little over \$300 million.

Q And how would you pay for it?

DIRECTOR PANETTA: It will be paid for through rescissions.

Q Mr. Panetta, what other elements -

Q What rescissions?

DIRECTOR PANETTA: Pardon me?

Q What rescissions?

DIRECTOR PANETTA: It would be across-

the-

board rescissions.

Q This is a question for either of you. What are you doing differently to lobby your former colleagues up on Capitol Hill this time compared to the stimulus package? What have you learned to do differently?

SECRETARY BENTSEN: What are you talking about? Insofar as the expensing or the lobbying?

Q No, no. Trying to persuade -

the power of persuasion and trying to persuade your former colleagues to go along with the reconciliation.

SECRETARY BENTSEN: I must say it went very well thus far in the House. And I'm optimistic for the entire body of the House. We'll be doing the same thing working at it in the Senate. The margins are closer, the task is more difficult, but we'll be meeting with them collectively and individually to sell that point of view of what we're trying to achieve for the country in turning this economy around and cutting this deficit.

Q But how is your message different than the message for the stimulus package, is what I meant?

SECRETARY BENTSEN: Well, I think we're talking about deficit reduction, quite a different objective. And I think that's the main objective of this administration is to get this deficit down and keep these interest rates down.

Q Mr. Secretary, could you respond to the issue the bond market seems to be worried about and that might be stag-

flation --

that with higher taxes, more burdens on business, you may get higher inflation while the economy continues to slow.

SECRETARY BENTSEN: Well, frankly, I think this economy is going to continue to grow. I think that we're an example for most of the rest of the world, particularly for Europe, and that we saw a very receptive G-

7 meeting when I went to London to meet with them as to what we were doing to try to turn our economy around. We saw a response on the part of the G-

7 countries. We saw the Bundesbank cut their interest rate; we saw the French follow it; we were urging that, that that would help us with growth in Europe. We talked at length to the Japanese about stimulus package there. Their first budget was a contractionary one. They came up with a supplemental one that will add to growth, and that is an encouragement to develop domestic consumption in those countries, which will help us in exports and help expand the growth of this country.

Q To follow on that, as far as if you got all of this

a good movement by your foreign partners to date on interest rates and deficit reduction, what is the challenge then when you go to Tokyo and you ask for the rest of the year and early '93? I mean, are the good measures already over? I mean, what can they do now? I mean, like what -

they came to the table with accomplishments -

SECRETARY BENTSEN: Oh, there is much to be done. And we'll continue to be talking, obviously, about stimulus and trying to increase consumption within Japan. They're the country that is in the best position financially to accomplish that with a surplus in the budget, with just a tiny fraction of the debt owed by the other G-

7 countries. And thus far, we've seen the Japanese working toward that end. We're encouraged by it. Now, of course, we'll also be talking about trade and opening up of markets.

Q Mr. Panetta, what other pieces of your stimulus package is the President continuing to push for and by how much?

DIRECTOR PANETTA: Primarily, it is, obviously, the summer jobs piece that I mentioned. He is interested in trying to do something with regards to waste water cleanup and also putting cops out into the communities. Those are really the three priorities that the President is looking at. I think he recognizes that a large jobs bill simply cannot make it because of the problem over in the Senate, but he is -

he remains interested in trying to pursue those more limited investments.

Q How much money for waste water and cops?

DIRECTOR PANETTA: The overall package will be approximately about \$900 million.

Q Is this part of the same package, sir, and all paid for with rescissions?

DIRECTOR PANETTA: That's correct.

Q Mr. Panetta, how can you get a meaningful summer jobs program at this late date?

DIRECTOR PANETTA: We're assured by Secretary Reich that if we can get it passed hopefully before Memorial Day that he, in fact, can get those jobs out into these cities.

Q But economists have indicated they're not interested in doing across-

the-

board rescissions for these programs.

DIRECTOR PANETTA: Well, we think the reality is that it needs to be paid for under -

- recognizing the problems over in the Senate.

Q The mechanism is in place to create a summer jobs program by --

if you do it as late as Memorial Day?

DIRECTOR PANETTA: Secretary Reich had made very clear -- we began preparing this obviously when we were doing the initial jobs bill, but, unfortunately, that was delayed but he continues to plan to get those jobs into place.

Q The budget originally called for interest savings of about \$16 billion from '94 to '98 by a reduction in the maturity of debts from the Treasury. The Treasury then announced the results of its study and they did not go as far as that \$16 billion. CBO now suggests the interest savings will only be a half or a third of what was originally planned for in the budget. Why didn't the Treasury go as far as they originally planned? Was there some thought on the part of OMB? The Treasury debt mix, it did not go as far as the original budget suggested.

SECRETARY BENTSEN: Well, it went very close to it, and we are very pleased with it. And we were delighted with the reaction of the market. It became virtually a nonevent and the market was quite stable in that regard. So it's obviously working and we came very close to the number. Obviously, what we wanted to do was to deal with the underlying economic factors and over the long-

term develop the savings, and we have accomplished that.

Q What is your explanation for the recent increase in prices? What's happening?

SECRETARY BENTSEN: For one thing -

- let me give you some specifics. Vegetables went up 44 percent.

Q Outside of food and energy, what do you think -

SECRETARY BENTSEN: Let me tell you what it is if I can. A big part of it was what happened to weather and what that did to farm produce and products. That was the biggest change in the whole deal.

Q The price of gold is going up partly because of uncertainties over here and also because of the prospect of possibly of inflation. If any of this program goes through, the major parts, do you think that will curb the increase in the price of gold?

SECRETARY BENTSEN: If I answered that I would influence the market, perhaps, and I had better not.

Q Secretary Bentsen, considering the overwhelming Republican opposition in both chambers to reconciliation, have they for all intents and purposes written themselves out of the reconciliation game?

SECRETARY BENTSEN: I hope not, and I don't think so. I was talking to some the other day. They said we just don't want to go through the gridlock that we ended up with on the stimulus package and hopeful that we can work out some things where we can participate.

Q Secretary Bentsen, when you first came out with the BTU tax you said that the beauty of it was that it was broad-

based, that it hits all energy users. Are you worried -

SECRETARY BENTSEN: I don't ever recall describing it as beautiful. (Laughter.)

Q Sorry, my term. Are you worried that the floodgates have been opened now to all kinds of exemptions? You have aluminum producers who got sort of an exemption in Ways and Means and now they want even more of an exemption from Senate Finance. Are you worried that there's going to be further erosion?

SECRETARY BENTSEN: No, I don't think there's going to be any serious erosion. And what we have seen overall is the amount of money being raised is held quite constant as they had made shifts in it. As I recall on the House Ways and Means Committee where it was 28 cents per million cubic feet, they raised it to 26 cents. That's not a material situation. We were quite successful in keeping in there influencing the choice of the utilities on electricity and the fuels they choose to generate that electricity. We held strong on that. The Ways and Means Committee went along with us on that one.

Q What about the decoupling of the highest -

the top income and the top corporate rates that are now going to be 36 -

it would only be 36 and 35? I think you had said it would be good to have them the same.

SECRETARY BENTSEN: Well, I would have preferred that they had stayed constant. But a one percent differential, I don't see that forcing people to incorporate or not to incorporate. I don't think one percent makes up for all of the other considerations that go into the question of whether you want to have corporate liability or not, or the individual liability. Whether you go to subchapter S or whether you go in turn -

Q You did think a two percent differential would have made that kind of difference.

SECRETARY BENTSEN: We sought -

well, I think it would have helped more -

and that's what we supported. But we did some other things, though, insofar as corporations and trying to assist business to be competitive. And what we did with the alternative minimum tax is a very major thing. And that one we took them from

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three depreciation schedules down to one; we did some \$8 billion there in assistance to them; and we shortened the depreciation period to increase the cash flow. We took small business and we moved away from the investment tax credit to a 25 percent expensing credit, which they much apparently preferred, and we went along with that. That's going to help very substantially for small business in developing their cash flow and simplifying their tax returns, because the vast majority of them do not spend over that \$25,000 a year. So that'll help there. We took the R&D and we made that permanent. So those are the things we did on that side.

MS. VOLES: Last question.

Q Mr. Panetta, given congressional resistance to using across-

the-

board rescissions, even for this small \$900-

million

stimulus package, will the administration launch any kind of full

court press to get it enacted, or are you basically moving on to the larger of the budget reconciliation?

DIRECTOR PANETTA: Our primary emphasis is going to focus on reconciliation, and we've gotten it through 13 House committees. That is no easy task. As somebody who has been involved in every reconciliation bill, I've got to tell you -

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if you look at past reconciliations and what the committees have done, they've always managed to shave the savings somewhat or change them or revise them or move away from the targets. This is the first time I can remember where all 13 committees not only met, but exceeded, in some instances, their targets with some very tough choices. So our primary focus is to get this reconciliation bill enacted in the House, enacted in the Senate, because it is the major element of the President's economic plan for the future.

Q Well, the time has basically passed for the stimulus package.

DIRECTOR PANETTA: Keep going -

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we'll keep going.

THE PRESS: Thank you.
END11:25 A.M. EDT

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TO: C. Patricia Cogdell (COGDELL_C) (WHO)
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TO: Kimberly S. Hopper (HOPPER_K) (WHO)
READ: UNKNOWN

TO: Lorraine A. Voles (VOLES_L) (WHO)
READ: UNKNOWN

TO: Margaret C. Sherry (SHERRY_M) (WHO)
READ: UNKNOWN

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TO: Elizabeth A. Bernstein (BERNSTEIN_E) (WHO)
READ: UNKNOWN

TO: Carolyn Curiel (CURIEL_C) (WHO)
READ: UNKNOWN

TO: David B. Anderson (ANDERSON_D) (WHO)
READ: UNKNOWN

TO: Roy Neel (NEEL_R) (VPO)
READ: UNKNOWN

TO: Thurgood Marshall, Jr (MARSHALL_T) (VPO)
READ: UNKNOWN

TO: Greg Simon (SIMON_G) (VPO)
READ: UNKNOWN

TO: Remote Addressee (MARLA E. ROMASH@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Leon Fuerth (FUERTH_L) (VPO)
READ: UNKNOWN

TO: Jack Quinn (QUINN_J) (VPO)
READ: UNKNOWN

TO: Katie McGinty (MCGINTY_K) (VPO)
READ: UNKNOWN

TO: Remote Addressee (SALLY J. AMAN@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Kukis, Heidi (HEIDI KUKIS@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TEXT:

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release May 14, 1993

REMARKS BY THE PRESIDENT
IN BLUE RIBBON CEREMONY

The South Lawn

9:51 A.M. EDT

THE PRESIDENT: Thank you very much. Thank you.
Secretary Riley. Thank you, ladies and gentlemen.

I want to welcome you all to the White House today on this gorgeous day. I hope you've enjoyed yourselves. The Marine Band has been in especially fine form this morning. I woke up to them; I went jogging to them. (Applause.) I almost felt like a President this morning for sure when I was walking over to the Oval Office -

-

they were playing a march that was written for the coronation of a British monarch, so I almost got myself confused. (Laughter.)

There are 228 schools here represented today, the winners of the Blue Ribbon Awards this year. And all of you are winners representing what is best in American education and public and private schools and urban and suburban and rural schools. You all share some common features with all your differences: Visionary leadership; a sense of shared purpose; a climate conducive to learning; impressive academic achievement brought on not only by gifted teachers but also by responsible and open student behavior; and real involvement of parents and often the broader community in the life of the school.

I spent a lot of time thinking about these educational issues over the last 12 or so years. I spent more of my time as a Governor on education than on any other single issue except for the economy of my state. I spent hundreds of hours, I suppose, in schools in my state and around the country over the last 12 to 15 years and some time in one of the schools from Arkansas that's being honored today.

A hundred years ago the key to a strong economy was our raw material base. Fifty years ago it was mass production. Now it is clearly the trained human mind. We live in a world where the average person will change work seven or eight times in a lifetime, when the volume of knowledge is doubling every few years. When people in Silicon Valley making new computers and new computer programs tell me their average product life is now down to 18 months, clearly the reasoning, creative, facile but also deep mind is key to the future of the United States. We also live in a time when hardly anybody can get and keep a decent job without more education than too many of our people lack today.

If we could multiply the grade schools here represented on this lawn all across the country, we could really revolutionize education in America. I must tell you that the most challenging -

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(applause) -

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give yourselves a hand. That's a good idea. The most challenging thing I ever faced as Governor and the most continually frustrating was going into our schools and realizing that virtually every challenge in American education has been met successfully by somebody somewhere.

There are people succeeding against all the odds and producing magnificent results in extremely difficult circumstances. There are schools producing world class results by any rigorous measure. The problem with American education is that we have never found an effective way to help replicate success, partly because the magic of education is always what happens in the individual classroom between the teacher and the student, supported by the parents, strengthened by the culture of a school that is set overwhelmingly by a gifted principal. I know that.

But there have to be ways to recognize the plain fact that notwithstanding the funding problems, notwithstanding the inequalities, notwithstanding all the problems that American education, you can find virtually every problem in our country solved by somebody somewhere in an astonishingly effective fashion if you look at enough schools. So the challenge for us here is to figure out how to replicate that. That is what Secretary Riley and I are trying to do with the Educate America Act, the Goals 2000 Act that we presented to the United States Congress, a bill we believe will lead to the creation of world-

class learning standards, and also help to promote the idea that, clearly, all reforms must occur school by school.

Goals 2000 will, in effect, enshrine the national education goals in the law of the land, raise expectations for all students, and help to enrich the content of our courses, the training of our teachers, and the quality of our textbooks and our technology.

Finally, the bill will challenge our schools to show real results. We believe students and schools should have more flexibility in dealing with federal programs and should be shooting toward real results and clear standards. Goals 2000 is the framework for that educational effort in this administration. It will facilitate fundamental reforms in our schools, and I must say that's probably why some people don't like it all that well, including some members of my own party in the Congress.

But we can't raise standards and achievement either by leaving things the way they are, or simply by piling on more particular governmental programs and mandates from Washington. After all, we're only providing about seven percent of the total financing of public schools today, and while I hope to reverse that trend and, over the next five years, get the percentage back up to somewhere to where it was over the last several years -

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(applause) -

-

still the lion's share of the financing and the lion's share of the learning reforms must come from you and people like you. And that means we have to have a different approach in the way the national government relates to our schools.

I hope that the Congress will not dilute the package that I sent to them. I hope we can pass the bill in a way that will represent a real change in the way the national government relates to the schools and a real increase in confidence in proven local leaders.

I'd also like to say that the private sector in this country has shown an astonishing willingness to become more involved in education ever since the issuance of The Nation at Risk Report 10 years ago. The New American Schools Development Corporation, on which Governor Balliles serves on the board and which Governor Riley and now Secretary Riley mentioned, has already raised millions of dollars from public spirited business leaders. It has path-

breaking design teams which are providing us with valuable lessons about how school innovations all around America can help us to reach world class standards. And it is trying to help replicate what works, which I still believe is our most urgent task.

Through these new designs they will be able to provide promising alternatives for schools and states as they work to reinvent their schools with the help of Goals 2000 and other reform efforts that this administration will make. I ask all of you to

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support this legislation and the work of the New American Schools Corporation. I ask you to support it in the larger context of what we must do as a nation.

Think of what has happened to bring us to this point where we have come to 17 months in a row with unemployment rate at seven percent or higher in every month, even though we are allegedly in an economic recovery. What has happened to bring us to a point where most American families are spending more hours on the job than they were 20 years ago with lower real incomes than they made 10 years ago, including some of the families represented in this audience?

What has caused that? Our lack of ability to be continuously productive, our lack of ability to create more and more new jobs that will stand the test of the rigorous global economy. What we have to do in our administration, and what I earnestly ask for your support in doing is to reverse the trends that have brought us to this past.

Let us first of all bring down the government deficit that has gotten our debt from \$1 trillion to \$4 trillion in the last 12 years simply by telling people at election time what they wanted to hear: I'll cut your taxes and write you a check. All the arithmetic teachers in this audience could have figured out that sooner or later that would get us in trouble. Nobody could have passed math in this town in any of your schools in the last 12 years who with a straight face said I've got you a deal, I'll cut your taxes and I'll send you a check. (Applause.)

So it fell to me to try to change that ratio. And the House of Representatives Committee on Ways and Means yesterday reported out a bill which does a lot of that. It restores both spending cuts and tax increases to a proper balance. It will bring the deficit down by \$500 billion over the next five years. It will provide important new incentives for small businesses and for larger businesses to continue to invest, to create jobs in our country. It provides a real tax break for working families with children with incomes of under \$29,000 to offset the impact of the energy tax and reward work so there will never be an incentive for people with families not to work. Because if this tax bill passes, for the first time in our country's history, because of the changes in the tax code, we'll be able to say that if you work 40 hours a week and you've got a child in the house, you will not live in poverty. These are important things. And over 70 percent of the money comes from people with incomes above \$100,000. (Applause.)

The budget package also over the next five years will increase our commitment to Head Start, to apprenticeship training, with partnerships with our schools and our post-

high school programs, and opens the doors of college education to everyone through a radical reform in the student loan program and national service. (Applause.) It focuses on, in other words, increasing investment, bringing down the deficit, and bringing us together as a country again. This Goals 2000 legislation is an important part of that. It is our effort to do our job here as well as you do your job back home. If we did our job here as well as you've done yours, then America could celebrate and give itself a blue ribbon in just a few years. (Applause.)

Thank you very much, and God bless you all. (Applause.)
END10:02 A.M. EDT

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RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: S. Collier Andress (ADDRESS__S) (WHO)

CREATION DATE/TIME:17-MAY-1993 16:28:00.00

SUBJECT: economic talking points

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READ: UNKNOWN

TO: George Stephanopoulos (STEPHANOPO_G) (WHO)
READ: UNKNOWN

TO: Ricki Seidman (SEIDMAN_R) (WHO)
READ: UNKNOWN

TO: David Dreyer (DREYER_D) (WHO)
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TO: Jeffrey L. Eller (ELLER_J) (WHO)
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TO: Robert O. Boorstin (BOORSTIN_R) (WHO)
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TO: Michael Waldman (WALDMAN_M) (WHO)
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TO: Ann F. Walker (WALKER_A) (WHO)
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TO: David Kusnet (KUSNET_D) (WHO)
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TO: Lorraine A. Voles (VOLES__L) (WHO)
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TO: Dee Dee Myers (MYERS_D) (WHO)
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TO: Keith Boykin (BOYKIN__K) (WHO)
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TO: Amanda Crumley (CRUMLEY_A) (WHO)
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TO: Jason Solomon (SOLOMON_J) (WHO)
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TO: David Leavy (LEAVY_D) (WHO)
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TO: Kathy McKiernan (MCKIERNAN_K) (WHO)
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TO: Jeremy M. Gaines (GAINES_J) (WHO)
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TO: Steven A. Cohen (COHEN__SA) (WHO)
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TO: Dawn A. Alexander (ALEXANDER_DA) (WHO)
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TO: David Seldin (SELDIN_D) (WHO)
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TO: Eric Berman (BERMAN_E) (WHO)
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TO: Meeghan E. Prunty (PRUNTY_M) (WHO)
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TO: Carter Wilkie (WILKIE_C) (WHO)
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TO: Kimberly Tilley (TILLEY_K) (WHO)
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TO: Ken Chitester (CHITESTER_K) (WHO)
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TO: Lisa M. Caputo (CAPUTO_L) (WHO)
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TO: Gene Sperling (SPERLING_G) (OPD)
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TO: Nestor M. Davidson READ: UNKNOWN	(DAVIDSON_N) (WHO)
TO: Alexis Herman READ: UNKNOWN	(HERMAN_A) (WHO)
TO: Regina T. Montoya READ: UNKNOWN	(MONTOYA_R) (WHO)
TO: Bernie Nussbaum READ: UNKNOWN	(NUSSBAUM_B) (WHO)
TO: Howard Paster READ: UNKNOWN	(PASTER_H) (WHO)
TO: Susan Brophy READ: UNKNOWN	(BROPHY_S) (WHO)
TO: Steve Ricchetti READ: UNKNOWN	(RICCHETTI_S) (WHO)
TO: Lorraine C. Miller READ: UNKNOWN	(MILLER_L) (WHO)
TO: John Podesta READ: UNKNOWN	(PODESTA_J) (WHO)
TO: Carol Rasco READ: UNKNOWN	(RASCO_C) (OPD)
TO: Bruce Reed READ: UNKNOWN	(REED_B) (OPD)
TO: Robert E. Rubin READ: UNKNOWN	(RUBIN_R) (OPD)
TO: Eli J. Segal READ: UNKNOWN	(SEGAL_E) (WHO)
TO: Christine A. Varney READ: UNKNOWN	(VARNEY_C) (WHO)
TO: Roy Neel READ: UNKNOWN	(NEEL_R) (VPO)
TO: Margaret A. Williams READ: UNKNOWN	(WILLIAMS_MA) (WHO)
TO: Rahm Emanuel READ: UNKNOWN	(EMANUEL_R) (WHO)
TO: Mark Gearan READ: UNKNOWN	(GEARAN_M) (WHO)
TO: Timothy J. Keating READ: UNKNOWN	(KEATING_T) (WHO)
TO: Unice B. Lieberman READ: UNKNOWN	(LIEBERMAN_U) (WHO)
TO: Dwight Holton READ: UNKNOWN	(HOLTON_D) (WHO)
TO: Lisa Mortman READ: UNKNOWN	(MORTMAN_L) (WHO)
TO: Jonathan P. Gill READ: UNKNOWN	(GILL_J) (WHO)
TO: Jocelyn Jolley READ: UNKNOWN	(JOLLEY_J) (WHO)
TO: Todd Stern READ: UNKNOWN	(STERN_T) (WHO)
TO: Stephen B. Silverman READ: UNKNOWN	(SILVERMAN_S) (WHO)
TO: Jonathan M. Prince READ: UNKNOWN	(PRINCE_J) (WHO)
TO: Kathleen L. O'Neill READ: UNKNOWN	(ONEILL_K) (WHO)
TO: Karen L. Hancox READ: UNKNOWN	(HANCOX_K) (WHO)
TO: Margaret C. Sherry READ: UNKNOWN	(SHERRY_M) (WHO)
TO: Carolyn Curiel READ: UNKNOWN	(CURIEL_C) (WHO)
TO: Jess Sarmiento READ: UNKNOWN	(SARMIENTO_J) (WHO)
TO: Erich Vaden READ: UNKNOWN	(VADEN_E) (WHO)

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TO: Christine A. Varney (VARNEY_C) (WHO)
READ: UNKNOWN

TO: Natalie S. Wozniak (WOZNIAK_N) (WHO)
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TO: R. Paul Richard (RICHARD_R) (WHO)
READ: UNKNOWN

TO: Joshua Silverman (SILVERMAN_J) (WHO)
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TO: Andre C. Oliver (OLIVER_A) (WHO)
READ: UNKNOWN

TO: Maria M. Tio (TIO_M) (WHO)
READ: UNKNOWN

TO: Elizabeth A. Bernstein (BERNSTEIN_E) (WHO)
READ: UNKNOWN

TO: Julie A. Nash (NASH_J) (WHO)
READ: UNKNOWN

TEXT:
PRINTER FONT 11_POINT_ROMAN
SUMMARY SHEET ON SEVEN KEY POINTS

LEADERSHIP AND COURAGE TO BRING ABOUT ECONOMIC CHANGE
* After 12 years of inaction and talk on the deficit, Bill Clinton stepped up to the plate in his first 30 days in office and put forth a specific and detailed plan to reduce the deficit and increase investment in our people.

SPENDING CUTS ARE SIGNIFICANT AND REAL

* There are three dollars in spending cuts for every new dollar in new investments. In other words for every dollar of new investments that goes to things like new cops, national service, immunizations and defense conversion, nearly two additional dollars in spending cuts goes to deficit reduction. There are 200 cuts in spending programs; \$250 billion in deficit reduction through spending cuts.
SPENDING CUTS TO FUND DEFICIT REDUCTION AND NEW INVESTMENTS

* In the reconciliation plan alone, there were enough entitlement cuts to fund \$100 billion in deficit reduction and pay for important new investments in our people, including childhood immunization, family preservation, empowerment zones, direct student lending, the Mickey Leland Hunger Bill, and an expansion of the earned income tax credit that would ensure that every parent who worked 40 hours a week and had a child at home would not be in poverty.
FAIR AND PROGRESSIVE TAXATION

* The overwhelming majority of these taxes fall on the most well-off Americans. Indeed, the Congressional Budget Office found that 75% of the taxes we raise fall on the 6% most-

well families -

-

those that make over \$100,000. Second, we use increases in such things as energy assistance and the Earned Income Tax Credit so that families with incomes under \$30,000 are (on the whole) held harmless. According to a study by Arthur Anderson, a family of three making \$25,000 would actually see their taxes fall.
THE ENERGY TAX IS MODEST AND PHASED-

IN

* The energy tax does not even go into effect until the summer of 1994, and when it does, it will be phased in three equal stages over three years. In 1994, a family making \$40,000 will pay only \$1 a month. In 1995, only \$7 and then only \$17 a month when it is fully phased in according to both Treasury and the Congressional Budget Office
DEFICIT TRUST FUND TO ENSURE SAVINGS GO TO DEFICIT REDUCTION

* That is what the Deficit Reduction Trust Fund Does. It locks in \$496 billion in deficit reduction and throws away the key. It gives the American people a legal guarantee that all of the funds will go to deficit reduction. It is a needed enforcement provision because currently, the budget law the President inherited does not have a way of locking in the deficit savings that come from taxes and entitlement cuts.

LOWER INTEREST RATES OFFSET TAX INCREASES

* Longterm interest rates are at their lowest in 20 years. They are 7.43% today, while on November 6, 1992 they were at 8.29. A family who refinances their 10% \$100,000 mortgage at 7.5% saves \$175 a month or \$2,100 a year.

ECONOMIC PLAN TALKING POINTS

May 17, 1993

LEADERSHIP AND COURAGE TO BRING ABOUT ECONOMIC CHANGE
* After 12 years of inaction and talk on the deficit, Bill Clinton stepped up to the plate in his first 30 days in office and put forth a specific and detailed plan to reduce the deficit and increase

investment in our people.

- * Change is tough -- particularly when that change means reducing the deficit -- but if we are serious about the economic health of this country we have look at the package as a whole, and ask if it is real and whether we will be stronger if we support this change. The answer on both accounts is yes.

- * Everyone talks about doing tough things to get the deficit down, but they all never come forth with the tough, specific choices: they all rely on balanced budget or entitlement cap ideas. Bill Clinton put forth a detailed and specific plan.

- * This week Congress took a major step in moving the President's Economic Plan through the Congress. Thirteen committees of the House of Representatives adopted the spending cuts and revenue increases needed to implement the President's \$496 billion deficit reduction plan -- the largest deficit reduction plan in history. Best of all, the President's core principles have remained intact. He insisted on specific spending cuts before asking the American people to contribute. And he insisted that any increase in taxes be fair to the middle class and the working poor and rely most on those who can afford to pay.

EVEN DISTRIBUTION BETWEEN SPENDING CUTS AND TAXES

- * There are over 200 specific spending cuts. Spending cuts reduce the deficit by approximately \$250 billion over five years. The \$496 billion plan to reduce the deficit is evenly divided between spending cuts and revenue increases. Indeed, with each year, the ratio of spending cuts to taxes increases so that by the end of the five years there is significantly more spending cuts than tax increases each year.

- * Every tax dollar in the bill goes to deficit reduction.

- * There are three dollars in spending cuts for every new dollar in new investments. In other words for every dollar of new investments that goes to things like new cops, national service, immunizations and defense conversion, nearly two additional dollars in spending cuts goes to deficit reduction.

- * Policies to cut spending are not delayed. They are being proposed and will be legislated at the same moment that any tax increase goes into law. Indeed, \$100 billion in entitlement cuts have already been approved and sent to the floor in the House.

SPENDING CUTS TO FUND DEFICIT REDUCTION AND NEW INVESTMENTS

- * As with the entire package, the reconciliation package includes enough cuts to support not only serious deficit reduction but new investments as well. As mentioned above, in

the entire economic plan as a whole, for every dollar of new investment, there is a dollar of spending cut to pay for it and two more for deficit reduction.

- * In the reconciliation plan alone, there were enough, there were enough entitlement cuts to fund \$100 billion in deficit reduction and pay for important new investments in our people, including childhood immunization, family preservation, empowerment zones, direct student lending, the Mickey Leland Hunger Bill, and an expansion of the earned income tax credit that would ensure that every parent who worked 40 hours a week and had a child at home would not be in poverty.

SIGNIFICANT SPENDING CUTS:

In addition to the spending cuts that will be passed during the appropriations process, there are significant entitlement cuts in this reconciliation package. A lot of people like to talk about entitlement cuts by calling for caps and other devices that keep them from having to be specific. This plan has tough specific cuts:

- The plan gives over 30 specific cuts in Medicare and Medicaid that reduce the deficit by \$56 billion.

- Agriculture entitlements are cut by \$3 billion
- Federal worker entitlements are cut by \$11 billion.
- Through FCC spectrum auctions we save \$7 billion.

- * And that is not counting the spending cuts on the discretionary budget side, which include:

- pay reduction for Federal employees by \$13.2 billion
- Administrative cuts by \$11 billion
- Cutting 100,000 federal workers saves \$10.2 billion
- Nuclear reactors R&D saves \$1 billion
- Agriculture administrative cuts saves \$1.1 billion
- Consolidate overseas broadcasting saves \$894 million
- Streamlining education programs saves \$2.2 billion

- * In addition, many of our cuts call for eliminating several programs:

- Tens of Highway Demonstration projects saving \$1 billion
- Special Purpose HUD grants
- Tens of NOAA Demonstration projects
- The current and outdated student loan program
- Earmarked SBA grants
- Agriculture special grant programs
- Unnecessary commissions

FAIR AND PROGRESSIVE TAXATION

- * The President's plan turns around trickle-down economics by putting forth a deficit reduction plan that is as fair as it is real in bringing down the deficit.

- * First, the overwhelming majority of these taxes fall on the most well-off Americans. Indeed, the Congressional Budget Office found that 75% of the taxes we raise fall on the 6.5% most-

well off families -

-

those that make over \$100,000.

- * Second, we use increases in such things as energy assistance and the Earned Income Tax Credit so that families with incomes under \$30,000

are on the whole held harmless. According to a study by Arthur Anderson, family of three making \$25,000 would actually see their taxes fall by several hundred dollars.

* Third, the energy tax does not even go into effect until the summer of 1994, and when it does, it will be phased in three equal stages over three years. In 1994, a family making \$40,000 will pay only \$1 a month. In 1995, only \$7 and then only \$17 a month when it is fully phased in according to both Treasury and the Congressional Budget Office

LOWER INTEREST RATES OFFSET TAX INCREASES

* Long-term interest rates are at their lowest in 20 years. They are 7.43% today, while on November 6, 1992 they were at 8.29.

* While some families will pay a small contribution, millions of families will save hundreds a year through lower interest rates that lower their mortgages and other borrowing if our deficit reduction package is passed. A family who refinances their 10% \$100,000 mortgage at 7.5% saves \$175 a month or \$2,100 a year.

* According to a bipartisan poll by Teter/Hart, 74% of people in their 30s now believe that homeownership is accessible. It was only 47% one year ago. Most agree the main difference is lower interest rates.

* Certainly, some businesses would prefer to not have any tax increases. We would prefer not to raise any taxes too. Yet, you cannot look at any one item in isolation from the whole plan. This plan as a whole will bring down the deficit and lower interest rates and the costs of capital. Everyone agrees that this is the one thing all businesses need to invest more and compete.

DEFICIT TRUST FUND TO ENSURE SAVINGS GO TO DEFICIT REDUCTION:

* That is what the Deficit Reduction Trust Fund Does. It locks in \$496 billion in deficit reduction and throws away the key. It gives the American people a legal guarantee that all of the funds will go to deficit reduction.

* It is a needed enforcement provision because currently, the budget law the President inherited does not have a way of locking in the deficit savings that come from taxes and entitlement cuts.

* What we heard from people all over this country is that they are willing to accept entitlement cuts and even fair tax increases if they can be assured that all of it will go to deficit reduction, and that Congress cannot later change its mind.

* The Deficit Trust Fund has been unfairly compared to such gimmicks as the

Bush "tax check-off" idea. That Bush campaign proposal is another in a long list of gimmicks designed to masquerade as an idea for more deficit reduction, without having to say where the tough choices are. The Clinton plan lays out \$496 billion spending cuts line-by-line, year-by-year. The Deficit Reduction Trust Fund is simply a legal guarantee that those funds targeted for deficit reduction in this plan will not ever be diverted.

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DEFICIT REDUCTION TRUST FUND

As an integral part of his longterm economic growth plan, President Clinton put forth the largest and most significant deficit reduction plan ever proposed to Congress by a President. It was then passed through the budget resolution process in record time. After 12 years of increasing deficits and decreasing investments, the President's program fundamentally changes the direction of the past 12 years by dramatically reducing the deficit while increasing investments in America and the American people.

On May 12, 1992, President Clinton proposed a Deficit Reduction Trust Fund to ensure that all of the net revenues and net entitlement and discretionary spending cuts that are targeted for deficit reduction, are legally bound to be used only for deficit reduction and can never be diverted to spending programs. Americans have sent the message loud and clear that they are willing to see tough choices if they know that every dollar that is targeted for deficit reduction, must go to nothing but deficit reduction. The Deficit Reduction Trust Fund provides a legally binding guarantee that locks in the savings from the President's five year deficit reduction plan, and gives the American people a guarantee that all of these net cuts and net revenues must go to deficit reduction.

Facts on Deficit Reduction Trust Fund

Description:

An account in the Treasury containing funds that are set aside and cannot be used for new spending or tax cuts.

The account will be located in the Treasury and managed by the Secretary of the Treasury.

All of the net revenues, entitlement cuts and discretionary spending cuts in the President's budget must be permanently set aside and cannot be used for any purposes other than deficit reduction.

Under current law, enacted in the Budget Enforcement Act of 1990, the tax increases and direct spending reductions enacted in reconciliation could be used to finance (offset) new direct spending or tax cuts. Thus, current rules do not "lock in" such deficit reduction. The Deficit Reduction Trust Fund mechanism (together with the Administration proposal to extend "pay-as-you-go" through 1998) will change these rules so that the deficit reduction in reconciliation will be locked-in.

Q&A ON DEFICIT REDUCTION TRUST FUND

QUESTION: The Deficit Reduction Trust Fund proposed this week has already been criticized as a "gimmick" by Republicans in Congress. What's your response?

ANSWER: It is a needed enforcement provision because currently, the budget law does not have a way of locking in the deficit savings that come from taxes and entitlement

cuts. We have done this with this Deficit Reduction Trust Fund and it is hard to understand how anyone who is serious about reducing the deficit could oppose this.

We have a real and specific deficit reduction package that the CBO has stated would reduce the deficit by \$496 billion. That is undisputable. What we heard from people all over this country is that they are willing to accept entitlement cuts and even fair tax increases if they can be assured that all of it will go to deficit reduction, and that Congress cannot later change its mind. That is what this idea does. It locks in \$496 billion in deficit reduction and throws away the key. FOLLOW-

UP QUESTION: But isn't this just like President Bush's check-off provision that you and your staff railed against during the campaign?

ANSWER: No, the two policies are completely different. The check-off was one of a long and seemingly never-ending list of budget gimmicks in which someone wanted to say that they have found a way to reduce the deficit without having to make one single tough choice that they have to make. That proposal sought to masquerade as a measure to reduce the deficit by offering to set aside taxpayer designated check-off funds for deficit reduction without saying how spending would be cut to pay for even a penny of it. That is the same with entitlement cap proposals: supporters call for deficit reduction without specifying any of the tough choices that would need to make.

The Clinton plan lays out every specific cut and tough choice we need for \$496 billion in deficit reduction -- line-by-line, year-by-year. What the Deficit Reduction Trust Fund does is create an enforcement provision that locks in this deficit reduction and gives the American people a legal guarantee that it will all go to deficit reduction. It prevents gimmicks -- an idea that we wouldn't expect some of our critics to recognize.

QUESTION: Doesn't this prevent you from ever using entitlement savings of revenues to fund health care or other new initiatives?

ANSWER: No. The Deficit Reduction Trust Fund locks in the net funds targeted for deficit reduction in this five-year budget. It does not prevent, for example, a stand-alone piece of legislation from using entitlement savings or new revenue-raisers to pay for a new initiative that the public wanted to support and pay for.

QUESTION: Doesn't this prevent you from funding immunization or the Earned Income Tax Credit with entitlement cuts or the increased taxes on well-off Americans?

ANSWER: No. The Deficit Reduction Trust Fund locks in the net savings promised in the President's five-year plan. For example, the plan includes both tax cuts (such as increasing small business investment expensing to \$25,000) and tax increases (such as raising the top rate to 36% on the top 1.2%). The net effect is to raise \$240 billion in tax revenues for deficit reduction. The Deficit Reduction Trust Fund ensures that the net amounts of tax revenues and the net amount of spending cuts that are dedicated to deficit reduction are locked in through a legally-binding account.