RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

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

CREATION DATE/TIME:25-JUN-1993 13:41:00.00

SUBJECT: President's Comments at Aids Announcement 6.25.93

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

TO: Alan J. Stone (STONE_A) (WHO)
READ: UNKNOWN

TO: Thomas O. Levenberg (LEVENBERG_T) (WHO)
READ: UNKNOWN

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TO: Remote Addressee (1=US@2=COMPUSERVE@3=CSMAIL@*ID\73030,21@MRX@EOPMRX) (DEFAULT)
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TO: Remote Addressee (JACK BELCHER@1=US@2=TELEMAIL@3=HOUSE@MRX@EOPMRX) (DEFAULT)
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TO: Remote Addressee (BULLETIN@1=US@2=TELEMAIL@3=HOUSE@MRX@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Remote Addressee (MATT GELMAN@1=US@2=TELEMAIL@3=HOUSE@MRX@EOPMRX) (DEFAULT)
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TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\WH-OUTBOX-DISTR(A)LEX-LUTHOR.AI.MIT.EDU@MRX@EOPMRX) (DEFAULT)
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TO: Remote Addressee (ALEXIS BYRNE@1=US@2=ATTMAIL@3=GOV+USDA.SIES@5=SIESNET@MRX@EOPMRX) (DEFAULT)
READ: UNKNOWN

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

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: Laura D. Schwartz (SCHWARTZ_L) (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

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

TO: Ulrich, Christopher R (CHRISTopHER R. ULRIcH@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Ethan J. Zindler (ZINDLER_E) (WHO)
READ: UNKNOWN

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

TEXT:

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release June 25, 1993

REMARKS BY THE PRESIDENT
IN ANNOUNCEMENT OF KRISTINE M. GEBBIE
AS AIDS POLICY COORDINATOR
The South Lawn

8:43 A.M. EDT

THE PRESIDENT: Good morning. Thank you very much. First, let me welcome Speaker of the House and other distinguished members of the House of Representatives here. I appreciate their coming. I understand they were able to get a little more sleep than the senators were last night. I also want to welcome all the rest of you here.

Before I make the announcement that we're all here to witness and to be a part of, I do want to say a word about the vote that was cast early this morning in the United States Senate to pass a version of the economic plan which I presented to them which, to be sure, was changed to some extent from the House plan, but still reflected, I think, a remarkable degree of courage. Five hundred billion dollars in deficit reduction in the Senate plan, over 78 percent of the new revenues from people with incomes above $200,000. A real commitment to significant budget cuts that were slightly greater than the ones in the House plan, and now clearly more budget cuts than tax increases.

The most important thing is that now both Houses of Congress, under very difficult circumstances with the same old rhetoric of the last 12 years flying at them, had the courage to try to change this country for the better.

What this means is incalculable. It means we can now move on to a Conference Committee with a clear signal to the financial markets that its interest rates should stay down and people should be able to refinance their homes and finance their businesses at lower interest rates, and that for the first time in a very long time an American President can go to a meeting of the G

7 nations in
a position of economic strength, trying to lead a renewal of growth and opportunity all over the world.

So I very much appreciate that. I want to compliment Senator Mitchell, Senator Sasser, Senator Moynihan, in particular, for their leadership and the courage of the senators who voted in the way they did, so that we can go forward.

One of the things that was in this budget that has received almost no notice is a real commitment to intensifying our efforts to deal with the AIDS crisis, even in the midst of all the budget cutbacks. One of those important efforts is the naming of a new AIDS coordinator with a higher visibility, a more important policy role and more influence in the national government than has been the case in the past.

It is my distinct pleasure today to announce the appointment of Kristine Gebbie as our nation's first AIDS Policy Coordinator. This position has never existed before, but circumstances now require us to look for unprecedented remedies to an unprecedented problem.

Today, as we toil against one of the most dreaded and mysterious diseases humanity has ever known, we must redouble our government's efforts to promote research, funding and treatment for AIDS. The appointment of Kristine Gebbie is part of our pledge to do that. She is a proven health care leader who will bring to the administration years of experience in the AIDS field. I'm confident she'll work hard to ensure that our nation no longer ignores an epidemic that has already claimed too many of our brothers and sisters, our parents and children, our friends and colleagues.

I'm particularly pleased that Kristine Gebbie is so committed to helping our AIDS effort, for she certainly is no stranger to the field. To begin with, she hales from the Pacific Northwest, one of our country's most progressive regions when it comes to health care.

A former nurse, she became the administrator of the Oregon Health Division, a position she held for 11 years, and later served as the Secretary of the Washington State Department of Health. Currently, she serves as a Special Consultant to the Department of Health and Human Services. She's also spent a lot of her time and energy on AIDS prevention.

Since 1989 she's served as chair of the Centers for Disease Control Advisory Committee on the Prevention of HIV Infection. She served on the Presidential Commission on AIDS. She was for three years a member of the National Academy of Sciences AIDS Oversight Committee, and she was chair of an HIV committee of state health officials around the United States.

AIDS is terrifying. It inflicts tragedy on too many families. But ultimately, it is a disease; one we can defeat just as we have defeated polio, many forms of cancer and other scourges in the history of our nation. How can we do it? With commitment and courage and constancy, and with vocal and responsible leadership from our nation's government. Already this administration has requested a large increase in funding for AIDS research and prevention, even in the face of our severe budget cutbacks. We are now moving toward full funding of the Ryan White Comprehensive AIDS Resources Emergency Act.

Our budget requested in Fiscal 1994 a 78-

percent
increase in funding for Ryan White, an 18-

percent increase for AIDS
research, and a 27-

percent increase for prevention.

In addition, the upcoming health care reform plan will make sure that AIDS sufferers are not victimized by unfair insurance policies when they seek treatment for their illnesses. AIDS touches all of us, and no single group should be discriminated against on the basis of this disease.

To make government's role in AIDS more efficient, we're also taking steps to coordinate AIDS policy. On June the 10th, I signed into law the National Institutes of Health Revitalization Act that establishes and AIDS research office to coordinate all the AIDS research at NIH. By now appointing an AIDS policy coordinator, we will ensure that one person in the White House oversees and unifies government-

wide aids efforts.

Kristine Gebbie will be a full member of the Domestic Policy Council and will work closely with the Department of Health and Human Services. And I'm glad to see Secretary Shalala here today. She has my full support in coordinating policy among all the various Executive Branch departments.

With the dedication and leadership that she has shown and that she will bring to this effort, I believe we will be able to wage the battle against AIDS with complete resolve. I look forward to working with her as we tackle the challenges that are posed to us. I assure you this is another step in the beginning of our effort, not the end of my personal commitment. This will guarantee the kind of focus this effort has long needed.

Ms. Gebbie. (Applause.)

MS. GEBBIE: Thank you very much, Mr. President. Thank you. It's fun to see a lot of familiar faces here this morning.

We've all been working the balancing act of this epidemic for a long time, balancing an investment in research with our investment in applying that research in a sensible way, and our investments in caring for people who already have the disease with an investment in preventing further spread, with an investment in the health-

related aspects of this disease, with all of the other pieces

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the education, the business, the community levels of response that have to be a part of it.

My perspective is that for a long time, most of that balancing and coordinating has had to happen at the local level, and people have had to put out far too much energy in every community, pulling programs together and policies together that could be pulled together on a single, nationwide basis, leaving folks free at the local level to really respond to individuals in the way they have to respond, and to apply what we've learned in a way that works in every community in this land. And I'm real thrilled to have a chance to work on that.

I need to say a thank-

you to the many, many people -

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people with the infection and people caring for people with the infection and people in state and local health departments and national agencies across this country that I've learned from in the last more than a decade working on this disease, and I hope I can put that knowledge into very fast action in this new coordination position.

Thank you very much. (Applause.)

THE PRESIDENT: Let me also say before we take a question or two, to Mr. Speaker and to Congressman Studds and Frank and McDermott and Pelosi and Morella, and to all the other members of the Congress who have been willing to support increased efforts for AIDS in the face of these difficult budgetary times. I'm grateful for them, too, because without the congressional support, we would not be able to make any progress, in my judgment, even with this heightened administrative effort.

Q Mr. President, as you approach your decision on gays in the military, have you reached a conclusion about the directive that says that homosexuality is incompatible with military service? Have you decided -

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THE PRESIDENT: I have not received any such directive. And until I receive a report from the Pentagon, I have no further comment on this.

Q Can I just ask you a broader question, then, about this?

THE PRESIDENT: I'm not going to discuss it until I receive the report from the Pentagon. I have nothing else to say now.

Q Mr. President, I have a question for Ms. Gebbie, please. During the time that you served in Washington and Oregon on dealing with the AIDS epidemic, what will you bring to this job that you learned there?

MS. GEBBIE: I think one of the biggest things I learned is that people have to be able to hear each other, not just talk to each other, but hear each other, and then put that listening into effect, developing policies that work. That's a bit of a global answer, but it really has to be applied to each piece of this puzzle. And it's putting a puzzle together that's developing policy around this disease.

Q Mr. President, yesterday when the news broke of the terrorist attempts at bombing various points in New York City, a lot of Americans felt an increased sense of vulnerability. I wonder if you would share with us your thoughts when you learned about it, and do you share that increased sense of vulnerability to terrorism in this country?

THE PRESIDENT: Any free society has always some exposure to terrorism. I think what the American people should do, though, is to feel an enormous sense of pride in the aggressive work done by the New York Police Department and all the federal authorities involved in New York. We are working aggressively on this issue. We will continue to work on it in a very tough way, and we will put whatever resources the United States has to put in to combatting it.

I think one of the problems that has plagued much of the world in the 1980s is random acts of terrorism. And there is always the possibility with increasing political instability in various places of increased terrorism. But I can tell you that I view the action in New York as reassuring. And all I can tell is that we're going to do our best to be as tough, as intolerant, as effective in dealing with these kinds of problems consistently as the local and the federal authorities were in New York.

Q Mr. President, now that the Senate has voted, can you tell us where you come down on the differences between the House and Senate bills in terms of the gasoline versus Btu tax, in terms of the level of Medicare funding, and the other differences in the bills. And can you tell us, did you win a political victory at the possible expense of your program, in making so many deals that it's just complicated the process of getting things through conference?

THE PRESIDENT: Actually, this administration didn't make any deals. The Senate Finance Committee put together a bill that it could get out of the Senate Finance Committee. And then the question was very much whether we would go on to conference. I think there was a great sense in the Senate that they had to go forward with the bill. There were many senators who told me they liked the House bill better. I mean, there were divisions even in the Senate. There were a couple of senators who indicated they would have voted for the House bill who did not vote for the Senate bill. There was all kinds of difference of opinion.

I think what happened was there was an institutional feeling there yesterday, which crystallized in the late afternoon, that the worst thing they could do is not to go forward, and that the worst thing they could do is not to break the gridlock, not to find a way to continue to push for real economic reform. And all this happened rather late last evening, and no decisions have been made. I haven't even had an ample opportunity to analyze whatever amendments were made yesterday. But this administration was not nearly as involved in the details of what came out of the Senate as was the case in the House.

I am confidence that the conferees will get together, will produce a bill that in some ways is superior to both bills and will have a broader support. That's what I think will happen.

Q Gas tax, sir?

Q On the budget, assuming that you want the final bill to resemble your own plan as much as possible, what is your response to Senator Moynihan's observation recently when he said that he felt that one -

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directing one-

third of all tax increases and spending cuts to investment would be perhaps too excessive?

THE PRESIDENT: Well, we'll see. A lot of the senators who came on to the bill late yesterday were holding out because the investment incentives have been cut back so much by the committee. That was -- one of the biggest hurdles was trying to convince some of the senators that we might increase the investment incentives in the conference. So I can tell you that will be a point of continuing tension. But I expect there will be some real effort to try to get the investment and growth options back in there.

Keep in mind, reducing the deficit helps you by bringing down interest rates. But still in the end if you want to grow the economy, somebody has to invest money and create jobs and put people to work. If the unemployment rate in this country were 4 percent instead of 7 percent, we'd have far fewer problems than we do. And the stagnation worldwide of economic activity, which has been going on for sometime now, is holding this country back and requires this country to make extraordinary efforts if we're going to swim against the tide and try to grow more than other nations to increase incentives to invest and create jobs and to grow this economy.

If you take investment out of part of the country as, for example, you see in California with the big cutbacks in defense, there needs to be some offsetting investment. You can't create jobs out of thin air. So I think we want to see in this economic plan two objectives -

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really tough deficit reduction, keeping the interest rates down, freeing up money for private sector investment, and increasing incentives by the national government to get more investment in the economy. And I hope we see it.

Q Mr. President, there seems to be another standoff in Baghdad between U.N. weapons inspectors and the Iraqi government. This is the first time this has happened on your watch. How serious is this standoff? And what, if anything, do you plan on doing about it?

THE PRESIDENT: It's quite serious. And the United Nations -

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you've already heard the U.N. speak to it, and I would expect that the matter will have to be resolved one way or the other in the fairly near future. I do think that -

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I don't have much to add to the pronouncements that have come out of the U.N. The United States has to continue to support compliance with the U.N. resolutions as they apply to Iraq.

Q Mr. President, you said that this is the first time that we're going to the economic summit in a position of economic strength. Another way to view that is that you had a tie vote in the Senate; that you're caught going into conference between the demands for more social spending, more investment and those who want not cuts; and that there's no margin for error, which is not a very strong signal of the ability to resolve this and to get anything that will pass finally both Houses -

-

THE PRESIDENT: I don't think any of the people who have looked at this really believe that we won't get a bill out of the conference that will be marginally changed in ways from both the House and Senate bills that will make the bill more passible in the Senate as well as the House. For example, the House wanted basically the incentive package that was there, but some less tax and some more spending cuts. That came out of the Senate. The Senate obliged the less tax and more spending cuts, but did it at the expense of cutting so much of the investments out, because the energy tax had to be reduced as much as it did, not for the floor of the Senate, but to get it out of the Senate Finance Committee.

Now, what will happen now is you'll see a negotiation and they'll try to bridge those gaps. I don't think they are particularly large. I think it's quite encouraging. And if you look at the level of aggression this country has displayed in trying to do something about its economic circumstances as compared with what is going on in these other nations -- the political and the economic problems -- I think the United States should be very proud. It is not easy to change.

I mean, we've been on an incredible roller coaster ride for 12 years now, just sort of spending more than we're taking in and living by political rhetoric and hot air. And when you try to change, it's not easy. You know, it's the same -

-

my daughter always says when she is gigging me a little that old line about denial being more than a river in Egypt. (Laughter.) I mean, you know, it's not easy to change. (Laughter.)

Thank you very much. (Applause.)

END9:05 A.M. EDT

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

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

CREATION DATE/TIME:28-JUN-1993 10:29:00.00

SUBJECT: AGAM 6.28.93

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)
READ: UNKNOWN

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

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

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

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

TO: C. Patricia Cogdell (COGDELL_C) (WHO)
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TO: Kimberly S. Hopper (HOPPER_K) (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: Laura D. Schwartz (SCHWARTZ_L) (WHO)
READ: UNKNOWN

TO: Cynthia J. Lizik (LIZIK_C) (OA)
READ: UNKNOWN

TO: Martha B. Schiele (SCHIELE_M) (OA)
READ: UNKNOWN

TO: Gwendolyn N. Weaver (WEAVER_G) (OA)
READ: UNKNOWN

TEXT:

==================== ATTACHMENT 1 ====================
ATT CREATOR: NEWS (6=NEWS@2=ATTMAIL@1=US@MRX@EOPMRX)

ATT CREATION DATE/TIME:28-JUN-1993 09:34:00.00

ATT BODY PART TYPE: B

ATT SUBJECT: AGAM 6/28

ATT TO: BAUER (HANK BAUER@4=NCC-KC@5=OIRM@3=GOV+USDA.OIRM.KC@2=ATTMAIL@1=US@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: PAO (6=PAO@4=W01B@3=USDA.FS.X400@2=ATTMAIL@1=US@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: ALEXANDER (ALEXANDER_DA@A1@CD)
READ: UNKNOWN

ATT TO: BOYKIN (BOYKIN_K@A1@CD)
READ: UNKNOWN

ATT TO: ELLER (ELLER_J@A1@CD)
READ: UNKNOWN

ATT TO: GILL (GILL_J@A1@CD)
READ: UNKNOWN

ATT TO: INADOMI (INADOMI_L@A1@CD)
READ: UNKNOWN

ATT TO: PODESTA (PODESTA_J@A1@CD)
READ: UNKNOWN

ATT TO: RASCO (RASCO_C@A1@CD)
READ: UNKNOWN

ATT TO: TREVELYAN (TREVELYAN_S@A1@CD)
READ: UNKNOWN

ATT TEXT:
Enclosed file name.

0628.TXT

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

==================== ATTACHMENT 2 ====================
ATT CREATOR: UNKNOWN (UNKNOWN)

ATT CREATION DATE/TIME:28-JUN-1993 09:34:00.00

ATT BODY PART TYPE: A

ATT SUBJECT:

ATT TEXT:
Monday, June 28, 1993

COMMITMENT TO CUT PESTICIDE USE (Dailies-6/26-28, Wires-6/25) -- USDA, EPA and FDA announced their commitment to reducing risks associated with use of pesticides, including an overall goal to reducing pesticide use. Rep. Henry Waxman (D-Calif.) said "Implicit in this statement is the acknowledgement that pesticides pose a serious risk to public health." Consumer and environmental groups said the action was positive and encouraging. The National Farmers Union asked how it was to be accomplished and what it means for farmers. USDA plans to step up research and development of alternatives for farmers to use

to replace high-risk pesticides.
(Dailies, Wires-6/27) -- The National Academy of Sciences report on pesticide residues called for more studies on exposure of children to pesticides. It said measurement of pesticide residues tended to under represent infants and children. The head of the panel of scientists who wrote the report said they reviewed regulatory mechanisms and "found some serious deficiencies." Consumer groups are stressing that parents should continue feeding fruit and vegetables to their children. The Grocery Manufacturers Assn. endorsed the NAS's call for more data; The National Agricultural Chemicals Assn. and National Food Processors Assn. promised to work to strengthen the food safety system. A columnist outlines some of the possible emotion-laden disputes that may erupt from the actions regarding pesticides.
(USA, PRN-6/25) -- Mycogen Corp., a producer of biological alternatives to pesticides, sees the NAS report boosting use of genetic engineering to develop pest-resistant crops. They outlined a six-point program through which EPA can remove regulatory obstacles to reduced-risk pest-control applications.
(PRN-6/25) -- Two US experts on environmental hazards to children will be available tomorrow to offer advice on the National Academy of Sciences report. The announcement says government standards regulating pesticides should take into account the special consumption, behavior and growth patterns of children. Both are members of Physicians for Social Responsibility.

DAIRY INDUSTRY COMPLICATIONS (AP-6/26) -- The article reviews problems facing the nation's dairy industry and outlines reasons why basic changes may be hard to come by. It presents the debate over the milk pricing system, noting the upcoming trial in the suit to overturn it, and outlines the effect price volatility is having on the industry. The article notes last week's dairy summit and Sec. Espy's feeling that survival of the dairy industry depends on finding a way for farmers to earn a living without massive government spending.

PROPOSED ACTION ON BELOW-COST TIMBER SALES (Reuter-6/24) -- Asst. Sec. Lyons told the Senate Agriculture Committee that suggestions timber sales would be cut off in 62 national forests in FY 1994 were "blatantly false and inaccurate." He said USDA planned to meet the objective of phasing out the below-cost sales by FY 1997. Sen. Patrick Leahy (D-Vt.) said some sales were justified, such as those that improve wildlife habitat or forest quality. Sen. Max Baucus (D-Mont.) said over-fixation on below-cost sales would frustrate a shift to ecosystem management.

EFFECTS OF SPOTTED OWL (JOC) -- The article shows how logging restrictions related to the spotted owl are affecting log shipments and prices.
(WSJ) -- The article says the slump in lumber prices undercuts arguments that the spotted owl is responsible for the earlier price increases.

GRAZING LIMITS WANTED (Fed Times-6/28) -- A BLM employees' group (Public Employees for Environmental Responsibility) criticized their agency's grazing policies in a report called "Public Trust Betrayed." The report wants BLM to admit lands are overgrazed and assess the number of livestock that can graze on the areas without damage. PEER also wants the agency to stop retaliation against employees.

NEW FOREST BOOTY (NY Times) -- The article analyzes the increase in gathering a multitude of products from public forests (it focuses on mushrooms), and notes some of the concerns being raised.

MORE FARM CONSERVATION NEEDED (UPI-6/27) -- An Ohio sociologist said it is difficult to motivate farmers to adopt techniques to combat environmental problems. A study indicates that some theories about what may induce farmers to use protective measures may not be true. The researcher foresees the Conservation Reserve Program giving way to increased regulation because the cost of the CRP is making it no longer politically or socially acceptable.

FRICTION IN US-CANADA TRADE RELATIONS (W.Times-6/26, Reuter-6/25) -- Canada's new trade minister said the US and Canada could be reaching "friction overload" because of numerous trade disputes involving wheat, beer, hogs, lumber and other products. The article notes the minister's support for NAFTA.

MPP DEFENDED (W.Post) -- California's governor points out the importance of the Market Promotion Program in helping US food industries obtain overseas markets. He says we can't afford to lose the export-generated jobs.

GATT DEVELOPMENTS (Wires-6/26 & 27) -- The Cairns Group called on the major industrial nations to provide the leadership needed to conclude the GATT talks. They restated their position that the Uruguay Round cannot conclude without a substantial outcome in agriculture. Their communique, referring to the US-EC farm-trade agreement, said "recent measure taken by some major trading partners do not expand but in fact reduce agricultural trade opportunities for a number of products of importance to Cairns Group countries." Thailand and some others urged that the Blair House agreement not be used as a model for a new GATT accord because it fails to specify the products intended for subsidy cuts.

REACTION TO DEFICIT-CUTTING MEASURES (UPI-6/26) -- The National Farmers Union said the Senate budget-cutting bill is slightly better than the House version. NFU opposes the House plan, claiming the increase in flex acreage it proposes would have a direct, negative impact on overall net farm income. NFU's president said the Btu tax would devastate farm incomes.
(KRF-6/24, UPI-6/26) -- The temporary ban on use of bovine growth hormone, contained in the Senate version of the deficit-cutting bill, is not foreseen being enacted into law because of significant opposition by some dairy farmers and the chemical companies that want to manufacture the hormone.

ENERGY SUBSIDIES (W.Post 6/27) -- A column on the impacts of energy subsidies notes some effects on agriculture and says they are just one subsidy among many, including providing water to farmers at a fraction of its cost.

WEATHER PROBLEMS (USA) -- The article reviews the problems weather is causing for Midwestern farmers.

FOREST FEES SUPPORTED (NY Times) -- A columnist gives reasons why fees for recreation use of public lands should be increased.

FOOD STAMP USE DROPS SLIGHTLY (AP-6/25, Reuter-6/25) -- Sec. Espy said it is not uncommon for food stamp use to drop slightly in spring and summer as people find seasonal work, but he noted the economy has "a long way to go."

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

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

CREATION DATE/TIME:29-JUN-1993 11:42:00.00

SUBJECT: President's Remarks to NFIB 6.29.93

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READ: UNKNOWN

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

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READ: UNKNOWN

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

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READ: UNKNOWN

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READ: UNKNOWN

TO: Remote Addressee (ALEXIS BYRNE@1=US@2=ATTMAIL@3=GOV+USDA.SIES@5=SIESNET@MRX@EOPMRX) (DEFAULT)
READ: UNKNOWN

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

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

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

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

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READ: UNKNOWN

TO: Remote Addressee (MARLA E. ROMASH@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

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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

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

TO: Ulrich, Christopher R (CHRISTopHER R. ULRIcH@EOP_OVP@CCGATE@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Ethan J. Zindler (ZINDLER_E) (WHO)
READ: UNKNOWN

TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\KIM_WINN(A)SCC.SENATE.GOV@MRX@EOPMRX) (DEFAULT)
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TEXT:

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release June 29, 1993

REMARKS BY THE PRESIDENT
TO THE NATIONAL FEDERATION OF INDEPENDENT BUSINESSES

The Hyatt Regency
Washington, DC

9:15 A.M. EDT

THE PRESIDENT: Thank you very much, and good morning. When Jack Faris came to see me the other day in the Oval Office, he invited me to come over here and speak. And he said the best time to come would be noon. But the President of Argentina will in the White House at noon, and I couldn't figure out how to explain that to him -- (laughter) -

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that we were going to miss lunch. So then I was invited to come at 9:15 a.m., which is okay for me most days. But I'm one of these people who gets -

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I get up at 6:00 a.m. every morning, and then I wake up about 10:30 a.m. (Laughter.) So if I say anything I shouldn't today, I'll have total deniability, since it's 9:15 a.m.

I was eager to come by and address you this morning for several reasons. First of all, because your organization is one of this city's most aggressive participants in the economic debate now taking place here and around the country; and because when I was the governor of my state, I worked very closely with the NFIB on a wide range of issues; and because I know that unless we are firmly and unequivocally committed to private sector job growth, and especially to small business growth, we cannot succeed as a country.

Let me say that when I got into the race for President about a year and eight months ago, I did so after having worked for nearly a dozen years as a governor of a state that until the last year I was governor usually had an unemployment rate above the national average. I spent all my time trying to figure out how to create conditions in which jobs could grow, children could be educated, people could be trained, and folks could be empowered to do what they could do in a very tough global marketplace.

I worked year in and year out to try to establish partnerships with the private sector until I became President, except for one brief interlude when I took office and found an operating deficit as governor. I had never proposed raising one red cent in taxes to pay down a debt, because my state had a very tough balanced budget law, perhaps the toughest in the country in its practical operation.

This has been an interesting and a difficult experience for me in that regard. But here's how I see the world. We have now been in a long-

term economic slowdown of about three years in which our economy is not producing many jobs. We have been in a global economic fight which has caused us grave problems for 20 years; and literally for 20 years most middle class wage earners have worked longer work weeks and their wages have not kept up with inflation.

We have seen an enormous increase in this country in the 1980s in the cost of health care, housing and education, which has far outstripped the earnings of most wage earners and small businesspeople to cope with. And we now find ourselves in the midst of a global recession as I prepare to go to Tokyo to meet with the leaders of the other G-

7 nations -

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the European nations, Canada and Japan -

-

in which our economy, though it is weak by our standards, is now perhaps the best performing of all these countries.

During the 1980s, most of our job growth came from two sources. First of all, we had a huge operating deficit that was built into our system because we had a very large tax cut in 1981, twice the original size that President Reagan proposed when the Congress and the President got into a bidding war, and very large increases in defense spending. So that the deficit, plus investments in defense, especially in defense contracts, as those of you who are from California or Connecticut or Massachusetts who saw it go up and the watched it come down, know that that created a lot of jobs.

The other thing that created a lot of jobs in the 1980s was you, the small business sector. Indeed, throughout the 1980s and every year, the Fortune 500 lowered employment in America, even as income went up, by a couple of hundred thousand people a year. But small businesspeople generated the vast mass of the jobs. In fact, a study by David Birch at the Massachusetts Institute of Technology indicated that about 85 percent of all new jobs were created in units of under 50, and most of those were created by people who, themselves, were small businesspersons.

Then, about three years ago, that stopped. And we can all argue about why that is, but I think it's clear that there were a couple of reasons. First of all, small businesspeople are not unaffected by slowdowns in the global economy, as well as the domestic economy. Secondly, the extra added cost of hiring one more employee became exponentially greater as health care costs, payroll costs and other things mounted up, and more and more people, even in the small business sector, turned to overtime and part-

time workers.

But the bottom line is we now find ourselves in a world in which there is a global recession, in which we have the lowest unemployment rate of any of our competing wealthy countries, except for Japan which has, as you know, a much different trading system and economic organization, and in our which still our unemployment rate is way too high for us. And when we look to the future, it seems to me absolutely clear that we have to find ways to reinvigorate the job machine of America and to restore the health of small business.

The problem is that we have dug ourselves into a number of holes that we have to dig out of, none of which are easy. And all along the way we have to know that we may not be able to get instant results because what happens in America today is at least to some extent affected by what happens in Europe, what happens in Japan and what happens in other countries. I know, for example, you had the Trade Ambassador Mickey Kantor here yesterday talking about the trade agreement with Mexico. And there's a lot of debate in this country about that. Our administration believes it will create more jobs than it will cost. We feel very strongly about that. We're going to have a debate about it later in the year, but the point is at least it's the right debate. That's the right debate, is it going to help the American economy; is it going to create more jobs than it will cost.

Well, it is against that background, anyway, that I became the President. Three years of slow economic growth, which doubtless contributed to a challenger beating an incumbent; and then a very large federal debt, having gone from $1 trillion to $4 trillion in 12 years; an annual deficit having gone from $74 billion a year in 1980 to $311 billion projected in 1993; and the deficit for the next five years was written up $165 billion, estimated after the election.

And so I was confronted with a very significant problem, ones which had very practical impacts on you in at least two ways. First of all, the bigger this debt and the deficit gets, the more of your tax money we have to spend every year paying interest on the debt and the less we have to invest in the future to finance research and development; to finance new technologies; to finance education and training of the work force, to grow the economy.

Second, and even more important for you, America had a historic gap between short-

term interest rates and long-

term interest
rates because of the size of the deficit and because nothing was being done to bring it down. So you had very low short-

term interest
rates. As you know, they stared coming down way over a year ago with the Federal Reserve lowering, lowering, lowering the rates they were charging. But our long-

term interest rates, which determine home
mortgages, business loan interest rates, consumer loan rates, car loan rates, college loan rates -

-

they were quite high. And the gap
between the short-

and long-

term rates was very high.

It was obvious to me that unless we first did something to reassert control over our economic destiny -

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unless we did
something about this deficit first -- we would not be able to move forward. And so I proposed a plan to the United States Congress to bring the deficit down by $500 billion over the next five years, in roughly equal amounts of budget cuts and tax increases with almost all the taxes -

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74 percent of them -

-

falling on the upper six
percent of income earners, including for subchapter S corporations, the upper five percent of those, and they were pretty stiff.

But the reason I did it was because it seems to me we had to try to lower the deficit about $500 billion. We imposed what amounted to a five-

year freeze on domestic discretionary spending.
That is, we do increase funds for defense conversion to help those poor people that lost their jobs because of the defense cutbacks; for Head Start; for education and training and for some technologies. But we cut other stuff even more. So there's a decline in defense, a freeze on domestic spending. The only thing that's going up is basically the retirement programs and the health care programs. I'll come back to that. I'll come back to that in a moment.

So we had big cuts over the previous budget in everything -

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all the entitlements -

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veterans, agriculture, pay of
federal employees, retirement of federal, civilian and military employees -

-

things that had not been touched in previous budgets we went after -

-

it cut them, locked that down, and then asked for what I thought was a progressive tax package.

But there were also some interesting growth features in the tax program that I proposed that the House of Representatives passed. One was one of your long-

time goals: increasing the expensing provision from $10,000 to $25,000 a year. I think that's real important. If we do that -- if we do that there are hundreds of thousands of businesses in this country that might be able to hire one more person, might be able to get their incomes up by buying another piece of equipment.

The second was something that larger businesses, by and large, wanted, and that was a change in the alternative minimum tax calculations designed entirely for one purpose: to encourage people to invest in more plant and equipment to become more productive. The third was the small business capital gains tax, designed to encourage people to invest in ventures under $50 million in capitalization and to get a 50 percent cut on the tax due if they held the investment for five years. This was designed to get a bunch of new venture capital and private capital into the real job generators of this economy.

The third was a permanent extension of the research and development tax credit. Next, there was changes in the passive loss provisions on real estate designed to get home building and real estate up again, particularly in those regions of the country where it has been so depressed that it's dragged everything else down.

Then we extended the deduction people can take for their health insurance premiums to self-

employed people, as well as to other small business which already had it, which I thought was very important. (Applause.) A big deal for farmers.

And finally -

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there were other things -- but finally there was a proposal which I think we ought to try to finally test whether the rhetoric that both Democrats and Republicans have been putting out in Washington for years, and in the streets of America, about using the private sector to revitalize the distressed areas of our country could really prove true. We devised an empowerment zone proposal which was an expansion of the enterprise zone proposal that for the last several years had been supported by everybody from Jack Kemp in the Republican Party to Charles Rangel in New York in the Democratic Party. This empowerment zone proposal went beyond anything previously proposed to give really powerful incentives for the private sector to hire people out of depressed cities and small towns in rural areas, or to put businesses into those areas. And it seems to me that's very important.

If you look at all the millions of people that live outside the free market economy in America because they live in areas that are so depressed, there is a huge potential market there if the free market system can work. So, those things were also in the bill. In other words, we raised tax rates but we tried to find ways for people who have been successful, who have money, to lower their taxes but only if they invested in things designed to grow the economy, create jobs and expand opportunity for all Americans.

Now, when the Senate passed the bill last week there were a lot of things in the Senate bill that were good. They had some less tax and some more spending cuts so that by any calculation clearly now the spending cuts exceed the tax increases. But by taking most of the tax cut out of the energy tax and having to make it up to get $500 billion in tax reductions, they reduced the size of the small business expensing from 25 to 20; they eliminated the new business or the small business capital gains tax; they put a surcharge on capital gains, which I think is not well-

advised; and made the research and development tax credit temporary. So, we are now trying to resolve the conflicts between those two bills.

I know the NFIB will be actively involved in that but I think it's very important that you understand basically what the tradeoff was made between the Senate and the House bills. The bottom line is both of them reduced the deficit by $500 billion. You had long-

term rates going down again today to a 16-

year low and this has already produced some very significant consequences, if I just might mention a few.

From the time Secretary of the Treasury, then designate, Lloyd Bentsen said we were going to have a serious deficit reduction plan and talked about what was going to be in it in November, we've seen long

term interest rates take a dramatic drop. While the
economy itself is not recovered by any means, there have been some
very significant advances tied directly to the drop in long-

term
interest rates. And if I might just mention a few. N

Number one, we've had a 20-

year low in home mortgages, a
six-

year high in housing sales, a nine-

year high in increase in
construction employment -

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130,000 new construction employees in
America in a four-

month period -

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and there have been 755,000 jobs,
over 90 percent of which are in the private sector, come into this
economy in the last five months. That compares with only a net gain
of a million over the previous four years -

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all tied to bringing
down the long-

term interest rates.

There are people in this room today who are responsible
for that, directly or indirectly -

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people who have refinanced their
home loans. Most of the real financial gains have come from people
who have refinanced their home loans and then turned around and done
something else with the money, and that's bumped the economy. But
business loans are lower -- consumer loans, car loans, college loans,
the whole nine yards. That is the strategy.

It is estimated that if we can pass this deficit
reduction plan and keep the interest rates down for a year, that'll
put another $110 billion back into this economy. And by the end of
the year or next year, that will really begin to produce some job
growth, and we'll also begin to produce some real earnings potential.
So that is why we have done what we have done. And I'll
say again, as somebody who was a governor in a state with a very
tough budgeting system, it was very painful for me to ask anybody to
pay any money just to pay down the deficit. But unless we do
something about this, we will never -

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it's like a bone in our throat
as a nation

-

unless we deal with this, we can't get on to dealing
with our other problems. We'll spend all our time in Washington
working around the edges of these other problems because we have not
faced the problem of the deficit.

Now, let me just make one or two other comments about
that. No matter what plan you might embrace to reduce the deficit,
and no matter what plan you've read or heard about, every one of them
can have our annual deficit go down for five years, and then it
starts to go up again. Why? Health care costs.

We cut $50 billion in the House version, $60 billion in
the Senate version off of projected Medicare expenses from the
previous year's budget. And it is still estimated that over five
years, the Medicare budget alone will go up 45 percent. Now, that's
better than most of you are doing, right? Most of you are paying
more than 9 percent a year in increased premiums. Most of you are
paying almost twice that.

But I say that to try to illustrate the next point.
There's been a lot of controversy about the willingness of this
administration to try to take on this health issue, and whether we're
being too comprehensive and what we're going to do and all that. The
point I want to make is this: We've got to do something to bring
costs within inflation or it's going to break the country.
(Applause.) That's the first thing.

You can talk to just about any conservative in Congress
of either party -

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you can talk to the most conservative Republican
in either party -

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in the Republican party, and most of them will
tell you now we are not spending enough money on some of the things
that will generate jobs in the future. If we don't spend enough
money to keep our technology lead over other countries in areas
critical to the future -

-

in super computing and electronics and
aerospace and these other things -

-

and if we don't really educate
and train our people, then our incomes will fall behind. But if we
are strangled by rising health care costs, the future can have no
lobby in the Congress.

So this budget plan that we presented is great on deficit reduction. It does invest some money in the future, but it doesn't invest anything like what you would want us to invest if we weren't strung up by our heels by the deficit. And there is no answer to it except to get health costs in line with inflation. There is no other answer, because that's the only thing that's eating us alive now through Medicare and Medicaid. It is the same with you.

Now, what we see is people have learned a lot about controlling health care costs, and a lot of big businesses that can self-

insure now have their costs in line with inflation. The California public employees system, which is a huge system with bulk purchasing power, this year has a contract which is below inflation. That's great for them. But what does that mean? Even more pressure on you to pay for the uncompensated care bills of people who don't have health insurance if you do. Which means every year more and more small businesses are either dropping coverage, about 100,000 Americans a month lose their health insurance, or they have more limited coverage that may or may not be adequate for the people whom they insure.

So, what I want to say about that is this: It seems to me clear, if you study the federal budget and you want the deficit down to zero and you want America to invest and grow again, if you look at the private budgets of businesses in this country, that we have to do something to give small businesses bulk purchasing power; relief from all these rules and regulations the federal government imposes; relief from the incredible paperwork imposed on health care providers by this country being the only country in the world having 1,500 different health insurance companies - thousands of different policies -- a dime on the dollar more in paperwork costs than any other advanced country in the world -- a dime on the dollar. And the more big businesses self-

insure and control their own costs, the more you're paying the difference. So, we have got to do some things to simplify and make more uniform this system.

Now, the big controversy obviously is over whether there should be a mandate for employers, employees, one or both, to cover people who have no health insurance. Here is the problem, and I invite you to the debate, but here is the problem: Seventy percent of all small businesses have some health insurance. And they're paying out the ears for it. I have to be delicate in my language. (Laughter.) Seventy percent do. Costs are going up like crazy. For the 30 percent who don't, those folks, if they get sick, will still get health care. Show up at the emergency room and they will get it. Everybody gets it. But who paid for the emergency room to be there? The rest of you. You built the infrastructure. You financed. You maintain the infrastructure.

The government should clearly insure the unemployed, uninsured. And my goal has been to do that by managing the system better so we don't have to raise taxes on you to do that, because people who are paying too much already shouldn't pay more to fix the system. But if you look at every system in the world, it is perfectly clear that unless you have some mechanism by which everybody is covered, you cannot control the costs and you cannot stop the cost-

shifting.

Now, nobody wants to do this in a way that kills the only job-

generator we've had in America over the last two years, which is you. But it's very important to remember that most small businesses do provide health insurance. This is the nub of the economic dilemma. If it were easy, somebody would have done it already. Right? I mean, if it were easy, it would already be done. It's not easy. (Applause.)

There is no perfect solution. But I assure you that we're all going to be better off if we enter into an honest debate and try to work through this, and we try to resolve it. The worst thing we can do is to leave it alone; and especially, the worst thing we can do for the small business sector, because bigger employers will figure out how to get managed care and they'll just go around this whole health insurance system we have today. Everybody else is going to be out there just strung up. So we must face it. And we've got to provide some means of covering people, letting them change jobs, and having people have this without going bankrupt. And that is something that I am deeply dedicated to.

Let me mention one or two other issues that are very important and then we'll move on to questions. I believe the SBA can be a force for good in small businesses. (Applause.) And I promised myself if I got elected President, when I started, I would appoint somebody to run the SBA who had literally had real experience and was not just a political appointee. (Applause.)

Now I plead guilty. Erskine Bowles is a personal friend of mine. His wife went to college with my wife. That does not disqualify him. (Laughter and applause.) But his wife is a successful business person and he has spent his lifetime trying to help people like you start your businesses, expand your business, market your business overseas. He actually knows what he's doing. So it seems to me that would be nice to have an SBA director who could do that, who had been through that. (Applause.)

The second thing that I really thought about a lot early in the election because of the experiences I had seen, not only in my state but around the country, is that we had to do something to try to deal with the credit crunch. The access to credit is obviously going to have more to do with how a lot of your members do than a lot of other things this government does.

So, early in my administration we brought together all the appropriate banking regulatory agencies and, in what was then an act of unprecedented cooperation, we changed a lot of the restricted regulations that cause so much of the credit crunch. Banks are now clearly empowered to make more character loans based on the reputation of the borrower. Documentation requirements by the federal government have been relaxed dramatically as have regulations regarding appraisals of real estate to secure small business loans. And there will be more flexibility in classifying loans.

Now, that has been done at our level. It takes more time than I wish it did for all those changes here to actually be felt in every community bank in America. And one of the things that the NFIB needs to do with Erskine Bowles is to let us know in which communities this is working and in which communities there has been no change; because we made a vigorous clear effort to send this signal out all across America by changing the way we did business with the banks. But it has not changed in every community in America, and a lot of people are still really stung by what happened to them in the '80s. But the banks are in much better shape today than they were three years ago. And that's good, that's a good omen for our future.

But now that they're in better shape the time has come for them to loan money on good terms at low interest rates. (Applause.) So, we need your help on that.

Next I'd like to say a little something about regulatory reform. Every president talks about it and almost nothing ever happens. There's a division in our budget office that a lot of you probably have never heard of in the Office of Management and Budget called OIRA -

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that would gag you -

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(laughter) -

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OIRA, the Office of Information and Regulatory Affairs. For years, the position of administrator of this office, believe it or not, was vacant. But this office actually has the capacity to rationally review all of these regulations. We have named, and Congress has confirmed, an administrator for OIRA, and we are going to do our best to see what we can do to reduce unnecessary regulations. (Applause.)

Perhaps more important, I have asked the Vice President as part of his job in reviewing the whole operations of the federal government

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and, by the way, I predict you will be very pleased by the report that is issued by his group in September -

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we are reviewing the operations of every last part of this government. Unlike your business, unlike all big businesses, the way we do business in the federal government and many of these agencies has been largely unexamined for decades.

So that when something new comes along that we have to do, it normally is just added on to what was being done already, instead of being substituted for it. And the whole quality revolution that has engulfed the American private sector and led to rapid increases in productivity has largely escaped government. And we're trying to change that, too. It escapes nearly every organization that has a mandate for customers and income, so we're trying to change that.

Our goal is pretty simple: We want to avoid regulations that are inconsistent with the goals of jobs and growth; we want to avoid regulations that overlap; we want to create a process that is open and fair where business has some input and not just large businesses, but also medium and small ones as well; and we want to change the whole way Washington works.

I think these are the kinds of things that you would want us to do, and these are certainly the things that we have to do. I don't plan or pretend that we're always going to agree on all these issues. And I wish that the world looked to me as President just the way it does to you or the way it even did to me as Governor. Like I said, it took a lot of mental gymnastics for me to finally face the hard reality that we had this huge deficit and unless we did something about it, we were never going to be able to do anything else. We'd spend all our time -

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I spent all my time giving speeches about things we were going to do and no impact would be felt because we were out of control of our economic destiny.

So I hope that you will be supportive -

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not supportive of me personally so much as supportive of our efforts -

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common efforts to deal with our common problems.

The one thing I made up my mind to do when I won the election in November was at least try to level with the American people about the problems and try to face things that other people in public life had avoided. This is painful. I tell all the time -

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you know, my daughter and the kids her age who get into all this interesting music has got this great phrase. She said, "Dad, denial is not just a river in Egypt." (Laughter.) And sometimes I think that -

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(applause) -

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sometimes -

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that's probably a good phrase for us to remember in a lot of ways.

But my plain duty to you is at least to try to articulate what these issues are and face them. We tried it the other way. We tried ignoring the deficit. It didn't go away. We tried telling everybody what they wanted to hear -

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that it could all be done by some slight of hand, and it didn't happen. And we tried a lot of things about health care in the federal government which, frankly, made your problems worse. I could control health care costs without doing anything on the health care system. And what would happen? All the providers when we just cut Medicare and Medicaid more, all the providers will send you the bill. That's what happens today.

So, I ask you to think about this. Let us face our problems, let us talk about our problems. The first big urgent thing is to pass a deficit-

reduction plan that keeps as many of these growth incentives as we can possibly have. (Applause.) That was the good thing about the House bill. (Applause.) Then I look forward to engaging in the health debate; I look forward to engaging in the trade debate; I look forward to engaging in the job-

creation debate.
But in the end just remember, every advanced country in the world is

having a terrible time creating jobs. We are doing better than most of them because of you, because we have a vigorous small business sector. Unfortunately, a lot of the things that we want to do may help some people and impose burdens on others in the small business sector at the same time, though we know that these big issues will not go away. And we know now after three years of stagnation we have to change if we want to grow.

I believe if we do it together the next 20 years can still be the best years this country ever had. We are in a new and unprecedented era. This happens to us about once a generation, and when it happens we have to adjust as a people. That is what we are now trying to do. That's what makes being here so exciting. But I never forget that the thing that's important about it is that what happens here affects what you do there. And what you do there, wherever there is in your hometown, is what really makes America work.

Thank you very much. (Applause.)

MODERATOR: Mr. President, again we very much appreciate you taking the time to be with us in your remarks today. One of the things the President has asked for and is willing to do is to take some questions from us. I will tell you from the years past in other conferences with other presidents who have spoken, this is the first President who has said I would like to have questions from the group. (Applause.)

And because we have such a large group assembled, Mr. President, what we've done is, we've circulated cards for people to use to ask questions. We've accumulated these, gone through and picked out the top questions. And we have time for just two or three if we could.

THE PRESIDENT: Did you say the tough questions? (Laughter.)

MODERATOR: The top -

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the only kind we have.

THE PRESIDENT: I have a feeling when this is over, I'm going to know why my predecessors didn't take questions. (Laughter and applause.) Go ahead.

MODERATOR: The first one is: I have a small business with two part-

time employees. The business is out there for me to expand. However, mandated health care and the present uncertainty has caused me not to hire more people. What assurances can you give me and others in my position that will give me the confidence to hire more people and to create more jobs?

THE PRESIDENT: First of all, I think you ought to wait and see what we come out with. I think that most people believe that this plan would be much tougher on small businesses than I believe it will be. But let me put it to you in another way. We have to decide what to do with part-

time employees. And either employers will have to make some contribution to their health care. And I believe

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by the way, I think all employees should make some contribution to their health care. (Applause.) Because if they don't, they may get to thinking it's free and overutilization is one of the problems. I mean, everybody should pay something in accordance with their ability to pay.

But I have to say this: I believe employers should make some contribution, because I will say again, those who don't pay at all are being supported -

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even when they don't use the hospital; even when they don't use the clinic; even when they don't use anything -

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they're being supported by those who do pay something, because they are keeping the infrastructure going. And everybody's bills will be lower over the long run if everyone makes a fair contribution. I think small businesses should really be limited in what they're required to pay by the government. And also, anything that is done should be phased

in so that as we go along the way if there are mistakes or unanticipated consequences, they can be corrected. We should not wave a magic wand and say, okay, next year the system is going to look like this. We're going to have to phase this thing in so we can all work together and see what the problems are.

But I have to say that I think in terms of job creation over the long run, you're going to have more people working over the long run if we don't have these costs being bounced around and thrown off from one group of employers onto another. The trick is going to be how to keep the questioners costs low enough, and also what is the fair way to apportion the costs for the part-

time workers.
(Applause.)

MODERATOR: Dear Mr. President, as a North Carolina strong Democrat and a strong supporter of the Clinton

Gore campaign.
please share your views on reducing the cost of health care and workman's compensation for my small business.

THE PRESIDENT: Well, that's one thing I didn't say. The half of the -

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is that you, good for you. This is just like a Baptist church. I figured we've got all the saints on the front row here. (Laughter.) Let me say, first of all, one of the things that we are seeking to do in this health reform effort is to alleviate the inordinate burden of worker's comp on employers by -

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(applause) -

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and I don't want to get and sort of prefigure exactly what this is going to look like -

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but if you look at the worker's comp system it is really three things: It's a health care system, it's a disability payment system, and it's an unemployment system, right? It was created at a time when we didn't have comprehensive systems to do all that. We now have health care systems, a disability program, an unemployment program, and we've got worker's comp. And half the cost of worker's comp is the health care.

So, what we're going to try to do is to fold the health care costs part of worker's comp into this health care program which, would dramatically cut the cost of worker's comp. (Applause.) Like everything else it's a little more complicated than it seems. Here is the dilemma. Here's the problem we don't want to do. Most people will tell you who have tried to cut down on abuse of worker's comp, that having that health care part of the program out there is one thing that stops it from being abused; because you can prove that people are well; you can say now you have to go back to work; you have to go to therapy. So, if we merged the cost into a health care program, we don't want to do it in a way that in effect cuts the rest of it loose so people can allege disability in excess of what it is, and the abuses that are plain in the present system will be worse instead of less. You have to also -

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we have to do this in a way that will reduce the abuses in the present system. So that's the dilemma.

But what we're trying to, it is obviously extremely costly, administratively, has a lot of health overlap, to have these duplicated health systems for employees. It's not necessary, and we ought to abolish it, but we need to do it in a way that doesn't aggravate the disability problem of worker's comp. So that's the issue there. I think we can do it.

MODERATOR: Thank you. (Applause.) The National White House Conference on Small Business was scheduled to take place in 1994. Does your administration have a date set for the conference, and will you allow us to assist with issues hitting small business the hardest?

THE PRESIDENT: The answer to the second question is, yes, we will allow you to assist. The answer to the first question is, do we have a date yet? That was not a yes or a no. He's become a politician. He's just been up here a couple of weeks, and he's already -

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(laughter) -

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he said that the answer is, it'll be sometime between January and March of 1995. I'm really looking forward to it.

MODERATOR: We all are. And according to the time that I have, this is the last question. Rather than talk with the CEOs of the Fortune 500 about business matters, why not get a panel of small business members, 50 or less employees

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say, 25 from each state, to
inform you on a regular basis?

THE PRESIDENT: Let me make a suggestion sort of to follow up on that without embracing that specific suggestion, although I think that's about as good as any I've heard. I will hereby, in front of you, deputize Mr. Bowles -

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(laughter) -

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to work
with you to come up with some formula for bringing in a representative group of small business leaders to see me on a regular basis and talk about this. (Applause.) Let me say we'll do that. (Applause.)

MODERATOR: Thank you.

THE PRESIDENT: Let me make one other point about this. Let me say that I have started -

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and this question may have come
from someone who'd seen the press on this. But I have started every week or two weeks for the last couple of months, through Alexis Herman, who is my Special Assistant for Public Liaison. She works with groups throughout the country and also helped organize my coming here today -

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having lunch with business leaders from around the
country. And we try always to have one smaller business person in with a lot of the big business leaders who come. We have manufacturers, people from finance. I mean, we always try to have at least one small business person at the table; or either that or someone who started a business from scratch that may not be so small anymore, but they started -

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just to try to have the mix.

It's been an immensely valuable thing for me just to do this. And we just take and hour-

and-

a-

half informal, off-

the-

record
lunch. We talk about whatever they want to talk about and a couple of things that I'm working on. But it really helps to keep my connected to what's going on out there. It's pretty easy to get isolated, as I'm sure you know, in this town. And so I would embrace this. This will do -

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I'm glad you stood up when I said it, but it
will do me more good than it will you. I'll get a lot out of it, and we'll follow up.

MODERATOR: Mr. President, your staff says that they will give us time for one more question -

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THE PRESIDENT: Good.

MODERATOR: -

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which we appreciate. Mr. President,
thank you for speaking to us. I'm sure you agree that most of our social problems can be eased or solved by putting every capable American to work. What compromises in your social agenda are you willing to make to reduce the burden of government?

THE PRESIDENT: Well, the answer is I'm prepared to do nearly anything to put everybody to work. (Applause.) But let me say again the country with the lowest unemployment rate of all the wealthy countries in the world is Japan. And it would be hard to make a serious case that they have a low unemployment rate because their government's not involved in their economy. And basically what they have is high productivity for exports and labor-

intensive, even
not very productive protections for the domestic market so they can keep unemployment low. It's an interesting system. I'm not suggesting we follow it. I don't think we should.

The only point I'm trying to make is that a number of the business leaders who come to see me believe that one of the reasons that we have unemployment as high as it is, is that we had nothing to substitute for the big cutback in defense spending. We didn't embark, for example when Eisenhower was president we built the interstate highway network. And then we had in the '70s, we had a huge investment in building new water and sewer systems making environmental investments that had never been made before. And then in the '80s we had a huge investment in defense industries of all kinds. Not just people in the military but all the contractors.

So, my feeling is what we need to do is to get the government out of those things where the private sector is doing well and doing better. And I think, as I said, I'm really eagerly awaiting the work the Vice President is doing. He's consulting experts from all over America on what we can do to increase the productivity of the federal government. I think the government does a lot of things that hold back the job engine in the private sector. (Applause.)

But there are also some things that government does well that we're not doing now as much as so many of our competitors are. For example, if you wanted to have a more efficient high-

speed rail
network in this country, you'd have to have some sort of public input here just like they do in every other country.

So I think the problem is we're doing too little of some of the things we do well, and we're doing too much of things that we can't really have much of an impact on except to slow down the job machine. And it's not so much less, we need a lot less in some areas, but we also need to far more sharply define what nearly all of us could agree the government ought to do as well as what the government ought not to do. And we're going to have to be much more disciplined about it. I mean, there are lots of departments here in this town that have a good mission. But they also are doing things that they started doing 25 or 30 years ago that may or may not have a credible rational for continuing now, and we can't afford that anymore.

It's just like you, if you want to increase your impact and you're not getting any more money, you've got to change what you doing. You've got to stop doing some things, and you want to start doing others. And the thing I like about this budget that we're about to adopt is that if we want to do new things, it's going to require us to stop doing some old things, and will require some real discipline for the first time in a long time.

And we'll do our best. And if we set up this consultation process, you can help us along the way.

Thank you very much. (Applause.)

END10:03 A.M. EDT

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TEXT:

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release June 30, 1993

PRESS BRIEFING
BY DEE DEE MYERS
The Briefing Room

12:37 P.M. EDT

Q Do you have any announcements?

MS. MYERS: No, just a quick readout from the bipartisan leadership meeting this morning. Senator Dole spoke about the need for bipartisanship, particularly in foreign policy, and he talked specifically about the fast track vote coming up today, about Russian aid and an NAFTA generally.

Bob Michel pointed out that, and others also noted, that Speaker Foley could be particularly useful on Japan as the President heads into the summit. So he will be coming back tomorrow with a group of experts. And finally, the President thanked the group for their support and said that he looked forward to more bipartisan cooperation.

Q So what about NAFTA?

Q Speaking of NAFTA, can you tell us, what is the administration going to do now that the judge has ruled, in effect, that you cannot influence the legislation in time before the fast track expires?

MS. MYERS: Well, obviously, we just received this word. We'll be reviewing the decision. Until then we don't have any further comment.

Q Do you mean you're not going to say today that you're prepared to go to court and seek to set this aside or overturn it or stay it?

MS. MYERS: At this point -

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obviously, we just found out about this a few minutes ago; we haven't had a chance to review the decision. We'll do that and let you know as soon as we have more concrete guidance.

Q Perhaps you'll have something for us later in the day.

MS. MYERS: Perhaps.

Q Will President Clinton be calling Prime Minister Campbell and President Salinas in Mexico about this?

MS. MYERS: Again, we just received this information a little while ago. We'll review it.

Q When do you think you might have something?

MS. MYERS: If we have more to say we'll put it out this afternoon.

Q How do you feel about the concept of an environmental impact statement?

MS. MYERS: Again, nothing more to say. We'll review the decision -

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Q Can you bring Mr. Nussbaum in here and have a briefing on this right now? We need it.

MS. MYERS: No, he's not available right now. But again, if we have anymore details on this -

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Q Haven't you opposed that idea in the past, though?

MS. MYERS: Again, we just got this. We're not prepared to comment further than that right now. If we have anything later we'll put it out.

Q Is it the President's view that he can accommodate the environmental concerns adequately with these side agreements that he has always proposed?

MS. MYERS: I don't know how many more ways I can say this. We're not prepared to comment any further at this point.

Q Dee Dee, could you put reaction on the fast track for us, please? (Laughter.)

MS. MYERS: We'll see what we can do.

Q Didn't the President, early on in the campaign, support an environmental impact statement and then sort of stop talking about it?

MS. MYERS: Well, obviously, he's been concerned about the environmental impacts from the beginning, which is wy he made negotiating an environmental side agreement a contingency of passing NAFTA through Congress. We're working now on two side agreements dealing with labor and with the environment.

As for the specific issue, again, I'm not going to have any comment on it at this point.

Q Leaving aside this judge's ruling entirely, on NAFTA in general, you all have been saying for the last month or so that health care would have to wait until after the budget was done because it was not practical to do two major pieces such as that at the same time. Applying the same logic, is it possible to do health care and NAFTA at the same time, or would you have to wait until health care is over before you could have any hope of tackling something as large as the NAFTA agreement?

MS. MYERS: Clearly, NAFTA is large, something that is going to take a lot of energy and commitment. But the President has made clear that he wants to get it done this year. He thinks this court decision may change things, but he believed that it was possible to get it done this year and was pushing so that I think work on NAFTA would certainly proceed.

Q Let me just follow up on that.

Q So he now is believing that this may be halted because of that?

MS. MYERS: I'm leaving open the possibility -

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I'm not commenting on the court decision from today.

Q The President still does, despite everything that we've gone through the budget, the President still does think it's possible to handle both NAFTA and health care simultaneously?

MS. MYERS: Yes.

Q Did I understand you to say that NAFTA would come ahead of health care?

MS. MYERS: No. The question was, could NAFTA and health care be handled simultaneously, and the answer was yes.

Q It's the same committee, though. They're both in Ways and Means and Finance.

Q Oh, say yes and watch her fly around the room like a balloon with the air out of it. (Laughter.)

MS. MYERS: It's for you, Brit.

Q Why do you think that it can be done simultaneously? Have you talked to the committee chairmen? I mean, they're in the same committees.

MS. MYERS: Obviously, we're in constant contact with Congress on a number of issues including NAFTA. This is something we feel we have strong bipartisan support for. There is a lot of work that needs to done in negotiating the side agreements and other things, but the President has made very clear that he would like to see this wrapped up by the end of the year and we hope that it can move forward.

Q Any decisions this week on all the major things hanging fire -

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gays in the military, timber, Sessions, travel office?

MS. MYERS: Yes. We'll take a couple of those issues one at a time. I think that there will be more to say about the forest conference and the results of that sometime in the next couple of days and we'll have an announcement on timing later this afternoon. I think it is very likely to come in the next day or two. The travel office report I think is also likely to come by the end of the week, although we don't have any firm details on the timing of that either.

Q Nuclear testing.

MS. MYERS: I think the President said he would have more to say about that sometime soon.

Q He said a couple of days, the next few days.

MS. MYERS: That's soon.

Q What?

Q What?

MS. MYERS: Nuclear testing. As you know the President said this morning in his photo op that he had made a decision and that he was working out the final details on it and that he would have a decision in the next couple of days.

Q Before Attorney General Reno even took office, she said that the Sessions matter would be top priority. It's been more than three months, nothing's happened, and it appears that Sessions is working out a very nice retirement for himself. Has the White House put any pressure on Justice to get this resolved?

MS. MYERS: It is something that the Attorney General has been working on. As you know, she's met with Judge Sessions a couple of times and we're still waiting for more details on that from her. But I think at this point, the Justice Department is handling it.

Q Is the search continuing for his successor within the White House?

MS. MYERS: I'm not going to comment on the specific personnel matter, other than to say that it is being handled by the Attorney General at this point and the President expects her to report to him sometime soon.

Q This week -

-

is that possible?

Q Is that on the list -

-

is Sessions one of the
things that's on the list of things he'd like to get done before he
goes he goes to Tokyo?

MS. MYERS: No.

Q Do you anticipate the Sessions matter will be
resolved before you go to Tokyo?

MS. MYERS: No, I don't expect an announcement on that
this week, no.

Q Is the President aware of the FAA report that there
was supposedly no runway delay while he was getting his hair cut? Is
he aware of it? Does he have any reaction -

-

MS. MYERS: No, but that -

-

no, I didn't -

-

I've got to
say, I did not expect this question. The question is, has the
President been informed of news accounts, I believe, in Newsday this
morning that say the FAA records indicate that no flights were
delayed, no air traffic was held up while the President was sitting
on the runway in Los Angeles getting his hair cut? I think that is
consistent with what we were told at the time. It's consistent with
what we believe the President made a point of asking in ensuring that
no air traffic would be impaired if he was to remain on the runway.
And we're happy that that matter has been cleared up.

Q Is he aware of it?

MS. MYERS: I don't know. I'm sure -

-

he sees the
newspapers every day and I would imagine he saw it in the clips. But
I didn't talk to him about it today.
Q Dee Dee, what about those two commuter planes that
I think someone from up there told us about, that they were delayed?
Q The FAA.

MS. MYERS: Yes, the FAA is now saying that they -

-

Q Are you sure you want to get in this swamp again?

MS. MYERS: No, I don't. (Laughter.)

Q But do you think the FAA coming out and announcing
in Newsday that they have no records of any delays clears up the
perception problem that the President had? (Laughter.)

Q Why don't they tell the President?

MS. MYERS: That's something that you all will have to
resolve yourselves, since the misinformation was widely communicated.

Q Any decision on Chelsea going to Tokyo yet?

MS. MYERS: No, I don't think that's been resolved.

Q There's a report that it's a no go in the paper
today.

MS. MYERS: I don't know that that's been finally
decided.

Q Are they leaning towards not sending -

-

MS. MYERS: No, I think there's some difficulties with it, as I think the Carters learned when Amy Carter accompanied the President to Japan. I think that the Clintons are reviewing that. And they have not made a final decision on it.

Q How about IMF lending to Vietnam?

MS. MYERS: Obviously, we're in the process of reviewing that. I think that's in its final phases. The deadline -

-

the IMF board -

-

Q On what?

MS. MYERS: This is IMF question. The IMF board meets on July 12th, and we'll have something to say before then.

Q The story says that the administration has decided not to oppose the Japanese and French-

led effort to allow them to borrow.

MS. MYERS: The President's reviewing it. He has not made a final decision, although the decision-

making process is in its final phase.

Q Dee Dee, let me ask you this about all these decisions -

-

Q Wait a minute. No decision is final until -

-

MS. MYERS: Until it's announced.

Q Is there any possibility that some of these things will come out during the trip, or once we leave is it -

-

everything waiting until we come back?

MS. MYERS: Yes, exactly. We thought we would do it all Monday as soon as everyone was in the air. No, I don't expect that, no.

Q What don't you expect?

MS. MYERS: Announcements of some of the issues that we keep talking about every single day

-

Q Even test ban?

MS. MYERS: I was referring more to things like gays in the military, stuff like that.

Q Do you think that would be delayed?

Q Is gays going to happen this week?

MS. MYERS: Unclear.

Q You don't know whether it's going to be delayed or not?

MS. MYERS: It could happen this week, it could be pushed back until after Tokyo. I just don't know. I certainly don't expect it to happen while the President's out of the country.

Q Which issue?

MS. MYERS: Gays in the military.

Q South Africa this time. At first it was expected that the President would announce the lifting of sanctions this Friday and now the word is out he won't because Mandela won't be -

-

MS. MYERS: I don't know that that was ever expected.

Q Do you have any expectation that the President might make a major announcement about lifting the remaining sanctions?

MS. MYERS: No.

Q What kind of group is Foley bringing over here? When you say experts are you talking about congressional experts on Japan?

MS. MYERS: I think it will be mixed. Some members of Congress, some private citizens who have expertise in Japan and Japanese issues.

Q To meet with the President?

MS. MYERS: To meet with the President. It was something we did before -

-

this was something we did before the Russia summit with President Yeltsin, brought in -

-

the President sat down with a group of experts in Russian issues.

Q Can we have a photo op of that -

-

MS. MYERS: Maybe, but not necessarily.

Q How about a name list?

MS. MYERS: I don't have a final list. It will be sometime tomorrow and I don't know what time. That's still being worked out.

Q What's the summit briefing schedule? Can you give us that now?

MS. MYERS: I don't have final times in front of me. I expect that we'll do one on Russia aid tomorrow and possibly on African debt, although I'm not sure about that. These will be backgrounders. On Friday morning, 10:00 a.m., Secretaries Bentsen an Christopher will do an on-

the-

record, for camera briefing in 450 OEOB to go through issues of the summit. And then we are still planning one other summit briefing with some of the people who have been working on the issues. That will be a background briefing and that may come Saturday.

Q Why can't we have it Friday?

Q Saturday?

Q Saturday we've got a thousand things to do.

Q We've got to pack.

Q Who's going to do it on Saturday?

Q The sherpas?

MS. MYERS: Yes, it will be the sherpas. I don't want to say their names because then they'll end up on the wire and then I'll get in trouble.

Q Why can't they do it on Friday?

Q Why can't you make it on Friday?

MS. MYERS: We can try. I don't know that we're going to have time on Friday.

Q If it is Saturday can we at least have it real early -

-

MS. MYERS: It would be sort of broad -

-

the summit generally and all the things that have gone into it, different sessions, what's going to happen specifically. Some of the background for the people who have been planning it.

Q Was this the one that was at the other press center?

MS. MYERS: I wasn't there, so I don't know. I would think it probably will be actually.

Q Do you have any more information for us, Dee Dee, on Hawaii? We've heard anywhere from one night to five nights overnight or something. Anymore clarity on that?

MS. MYERS: The current schedule has the President returning here late, around midnight, on Wednesday, July 13th. It's a long flight, so it would be -

-

I'm sorry, Wednesday the 14th. So it would be -

-

he arrives on Sunday -

-

Sunday, Monday, Tuesday morning -

-

wait a second. Is it Tuesday -

-

Wednesday's the 14th. He'd be back Wednesday night. So that's three days.

Q In Hawaii?

MS. MYERS: Yes. There will be -

-

as you know, he'll have a schedule on Sunday, at least part of Sunday. He'll visit SINCPAC and a few other things. And then the rest of it will be down time.

Q Two things. One, could you give us an update on miking the questions, you were -

-

see what you've done on that. And also, I have a question -

-

MS. MYERS: Leave Hawaii Wednesday morning. Do you know, Maura's asking about miking the questions?

Q So we don't have to keep on asking what the questions are.

Q In this room?

Q Yes.

MR. RABINOWITZ: The problem is feedback

-

that if we mike the questions it goes into a speaker and comes back through the same mike. If the mike can hear you, than it can definitely hear the speaker.

Q Why don't you use those little headphones that you use for the -

-

(laughter).

MR. RABINOWITZ: So you can better understand what Dee Dee says? (Laughter).

MS. MYERS: Right, exactly. We could have a

(laughter).

Q So you're saying you cannot -

-

MR. RABINOWITZ: That's what WHCA's saying. I'll revisit it again. I know it's a complaint of a lot of you in the back of the room. But they keep saying that any mike that can hear your question can hear the sound that you're trying to get in the PA. You know what I mean, right? Feedback. It's just the circle -

-

Q If they put a mike here with a speaker back there --

Q What about rotating seats?

MR. RABINOWITZ: What about just a mike -

-

it's really just a problem of the back of the room hearing the front of the room?

Q He's got the best idea back there.

Q Yes, we just keep on have to asking people to repeat the question.

Q Put a speaker back there.

MR. RABINOWITZ: Can the people up front hear the questions from the back.

Q Yes.

MR. RABINOWITZ: Okay, well, maybe we can do that, then, what Andrea's saying. A mike in the front for the people in back.

Q What was she asking? (Laughter.)

Q Is he scaling down his expectations of what he's going to get out of the G-

7 given the difficulty you're having with the trade agreements, the Russian aid package? I mean, it looks like he's going to come out with a lot less than what he wants.

MS. MYERS: Well, I certainly think that the domestic political situation in Japan has sort of changed the dynamic somewhat. We're still hoping to make some good progress on issues like Russian aid, on some global growth agreements. These are obviously complicated. I don't think we expect to resolve them completely.

Q What does good progress mean?

MS. MYERS: I think beginning a good dialogue. And obviously we'll have an economic communique and a political communique, as there always is. We hope to make -

-

to reach some agreement on some global growth strategies. Hopefully, we'll have some agreement on Russian aid, which is important to the President. And President Yeltsin will be there. And a few other things. There's a lot of political issues that will be discussed -

-

everything from Iraq terrorism on. So I think, obviously, the domestic political situation in Japan and a few other things do make the situation a little bit different.

Q That's different from what you were saying about a week ago. What's changed since that?

MS. MYERS: I think that they made some progress over the weekend on the framework, but it was difficult.

Q Has he resigned himself to the fact that he's not going to get a framework to announce with Miyazawa? And if so, is he looking to meeting with Miyazawa sometime in the near future to try and get something worked out?

Q It won't be Miyazawa.

Q Not Miyazawa, but the new prime minister.

MS. MYERS: Yes, it is difficult and I think now becoming more unlikely that we'll have an agreement on framework before we're at G-

7. We're certainly not willing to sort of change our standards in order to get an agreement. It is something we certainly want to continue to pursue with the Japanese, and after the

Japanese elections we'll certainly pick up where we left off and try to reach an accord and a framework for further negotiations.

Q Does the President want a separate statement on Iran, as has been reported, that the President and the Brits want an Iran statement, but the other allies are resisting it?

MS. MYERS: I think that that will probably be discussed in the context of the political communique.

Q And does he want a statement on Iranian terrorism in the political communique?

MS. MYERS: I think that's something that will be discussed.

Q What? What? We can't hear.

MS. MYERS: I can repeat the questions if that helps. The question is, does the President want a statement on Iran terrorism and would it be handled in the context of the political communique; and the answer is, I think that's likely.

Q And Bosnia?

MS. MYERS: That's something that may also come up in the context of the political communique. Obviously, what ends up in the communique is something that will be worked out on the site, but I think those are both issues, political issues in the environment that will come up.

Q Dee Dee, just to follow on that, usually these communiques are prewritten. In this case, is there so much disagreement that they will actually be written -

-

MS. MYERS: I don't think there's a lot of disagreement. I think that you always have to work out the final details, though.

Q How about the vote on the U.N. vote on Bosnia where the U.S. really didn't lift a hand to promote a -

-

MS. MYERS: I think the U.S. -

-

we've made our position abundantly clear on that issue.

Q I know you made your position -

-

that isn't -

-

MS. MYERS: Sorry. The question is what about the U.N. vote on Bosnia. "The U.S.," to quote Helen, "didn't lift a hand."

Q Right.

MS. MYERS: The answer is that the U.S. has made its position on that issue abundantly clear. The President has supported and continues to support lifting the arms embargo for the Bosnian government and using air strikes or the threat of air strikes in the interim while the Bosnian government rearms. That is something that the allies and other members of the Security Council clearly do not support. However, the U.S. position on it has been very clear.

Q Dee Dee, any update on the continuing standoff in Baghdad between U.N. weapons inspectors and the Iraqi government?

MS. MYERS: No. The Iraqi government has so far failed to meet the IAEA requirements in that regard and we're going to continue to insist that they live up to their international obligations.

Q Any indication that they're changing on that in the aftermath of the bombing over the weekend?

MS. MYERS: I think they sent sort of mixed signals, but the IAEA is not satisfied.

Q Dee Dee, the Chairman of the Congressional Black Caucus is quoted in a newspaper today saying that the White House is unfriendly, almost antiblack. And he also complains that there hasn't been any outreach to the Congressional Black Caucus since the Lani Guinier nomination. Do you have any comment on that?

MS. MYERS: I think that the President's very committed to working with the Black Caucus on a number of issues. I think, as you know, we had sort of an open invitation for a meeting with them. We still expect that to happen at some time.

Q That's still open?

MS. MYERS: Sure. I think that the members of the White House staff communicate regularly with members of the Black Caucus including Congressman Mfume and will continue to reach out to them. I think the President takes their concerns very seriously.

Q He says he still hasn't heard from Clinton.

MS. MYERS: Again, the invitation for a meeting is open, has been, and we look forward to sitting down with them. I'm sure the President is willing to meet with them as soon as they think they're ready.

Q Dee Dee, to follow up on Wolf please. Will the U.S. give Iraq any deadline to start cooperating with the U.N. inspectors, and how insistent will the U.S. be? Is it likely to take unilateral action on this issue?

MS. MYERS: Obviously, we're going to continue to insist that, again, Iraq live up to its international obligations. Beyond that I don't have anything to add.

Q Is there a deadline?

Q Looking ahead on the budget for a minute, as you know, the midsession review is due out just about the same time as the budget conference will be in earnest. And I wondered if deficit projections end up being substantially lowered than you initially expected, would that lend credence to congressional objections for the need of any major investments in the President's package and the need for any energy tax to pay for unneeded investments?

MS. MYERS: Obviously, we'll wait for the mid-

session
review before we can make any of those decisions and see where it ends up. But I think savings and a decrease in the deficit will have a lot to do with decreased interest rates and savings on debt interest. But we'll wait to make specific decisions until we see what those numbers are.

Q As far as a mix for the final package, if those end up being lowered, then doesn't that sort of dilute your argument for the need for investments?

MS. MYERS: No, I don't think that -

-

absolutely not. I
think that the President has proposed investments he thinks are necessary, not only to stimulate the economy in the short term, but to restructure the economy in the long term to make the country more competitive. I think that the mixed economic news in the last couple of months is an indication that this economy is not working for everybody, that we need to invest more and we need to get the President's budget package passed in order to get the economy going.

Q Back to Sessions just a minute. Has anyone here, such as Nussbaum's office, working with Justice on his departure, or is that being totally done at Justice?

MS. MYERS: I think that the White House Counsel's Office is being kept informed of what's happening there, but Janet Reno is the lead actor on that issue.

Q Dee Dee, following up, could we find out, please, what is the charge against Sessions. These reporters seem to be pushing Sessions's exit, and I'm wondering -

-

I understand that
Sessions took his wife on some trips and she paid for those. Aspin took his girlfriend on some trips and she paid for that. But Aspin caused the taxpayers to lose money by keeping staffers waiting for him to get through with his girlfriend. (Laughter.)

MS. MYERS: Sarah, I think that the -

-

Q Could you repeat the question? (Laughter.)

Q Could you find a question?

Q It's a good question.

Q -

-

give us a report on the taxpayers. losses on the

Venice trip of Aspin? But it seems to be much worse than the Sessions -

-

MS. MYERS: I think that the allegations against Judge Sessions have been quite public, so I will leave that as it is.

Q But what are they? If they're so -

-

what are they?
He's taken his wife a trip and she paid for it?

MS. MYERS: We can get that to you, Sarah. It's been well reported.

Q On the budget, 34 House Democrats, including some leaders such as -

-

MS. MYERS: Is that up from 25?

Q No.

Q It will be 37 by the time we leave.

Q When it reaches 40, sell. (Laughter.)

Q They're calling for less than $500 million and they're calling for no energy tax. How does the President feel about not having an energy tax in the final agreement and having less than $500 billion in deficit reduction?

MS. MYERS: The President has made his principles exceedingly clear. He believes that a final package to the conference should contain $500 billion deficit reductions, good ratio of taxes to spending cuts, an energy tax, broad-

based energy tax. I
thought I'd spare you -

-

Q He's still committed to an energy tax?

MS. MYERS: Yes. The President's package reduces the deficit and includes money for the kinds of investment he believes are important to create jobs. He's committed to those things. As you know, he talked about that a little bit yesterday, he's talked about it throughout. He wants to see incentives for businesses maintained. He wants to see enterprise zones maintained. He wants to see the earned income tax credit maintained. His package allows for both $500 billion in deficit reduction and maintaining those investments.

Q Is the White House doing anything to prevent this situation from running away from them? Because the Speaker outside was silent on the issue of whether it still had to have an energy tax, and this thing is gaining support.

MS. MYERS: Well, I think we'll continue to work with Congress. I don't think that the House Democratic Caucus has reached a consensus on this yet. Obviously, the Senate has a somewhat different view. The President will certainly continue to communicate his views on this. We'll be involved in the conference process.

Q Will you communicate from this podium that the President draws the line on no energy tax, he must have an energy tax -

-

because if you don't, you're doing the opposite.

MS. MYERS: I just said the President's principles have not changed, which include an energy tax.

Q So no way he's going to go for a package that doesn't have one?

MS. MYERS: The President believes that the package should contain both $500 billion in deficit reduction and an energy tax.

Q The argument, Dee Dee, from those Democrats is that the energy tax is unfair. Maybe not just to those lower, lower income earners, but some of the middle income earners, and that they'd rather see an increase, for example, in the corporate income tax. Would he be willing to accept a smaller or no energy tax, or a higher corporate income tax?

MS. MYERS: Again, the President said he wants to see $500 billion in deficit reduction and energy tax and his investments, believes that that's the best way to get the economy moving again.

What was the first part of your question?

Q The fairness issue.

MS. MYERS: Going back to that, though, I think that what the President originally proposed was progressive and what he believed was fair. He proposed the Btu tax because it met his objectives in that area. Fairness is something he's concerned about, which is why we'll continue to make the progressivity of this package a key factor. It has to be progressive.

Q Exactly. Wouldn't many middle-

income Americans
think that having no energy tax and raising corporate income taxes would be more fair, or does he think that raising corporate income taxes would have a negative impact on the economy?

MS. MYERS: The President proposed raising the corporate income tax rate to 36 percent in his original package. And as you know, the lion's share of new revenue comes from the wealthiest and from corporations in this package. That is something the President will continue to support. Now, as for specific compromise, again, he believes that the package should contain an energy tax.

Q Isn't it politically difficult to try to sell that to taxpayers? To push an energy tax and appear not to push a corporate income tax -

-

a raise in a corporate tax?

MS. MYERS: We have

both the House and the Senate
agreed to a one percent increase in the corporate income tax. If the House and Senate agreed to a two percent increase, the President would certainly support that, as was in his original package. He's raised taxes on the wealthiest Americans. As you know, the bulk of taxes come from there.

But I think one of the things that the President believes is that if the American people believe that this package will help get the economy moving, create jobs, create a more competitive environment for the future, they'll support it even if it means that they have to contribute, even if it means slightly higher taxes. I would remind you that fully phased in at its highest, the Btu tax was only about $17 a month for a middle income family, which is not -

-

it's not nothing, but it is a fair tax. It's something the President believes that the American people will support if they believe that this package will get the economy going again and create jobs. That's something that we're going to continue to press.

Q At the risk of prolonging this, isn't the most important thing the $500 billion, and that as long as it's fair, how you get there is less important to the President?

MS. MYERS: The $500 billion is certainly important, but the most important thing is creating a package that will get the economy moving again. That means investing in the kinds of things that create jobs as well.

Q He's been putting all his emphasis on the deficit reduction aspects of the package -

-

MS. MYERS: That's one very important element of it and it's the one that has already reaped benefits. But that is certainly not the only thing in the President's package.

Q Most of the investment items have been taken out.

MS. MYERS: Well, they weren't taken out of the House version, and I think the President made it pretty clear yesterday that he wants to fight to see some of it put back in the final version.

Q Would the President be willing to separate and sign the Brady Bill, separate from the crime bill? And I have a related question.

MS. MYERS: We're working with Congress on that right now.

Q You don't know whether he'd be willing to do it?

MS. MYERS: We haven't made a final decision on that.

Q And on the TV -

-

violence in TV, how are you

MS. MYERS: Glad you asked that. The President is -- we'll have a letter to release later that the President has written to the presidents of the networks which will also go to Jack Valenti and to requisite members of Congress basically supporting what the networks agreed to voluntarily.

Q Will he meet with CEOs this week?

MS. MYERS: I don't think so. Do we have CEOs on the schedule this week? I'll double-

check, but I don't believe so.

Q Tomorrow.

Q Dee Dee, what is the administration doing to get these Aristide talks moving?

MS. MYERS: Well, I mean, this is something that obviously Ambassador Caputo is working out. We'll continue to urge both parties to sit down and negotiate for a quick return.

Q Nothing more active than -

-

MS. MYERS: No.

Q Dee Dee, what's he got on tomorrow other than the experts?

Q The CEOs.

MS. MYERS: The CEOs?

Q Wolf know the schedule.

MS. MYERS: We have a CEO lunch tomorrow?

Q Yes.

MS. MYERS: I think that includes small business members. The process for tomorrow -

-

I mean, the schedule for tomorrow is still coming together. I think there may be -

-

there's a possibility that something could be added, so we'll get you the details as soon as we have them.

Q Like a news conference?

MS. MYERS: Yes -

-

I already said what it might be.

Q You said yes?

MS. MYERS: I said might be.

Q A news conference?

MS. MYERS: I said we'll have an announcement on the timing of forest later today.

Q Owls and lumber.

MS. MYERS: So, in other words, there are some details of tomorrow's schedule which could change.

Q -

-

economic conference has made a point of saying that you can't really get the deficit under control unless you get health care costs under control. Given the President's commitment also to reducing the burden on middle

income taxpayers, if it turns out that there really isn't a lot of middle-

class support for an

energy tax, don't you think it would make more sense to have any additional taxes go towards health care reform and nix it in a deficit package?

MS. MYERS: The President's going to continue to press for both. I mean, he would like to see his package passed as close as -

-

that it maintains his principles. He'll also fight for health care reform.

Q Dee Dee, on the visit of Mandela and de Klerk, just a quick question if I could. Given the state of affairs in South Africa, what does the President hope to accomplish by visiting with these two gentlemen on Friday?

MS. MYERS: I think he looks forward to meeting with them. We'll have more details on the specifics of the agenda for their discussions. They are meeting separately. But I'll get more on that for you tomorrow.

Q Well, they're having a joint photo op around the meetings.

MS. MYERS: They're meeting with the President separately.

Q What is the President's agenda for this?

MS. MYERS: I will get that for you tomorrow.

Q Let me ask you this. With respect to, I'm thinking particularly of Russia, but the President's made the point that the way he looks at foreign policy, there's a direct linkage between the domestic economy and our interest in foreign policy, generally speaking. How does that apply, or does that apply in the case of South Africa?

MS. MYERS: I don't think that every single meeting has a direct domestic economic connection. But I think promoting democracy and stability around the world is certainly in the U.S. long

term interests.

Q So I can infer that promoting democracy and stability are -

-

MS. MYERS: Sure. I mean, I think that the United States has an interest in promoting democracy and stability in South Africa.

Q One more follow-

up on that. Was it the President's idea that they meet separately? Or would he agree to let them meet together if they want to?

MS. MYERS: I think they asked to meet separately, and he honored that.

THE PRESS: Thank you.

END 1:10 P.M. EDT

#94-

06/30

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

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

CREATION DATE/TIME:01-JUL-1993 13:41:00.00

SUBJECT: President's Remarks at Swearing in of Lee Brown 7.1.93

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

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

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

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

TO: Remote Addressee (BULLETIN@1=US@2=TELEMAIL@3=HOUSE@MRX@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Remote Addressee (MATT GELMAN@1=US@2=TELEMAIL@3=HOUSE@MRX@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\WH-OUTBOX-DISTR(A)LEX-LUTHOR.AI.MIT.EDU@MRX@EOPMRX) (DEFAULT)
READ: UNKNOWN

TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\JCMA(A)REAGAN.AI.MIT.EDU@MRX@EOPMRX) (DEFAULT)
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TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\HES(A)AI.MIT.EDU@MRX@EOPMRX) (DEFAULT)
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TO: Remote Addressee (1=US@2=TELEMAIL@3=INTERNET@*RFC-822\USIA01(A)ACCESS.DIGEX.COM@MRX@EOPMRX) (DEFAULT)
READ: UNKNOWN

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CC: Janet Handal (HANDAL_J) (WHO)
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TEXT:

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release July 1, 1993
REMARKS BY THE PRESIDENT
AND LEE BROWN, DIRECTOR OF OFFICE OF NATIONAL DRUG CONTROL POLICY
DURING SWEARING-

IN CEREMONY
The Rose Garden
11:20 A.M. EDT

THE PRESIDENT: Thank you very much. Thank you. Please be seated and welcome to the Rose Garden. I want to acknowledge the presence in our audience of Lee Brown's children; the Attorney General; the Secretary of Transportation; the Secretary of Agriculture; General Powell, the Chairman of the Joint Chiefs of Staff; numerous other distinguished Americans and members of Congress, including: Senator Hatch, Senator Dodd, Senator Cohen, Senator Pressler, and Congressmen Rangel, Conyers, Gilman, and Congresswoman Waters. I may have left someone out, and Senator Kennedy just called to say he was on the way. I think that's all a great tribute to Lee Brown.

We are here today to install a uniquely qualified person to lead our nation's effort in the fight against illegal drugs and what they do to our children, to our streets, and to our communities. And to do it for the first time from a position sitting in the President's Cabinet.

When I named Lee Brown to head the Office of National

Drug Control Policy, many called that an inspired choice. I would say that is an accurate characterization because Lee Brown brings three decades of experience in highest law enforcement offices in some of the toughest cities in our country: New York, and Houston, and Atlanta. I know if Mayor Dinkins were here today he would want me to say a special word of thanks for the unique partnership they enjoyed in a safe streets program which clearly lowered the crime rate in many neighborhoods and many categories of crime in New York City.

Lee Brown's leadership in the cause of keeping our communities and citizens safe is unsurpassed, and now he must bring those skills and all that experience to deal with the destructive lure of illegal drugs.

We know that successful drug control does not take place in a vacuum. This is a many-

headed monster. Drugs violate our borders when smugglers bring them in as illegal cargo. Our jails are crowded and our court system is overloaded with users and dealers. Crime and violence are brought to communities large and small, and random drive-

by shootings, and deliberate killings as well.

Too many young Americans are robbed of their future and many, many of their very lives. For all those reasons, fighting drugs requires a multifaceted offensive and the maximum use of the resources we have as a people. That's what we've been trying to do in this administration. With all the budget cuts and with a five-

year hard freeze on overall domestic spending, there's a 10 percent increase in the funds in our budget for demand reduction, and a dramatic increase in the funds available for community policing, as well as a clear commitment to include drug treatment in the national health care program that our administration will be advancing in the near future.

But, most important, we now will have an effort that is coordinated as one, pulled together and anchored by Lee Brown. No longer will the Office of the Director of Drug Policy operate separately from the rest of the government, consigned just to being a bully pulpit. Now it will work hand-

in-

hand with the other Cabinet agencies, and in doing so, our effectiveness will be increased. Our aim is to cut off the demand for drugs at the knees through prevention. That means more and better education, more treatment, more rehabilitation.

At the same time, we want to strangle supplies by putting more officers on the streets, by enforcing the law in our communities, at our nation's borders and by helping our friends and allies to do the same thing beyond our borders. We pledge to work with other nations who have shown the courage and the political will to take on their own drug traffickers who destabilize their own societies and their economies.

Our commitment to all these things is personified in Lee Brown. A tough guy might say he's a drug trafficker's nightmare, a cop with a doctorate. (Laughter.) Or, a doctor of criminology with a badge. (Laughter.) But the most important thing to me is, he's got a track record of results. How many law enforcement officers in this country -

-

(applause) -

-

would be proud to look on the record he has amassed of actually reducing the rate of crime in the streets where he has worked.

You know, the insecurity most Americans feel, without regard to income or race, is a truly appalling thing. And anything we can do, not only to give lives back to children who might otherwise become involved in drugs, but to give the streets and the safety of the streets back to ordinary American families of all kinds is a service well done; nd it might mean more to them than anything else this government could produce during my tenure in office and for the foreseeable future.

The work that Lee Brown did in pioneering community policing in Houston and New York is now legendary, with officers on foot patrol knowing their neighbors, working to prevent crime as well as to catch criminals.

This is a fight that surely can unite us all, across the boundaries of party and race and region and income. We are fighting for our families, our children, our communities and our future. Each and every American -

-

make no mistake about it -

-

also bears a
personal responsibility to play a role in this battle. Anyone who thinks that Lee Brown or anyone else can solve this problem for the American people instead of with the American people has another thing coming.

There are people in this audience today whom I know have worked for decades to try to help come to grips with this issue. Parents educating their children, teachers working hard to prevent crime, law enforcement officers going into the schools, working in programs like the DARE program, people who have worked in drug treatment and know, as I do, from our own family's experience, that it works. All these things are an important part of what we have to do. Make no mistake about it -

-

we've got to try to get the streets
back for our kids, too. We ought to have a time in this country when children don't have to be afraid to go down to the neighborhood swimming pool in the summertime. (Applause.)

I am thankful that Lee Brown has taken on this challenge. He's made the decision to do so at a time in his life when he might have reasonably been expected, for personal and professional reasons, to take a different course. He could clearly be making more money doing something else, he could have far fewer headaches doing something else. He would not have all of us investing so much of our hopes in him if he were doing something else. The simple fact that at this point in his life he resolved to do this says a great deal about him and his character.

I would like now to ask Judge James Watson of the U.S. Court of International Trade to join his friend, Dr. Brown, up here to administer the Oath of Office, and I would like to invite

-

James
Watson, I'm sorry

-

and I'd like to invite Dr. Brown's eldest
daughter, Torri Clark, up here to hold the Bible for her father.

Judge Watson. I understand he's a relative of yours, General Powell. Is that right? That's good.

Please come up here so you'll be on the microphone.

(The oath is administered.) (Applause.)

DIRECTOR BROWN: Thank you. First, let me introduce my children. My oldest son, my only son, is Patrick from Chicago. (Applause.) And my oldest daughter, Torie you just met, and her husband Tony, and their daughter, my granddaughter, Tyler. (Applause.) And my twin daughters from Houston, Robyn and Jenna. (Applause.)

We're very pleased that my Congressman from Texas, Congressman Washington, was able to join us as well. (Applause.) Let me begin, Mr. President, by expressing my sincere appreciation to you for appointing me to your Cabinet as Director of the Office of National Drug Control Policy. By elevating the post to Cabinet rank, you have signaled to the nation and the world your resolve to protect and defend the American people at home as unmistakenly as your resolve to do so abroad.

And so it should be. For America's addiction to drugs, claiming so many of its victims from among our young, even among our newborns, has shown itself to be an implacable, remorseless enemy. It has vanquished whole neighborhoods and turned streets into free-

fire zones. It has robbed America of its vitality and competitiveness and it is plundering our future.

Implacable though the enemy may be, it has a tenacious foe in this administration. And I pledge to you, Mr. President, and the American people to work with every ounce of strength I have and with all the time that God allows me to help defeat the enemy. (Applause.)

I also want to thank the Senate of the United States for its vote of confidence in me. Before and since my confirmation I had the great privilege of meeting many of the men and women of that august body, including those assembled here today. And I came away convinced that their concern about the drug problem was surpassed only by their love of country, and the two are irrevocably bound together.

I pledge to work with the Congress and the other members of the Cabinet toward the construction of effective, lasting public policy in the areas of prevention, education, treatment, enforcement, and interdiction. The national drug control strategy I would develop for the President and the American people would put resources where the problems are the most severe. It would support those approaches of demonstrated effectiveness, such as community policing. We will underscore the fact that drug addiction is as much a public health problem as it is a criminal justice one by expanding the availability of treatment and enhancing the quality of same. (Applause.)

We will redouble our efforts to instill in America's youth a set of values to, in effect, immunize them against the allure of drug trafficking and the escape of drug addiction. We will convince the American people that their sobriety and that of their children is as much a part of the American Dream as homeownership or college education. And that home and family are easily lost if ever obtained at all when set adrift in the nightmare of drug addiction.

Although the drug problems appears to have lost some of its hold On the public's imagination, we will ask the American people to make the campaign against drugs a personal crusade. And I'm convinced we will succeed. We will examine past interdiction efforts, abandoning those which have not worked, learning from our failures and moving on.

We will work closely with our friends in the world, particularly our Latin American neighbors, to mobilize international opposition to drug trafficking and its criminal gains. We will do this and more. But one thing we will never do is surrender to those who would have us believe that the drug problem is too widespread, too deeply rooted or too expensive to do anything about. We will resist the siren songs of legalization -

-

(applause) -

and send
those who deal in drugs a time-

honored message of sending them to
jail.

We will always treat drug trafficking as a serious crime against society. And we will treat those who want to escape the clutches of addiction with compassion and real support. Our goal will be to reduce drug use in America, not because it is an easily attainable goal, but because the well-

being of the nation requires it
and the good conscience of every American demands it.

And, finally, I want to thank my family, friends and colleagues who have joined me here today. You have been, and continue to be, a source of strength; and I'll need it now more than ever.

Mr. President, you've honored me with both your trust and with the enormity of the task at hand. And I have no illusions about the difficulties ahead, but I embrace them eagerly and competently, certain that America will rally with us to defend her future. Thank you, Mr. President. (Applause.)

THE PRESIDENT: Do you have any questions for Dr. Brown?

Q Mr. President -

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THE PRESIDENT: I just had another press conference.

Q Do you think an energy tax and small business incentives -

-

Q Booo.

Q -

-

should be non-

negotiable items of a budget
package, which is equally important to the economy as drug control?

THE PRESIDENT: Well, we're going to pass a good economic package. I feel confident about that. And we're now trying to work out the differences in the House and the Senate, and I'll have more to say about that in a few days.

END11:40 A.M. EDT

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

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

CREATION DATE/TIME:08-JUL-1993 09:15:00.00

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TO: Janet Handal (HANDAL_J) (WHO)
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TEXT:

THE WHITE HOUSE
Office of the Press Secretary
(Tokyo, Japan)

For Immediate Release July 8, 1993

REMARKS BY THE PRESIDENT
IN IOWA TOWN MEETING

Schneckloth Farm
Eldridge, Iowa

8:30 P.M. CDT

THE PRESIDENT: Thank you very much. Folks, this is supposed to be informal, so I'm going to sit down, if you don't mind. That introduction you just heard is a good illustration of Clinton's first law of politics, which is whenever possible, get somebody you've appointed to high office to introduce you. They'll lie about you every time. (Laughter.)

I'm glad to be here with your Secretary of Agriculture, your Secretary of State, and your Governor, my longtime friend -

-

we served together for a long time. And when he got elected governor he was three months younger than me. He displaced me from being the youngest governor. Now there are 10 or 12 governors younger than we are. We've hung around too long and worked ourselves into middle age.

I'm glad to be here with Congressman Jim Leach and with Congressman Lane Evans, who's the Congressman from across the river in Illinois. I want to say we had some contact with Senator Grassley before I came today, and Senator Harkin called me the day before yesterday and gave me a long litany of everything I was supposed to be doing. I said, well, Tom, I only need to go to Iowa now -

-

been educated, you know. (Laughter.)

It is true that there wasn't much of sale's job to get me to come here. If you could come to Iowa on the 4th of July or stay in Washington and burn up, what would you do? (Laughter.) So I'm glad to be back here. The last time I was in this part of Iowa was when I was on my bus trip. And, actually, our bus trip went through almost every place that's badly flooded here, starting in northern Missouri and Iowa and Illinois and Minnesota and Wisconsin. And of course, you got some pretty substantial damage in South Dakota also.

I am very glad to be back. I want to thank Secretary Espy for coming out here so promptly. I wish I could have come a few days earlier, but the legislative and other schedules in Washington just wouldn't permit it.

I do want to say that I appreciate, Dale, what you said about Secretary Espy. One reason I asked him to be Secretary of Agriculture is that he represented a district in Congress that bordered my state, and I wanted to appoint somebody Secretary of Agriculture that actually represented farmers and that had seen crops flood and also seen crops burn -

often on
the same land. If you hang around long enough you see it on the same land.

And we are trying up there to be responsive and to be helpful. And I want to thank all the people here in Iowa and all the people throughout this Mississippi River area who have been very cooperative with us and helped us.

I came here mostly to listen to you today, but I want to talk about -

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I've got three or four notes here. I want to just make sure I don't forget to say anything. Of the things we already know -

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we know that the damage from this flood is going to be somewhere in the neighborhood of a billion dollars. We feel that it is, anyway. I have only $100 million right now in my disaster fund under present law. And I signed a letter releasing that fund before I came out here.

There is also a new law which has been passed by the Congress which provides disaster payments for 1993. It's got about $297 million in it. It is on my desk and I will sign it as soon as I get back. And don't think I'm derelict, you're going to get the money. Even if I signed it yesterday it would take a while to get.

So we're still going to be real short of funds. So I'm going to ask Congress on an emergency basis to provide some additional funding, and Secretary Espy is going to be working with the rest of the people in the Executive Branch and your representatives from here to put together legislation that will adequately take care of the problems insofar as we can under federal law.

We are going to ask that the producers here receive the same benefits as the people who were affected by Hurricane Andrew and other major disasters last year, which is something that the congressional delegations and the governors have asked us to do and we're going to do that. And we'll eliminate the August 1st deadline for disaster filing, which is what is in the present law. And we'll present a bill to do that. I've already talked to the leadership in the House and the Senate on a bipartisan basis from other states and they don't have any problem with doing that. They know that we need to.

The last thing I'd like to mention before I open it to your comments and questions, because you may have some other specific things we can do -

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is that I have asked Secretary Espy to work with the other federal agencies and with the appropriate people in Congress on a longterm reform of the crop insurance system. Any farmer who's ever fooled with it knows it's a good thing if you've got it

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if you've got insured what's go wrong, and that's the way it's supposed to be. But it's nowhere near what it ought to be. If you don't get your beans planted in the first place, for example, you can't get any insurance on it, even if you pay and pay for years.

That's a big issue. I come from a state that has not near as much corn as Iowa -

-

just a little bit of corn, but a whole bunch of soybeans. It is not a program crop and if you take out crop insurance against it and then it gets wet, you can't plant it at all. Under the present system you can't recover it. It's just not a very good or a comprehensive or appropriate system in my opinion. So we're going to try to see if we can't get some reforms up that people will agree to.

And there are some other actions that Secretary Espy can take that he may want to talk about or you may want to ask about. But these are the specific things we think we can do. I hope it will be enough so that we don't lose a lot of farmers who are operating on the margins. I went through that whole thing in the 1980s when I was a governor of a big farm state, and every other day I had a friend who was dropping out of farming. And we're going to do what we can to move as quickly and as aggressively as we can. I hope it will help.

I think it's real, real important to get this long-

term reform of the crop insurance system and work it out so that people can access it, and then if they got it, it amounts to something when they suffer a loss. So we're going to do what we can to get that done.

I thank you for spending part of your 4th of July with me. I know you could be out shooting fireworks and I'm sorry about all the water. We had a whole lot of my state under water three or four years ago when the Arkansas River flooded, and we had towns under water, house under water, like what I saw today -

-

a town and an awful lot of farmland. I know what you're going through. I'm very sorry. I hope this will help, and I assure you we'll be very diligent in pushing to get this action through Congress. If you have any other ideas or suggestions we would be glad to have them.

And thank you again, Governor. Thank you, Mr. Secretary. Thank you, Madam Secretary. Congressman Leach, I'm glad to be in your district and see you looking so hale and hearty. And thank you all very much for having us. (Applause.)

Q First of all, I want to add my appreciation to the President for coming on such short notice to Iowa. Secretary Espy made a very good impression when he was here the other day and visited a farm here at Dumont -

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and we appreciate hearing what you said about reforming the corp insurance system because it is very unfair.

We've got farmers that have tried their best and haven't been able to plant a crop, and consequently, even though they paid the premium, won't have any coverage. So that's important.

We also hope that the assistance can be similar to what was done in 1988 and '91, when we had similar disasters. The Congress did appropriate additional money and provide assistance to the farmers that are hardest hit. It's not the same as getting the crop, but at least we helped people stay in farming in the worst draught that we lived through in recent times in 1988. And also, we had a wet spring and early frost in '91.

This is going to be a lot worse than '91 and it could end up being worse than '88 in this state.

THE PRESIDENT: Can I ask just one fact question before we start, just for my interest because we're a little bit further north than my home state -

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can you plant soybeans this late here?

Q This is the cutoff.

THE PRESIDENT: You mean three weeks from now, if the land dries off, it's too late to plant, isn't it?

Q Right. Some people have planted as late as the 4th of July and get a half a crop. At this point it's not worth the risk of planting a crop; the cost you have of putting it in the ground, you're not going to recover that. So at this point, it's just too late, I think, in the state of Iowa to plant soybeans. There was some corn ground that was switched to soybeans, but it's too late to do that now, too.

Q Thank you, Mr. President, for your interest in agriculture. I really appreciate it. And my question to you is, will you require repayment of the advance deficiency payments even though the fellow didn't get the corn planted? I would think that would be a very great help to those that didn't get planted to not have that burden of repayment.

THE PRESIDENT: I think I'll let Secretary Espy answer that. We talked about that very thing on the airplane when we were about to land and we saw how much land was under water. It was the first thing that came up when we were looking at the damage.

SECRETARY ESPY: This is something that we've been looking at a lot lately, as you might imagine. And since I returned to Washington from Iowa I've reviewed the law. And any outright waiver of the advanced deficiency payment that you've already gotten is going to be really, really difficult to do, certainly if you're not in the program.

But what we want to do is to extend the signing date for program crops, and we'll probably do it until the end of the month, July 31st, so that you can come in and declare your intent to plant another crop, particularly corn. Then you will fall in the 0-

92, and then you could keep your advance deficiency payment.

For those farmers that already have the payment, we can't waive it outright, but we'll certainly work with you to make sure we stretch out the payment or we can go to Congress to ask that we have fall-

back authority to do some other things.

THE PRESIDENT: Under the law, just to flat out do it we don't have the authority right now. So you either have to change the law or do what Mike said in terms of putting back the filing date and having people come in and make a declaration.

Q Mr. President, I thank you for coming to Iowa. And, Secretary Espy, I thank you for being here a second time in the last week.

In the area that you saw up in northern Iowa the other day, the crops in that area are probably as hard hit as anyplace in the state. And I think Don will probably even admit -- maybe he doesn't know it, but the corn down here probably looks as good as anyplace in the state, but even his corn isn't in the bin yet. If it happens to turn out extremely dry and hot in the last part of July and August, or even some wind, that corn will be under tremendous stress because there's just no moisture out there. The roots haven't established a root system to go down deep.

The impact out here is going to be tremendous. It's going to first affect these farmers, and secondary, then it will affect the agribusiness, ag suppliers, rural communities, the state of Iowa.

I think a thing that I would like to mention also, Mr. President, is -

and I can say this as someone who has farmed for 40 years in central Iowa

there was a time when we as farmers had a little bit of a cushion or margin to operate under, and we'd sold a previous year or two crop at a pretty decent price. I don't know what corn is in this area. I imagine you're closer to the Mississippi. Of course, the Mississippi is closed down now, so I suppose that will have a negative psychological impact on market prices. But in central and western Iowa, the price of corn is less than $2 a bushel. Many of these farmers have no margin and no cushion left.

And it's going to have a tremendous impact on another category -

I think we have a problem within a problem.
I don't know how correct it is, Mr. Secretary, but they tell me we have about 96,000 farmers in Iowa, and of those 96,000 we have approximately 3,000 under the age of 30. I have a neighbor boy that's 29 years old. He can't compete with an established farmer on that better ground, so he had about 600 acres of that river bottom, second river bottom ground rented this year. He's got 80 acres of it planted and it's under six inches of water today. We're going to lose something as part of our industry. They desperately need the ability to attract young people into our industry.

So we appreciate you coming out here; we appreciate you being sincere in understanding the severe economic impact, not only just farmers but on the whole state of Iowa. It's good to have you here, sir. And let me mention one thing. This isn't a short-

term thing, but I think it's an option we can look at longer-

term down the road. It's one of the Farmer's Union has suggested in to the longer-

term approach, and that is assigning a
one percent assessment fee on all the commodities traded on the interchanges and earmarking that for disaster assistance. And at least we're talking about a fund available when these people need it which is right now.

Thank you again for being here, both of you.

THE PRESIDENT: You know, there's another issue that you alluded to there that I don't have an answer to but I worked on it quite a lot when I was a governor, and that is the whole question of the small number of young farmers. Unless there are just young farmers that farm their parents land and it's all paid for and they've got their debt paid down. The average age of a farmer is pushing 60, just on the near side of 60. That looks younger to me all the time -

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(laughter) -

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but still it doesn't
quite qualify as young.

We spent a lot of time when I was a governor trying to work out financing operations and some other things for first-

time farmers. Secretary Espy and I spent a good deal of time talking about that. Maybe this is not a discussion for tonight because we're all here worried about the floods, but if you had any specific ideas about kinds of initiatives we might undertake or partnerships for the states for first-

time farmers to get
young people in or help them get through those first rough years if they've got some accumulated mortgage or other debt, I'd really like to know it. Because I think it's a pretty serious social problem for this country to have the average age of farmers going up every year and almost no young farmers coming in.

GOVERNOR BRANSTAD: Mr. President, there is one thing that can -

we have a program called the Family Farm
Beginning Farm Loan Program which right now we're waiting for an extension -

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that authorization. It's financed through the sale of tax-

exempt bonds. And we've used it -

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the Secretary of
Agriculture administers it, I have to sign off on each of those loans. It's been very successful in the state of Iowa and if that could be extended and made permanent. I know under consideration in the Congress and you've been supportive of it. We think that if this could be made permanent, not just extended for a year or so, could be really helpful because right now we have several hundred of those loans I think that are waiting to be approved.

The banks already approved them but the Congress has to extend the law right now it's expired. So, that's something that could be done that we'd really appreciate.

THE PRESIDENT: That whole tax-

exempt bond law is
now part of the discussion now being held on the budget, and I am strongly in favor of extending it. We had a program like that at home. It works and I'm strong for it. I think it will be extended.

GOVERNOR BRANDSTAD: It could be made permanent as opposed to extended for a year or so.

THE PRESIDENT: I think it will be extended. We're trying to make it permanent and I hope we can do it.

Q Thank you for coming, Mr. President and Secretary Espy. I have a question with the existing federal crop. I've had about a thousand acres under water since April and it's still -

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most of it is under water and I've took federal crop out. Of course, most of it didn't get planted. What exceptions can be made on that one rule there? And the other thing is in 1988 the disaster fund helped out greatly but your county had to have 35 percent damage. This time it's not going to be quite that way; there's going to be isolated cases in every county. And I just wondered what kind of changes could be there also.

SECRETARY ESPY: Mr. President, this is the great irony of crop insurance, frankly, because you can only recover based on crop losses. And if you have a situation such as you have here in Iowa where you can't even plant, then, of course, you have no crop failure as such and, therefore, no coverage at all. I mean it's incredibly ironic.

That's why we need to reform the crop insurance program, and we're really going to do that. I want to work with you, honestly, to make sure that you are covered under the regular disaster. What the President said, basically, is that we now have about $100 million in his discretionary fund already that he is going to dedicate to this, and then we have about $279 million or so already in the program.

We still don't think that's enough because that would be tantamount only to about 19 cents on a dollars worth of loss. We don't think that's good enough. So, we're going back to the Congress and we're going to ask for about $850 or so million more dollars to bring up the total amount available to about $1.2 billion. That will bring us up to about a 50 percent coverage loss. And if you have crop insurance, you're going to make out a little bit better because we do think we need to provide incentives for those who have gotten in the program rather than those who agreed to opt out.

So we'll stagger it, favoring those that have agreed to sign in on the crop insurance basically.

THE PRESIDENT: Let me just mention one other thing. You asked a question about the county loss thing. That's always been in the federal law, at least as long as I've been fooling with it. And under normal circumstances it's a pretty good rule of thumb, you know, for example, if there's -

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I don't know -

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a
tornado or a heavy, heavy rains that are uniform across the state. But when you have something that comes directly out of the flooding of a river like this, it's possible depending on the size and shape of the county that people could be wiped out and could be living just across the county line and their county not trigger.

So what I think we're going to have to do on that, I can't promise, but I'm aware of it because I've been through it before. What we're going to do is wait until all the reports come in and we can see what the shape of the damage is. And if we've got substantial numbers of people who are really wiped out who are in counties where they don't have the 35 percent county loss for just pure geographical fluke, then we need to make some provisions for that and I think we'll be able to.

Q We need to have a crop insurance program with a catastrophic feature to it, and we don't have that now.

Q I would like to say one thing. I'm from Illinois just across the way here but I'm not from Iowa but it's been bad over there, too.

Q Mr. President, I'm 23 years old and this is my first year of farming. I had been planning on starting and I grew up on a farm but everything I've done I've done myself. And I'm kind of wondering where the moneys coming from that you're planning on helping everybody with.

THE PRESIDENT: Where's the money coming from -

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the
$850 million?

Q Exactly.

THE PRESIDENT: Well, I don't think we'll have any trouble getting it because this year we're way below the spending targets established by the Congress before I became President. We've got the deficit way down, it's much lower than they thought it was going to be. Our interest payments are much lower because interest payments are down. And I think the Congress will -

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they'll do one of two things. They'll either appropriate it as an extra expense or they'll just cut the money out of somewhere else and pay it.

Everything we've done so far since I've been there we've just cut something else and put it into some supplemental bill, which is what we did, for example, to add another 200,000 summer jobs this summer.

So they'll either find something else to cut and pay for it or they may, because it's a genuine one time emergency, just appropriate the money since we're well under the spending limits approved by the previous Congress.

Q In my opinion, what would help us out now and in the future would be not this new tax. We're taxed enough the way it is right now. We only get 50 cents on the dollar; by the time we spend it I would just as soon be able to spend my money the way I want to spend it.

THE PRESIDENT: You won't have to worry about this causing taxes because it's a tiny fraction of a huge federal budget anyway.

Q The whole United States is getting taxed on this -

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what's the percentage of the United States population is farmers?

THE PRESIDENT: Three percent, but 100 percent of them eat.

Q Yes, and a hundred percent of them are going to get taxed, too. I would just as soon that you not tax me as a farmer and I would just as soon if you didn't raise taxes on the rest of the nation, too.

THE PRESIDENT: Well, if we had a decent crop insurance program, we wouldn't have to worry about disaster payments. In other words, if we had one that worked -

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if there
was a system of crop insurance that worked, we wouldn't have to worry about it.

Q As a farmer we've got enough to gamble on with the weather, let alone gambling on our government raising taxes. And I remember somebody saying no new taxes about six months ago, I believe.

THE PRESIDENT: Well, you didn't hear me say no new taxes. I've promised to raise taxes on the wealthy because they're incomes were produced -

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Q I'm far from wealthy, Mr. President.

THE PRESIDENT: Well, if your income is under $30,000 you'll probably get a tax cut under my plan. If it's between $30,000 and $100,000, according to the Congressional Budget Office, it will cost you a very little amount of money.

Q Thirty thousand is a wealthy man then?

THE PRESIDENT: No, that's not what I said. But when I took office, sir -

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let's have a political debate. I
didn't think we were going to talk about this but I'd be more than happy to. (Laughter.) Let me tell you something. After

the election -

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not during the election when they had all the
figures -

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the previous government announced after the election that the deficit was going to be $165 billion bigger than they said before the election. We just discovered we're going to have $50 billion more in deficit -

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this is just for four years not
the whole five-

year period.

So my choice was pretty simple. I could ignore that or I could ask middle-

class people between $30,000 and $100,000 to pay a modest contribution to the deficit, get almost all the money from people above $100,000 and cut spending by as much as we would raise in taxes, reduce the deficit $500 million and bring interest rates down.

Let me finish. You've started to talk so you're going to listen to me now. (Laughter.) Since I became President we dropped long-

term interest rates a point; they're at their lowest rate in 20 years -

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only because there's finally a government in Washington trying to bring this deficit down.

Millions of Americans have refinanced their homes since January and they've saved more money in one year than they're going to pay in five years by far if this small fuel tax passes that the Congress has approved. By far. The people whose taxes were raised substantially are people whose taxes were lower in the 1980s while taxes on the middle class were raised. And for every dollar that the taxes were raised even on the wealthy, we cut spending. We have cut everything in the federal government.

We have a five-

year hard freeze on all domestic spending which includes the increases we're putting into Head Start, job training and new technologies. We have slashed spending. We have raised 74 percent of the taxes on people with incomes above $100,000, and we held harmless everybody below $30,000.

I think it's a fair deal. And not only that, if it gets the interest rates down, the country will get more money out of it then they'll pay in taxes. Even the people who don't agree with me admit -

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right in The Wall Street Journal -

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if we keep interest rates down this low, it will put $100 billion a year back in the pockets of ordinary Americans to refinance their homes, their business loans, their farm loans, their consumer loans, their car loans, their college loans. And it's because we have let the deficit get out of hand and we're bringing it down. We've got interest rates down, we can turn the country around.

I think it is a fair plan. And you may believe you're taxed to death, but our taxes are lower than all of our competitors. And now our interest rates are, too, because we're finally doing something about the deficit. (Applause.)

I might say -

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all the people who talk about how
terrible this was -

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we just had a hearing in the Senate last week and it was a straight party line vote voting this bill out of the Senate Finance Committee. But all those people that said the issue was spending in the Senate Finance Committee, you know how many amendments the other side offered to cut spending -

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they
said, you know, "it's spending, stupid." "It's not taxes, it's spending" -

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zero. Not one. Not one amendment, because I had taken all these politically tough spending cuts. We slashed education, slashed veterans, slashed -

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we cut everything in the world in a wide budget.

And I just think it was worth it to get the deficit down. If you don't believe that you should have any tax increase at all, even a very modest one, to reduce the deficit you're entitled to that opinion. But I think you'll make more money from lower interest rates than you'll pay in higher taxes. And I think it's fair.

Q Not if I don't borrow money. I've got my money saved from earning it and I wish the government could -

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THE PRESIDENT: Most 22-

year-

olds don't have that kind of money. (Laughter.) Lucky you. I'm proud of you.

Q I would like to thank you, Mr. President and Mr. Secretary, for coming here. And we could probably talk more about the tax issues, and I'd be happy to visit about the Senate and House version. But I think that in the interest of time we should maybe move on.

The other thing I want to say to both of you is thank you so much for being sincere and showing a concern for the damage that we have because of the excess water. That is a short-

term problem in my opinion. And I have two boys at home just about ready to finish school, looking at colleges. I think at least one of them would like to get back into production, agriculture. There's many young farmers sitting around here.

We have got to do some things. We as farmers think global. And I don't think there's a better time -

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you're leaving for Tokyo tomorrow -

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that you carry a message and you're our leader, that we need market access for all American farm products so that we can get it overseas on a free and fair basis. I think that will build rural development, the tax base, jobs, and the list goes on.

A second part of that question

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I guess that's really not a question and I think that you're going to be our leader and carry that message very clearly to those people as we go into the discussion.

The other area that I think you can maybe halt some of the rhetoric that's going around by Mr. Perot and others on NAFTA -

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I think commodity organizations will get behind your philosophy on trade to those two countries. To the south, where the average age are teenagers, there's lots of product that we can get from America down there. But we need some leadership to get that through the Congress and get it ratified. And the commodity groups are going to be behind you.

Mr. Secretary received a letter with 40 signatures on it from various commodity groups and food organizations. And so I hope those two issues you take very seriously. Because we in agriculture need to have the opportunity to get our products overseas on a free and fair basis. (Applause.)

THE PRESIDENT: Thank you. Yes, give him a hand.

If I might -

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let me just say one thing, to go back to the comment the young man who just spoke made about the taxes. If everybody in this country who wanted to work had a job and we had free and open markets in the world, then we could lower taxes and reduce the deficit. That's the real truth. The real answer to this whole issue is how to get growth back into the economy. That is the ultimate answer. It's not to have the argument he and I just had. But the argument is how can you have more people working and have more markets open.

And if I might just make two comments on that. Since 1987, about two-

thirds of the new jobs generated in the American economy have come from expanded trade. That's how you add jobs in a world where you're already a wealthy country and most people are working. I believe -

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I'm glad to hear you say what you did about the North American Free Trade Agreement -

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I believe that most of the fears the American people have are not well-

founded about that.

There are some problems with it. We're trying to get side agreements on labor standards and the environment to make sure the Mexican government strengthens those things. But believe me, folks, anybody who wants to move a plant to Mexico and work people for low wages, and export products back in here, they can do that today. In other words, if we don't hit a lick at this NAFTA deal, everything that people are worried about with NAFTA can happen today.

But before Mr. Salinas became President of Mexico, we had a $5-

billion trade deficit with Mexico. Today we have a $6-

billion trade surplus. Last month Mexico replaced Japan as the second biggest purchaser of our industrial products. And you know what it does for you folks here and the kinds of crops you raise. It's a good deal.

So we're going to try to pass it. The people who are against it are genuine and passionate, and they represent folks just like you who work hard, play by the rules and are getting the shaft and are scared to death and are afraid this will make it worse. But I honestly believe it will make it better. If I didn't think it would be more incomes and more jobs and better for the farmers, I wouldn't do it.

And I assure you, when I go to Japan I'll carry the message you sent me with.

Q Mr. President, I just might agree with you and also agree with this gentleman -

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that we've done an analysis of the impact of NAFTA on agriculture, and during the midpoint of the implementation period, we will see a $2 billion to $2.5 impact to the problem when it comes to agriculture sales, particularly when it comes to corn, berry, and beef, we'll see it. So we are absolutely in favor of NAFTA.

On GATT, as you mentioned it, the same thing also holds true, with the caveat that you mentioned. When it comes to the GATT, we believe in the general theory of the Blair House. The reduction in internal support and reduction in external subsidies, but the market access is something not discussed at the GATT, which we absolutely have to have -

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market access, market access particularly to Japan and the EC.

We think that, in this regard, no deal is better than a bad deal. And we won't give you a bad deal. Thanks. (Applause.)

Q Thank you for coming. My question is have you given any consideration to possibly reopening the farmer reserve? The decision not to enter that was made when everybody thought they were going to get a big crop, and some of the farmers might want to reconsider that decision at this time.

SECRETARY ESPY: Well, we've already opened the farmers own reserve, as you know. We took it to the highest applicable ceiling. Now that we have problems here we'll consider reopening it for a brief period. We will.

Q Thank you, Mr. President, for coming out here to the midwest. My name is Marcus Gumms. I'm not a farmer in Iowa, although I have a few mid-

plantings up in northeast Iowa.
I'm a farmer up on south central Wisconsin, between Portage, Wisconsindale and Barrabou, where the Ringling Brothers started the circus and where we have the circus museum. I came down here from Elgin with my very special friend, Frances Helms, over here in the red, white and blue. She's dressed for the 4th of July. And I want to thank that farmer that I saw here about 3:00 p.m. this afternoon -

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he invited us to come down. So we are here.

But anyway, last Wednesday I traveled from Elgin back to the farm in Wisconsin to do some work, and I was very fortunate to spend time with Secretary Espy. He came over to Wisconsin to look at our wet mess over there. Well, the problem that we have is our ground is too wet, like everybody else in the midwest, and I'm sure glad to see a President from Arkansas, because I've argued with these environmentalists and these regulators in Wisconsin for years that we have rights to drain our land under the Swampland Act of 1850 for farmers in Arkansas and other states. And I'm sure you must know about that.

But that law gave us farmers the right on our lands to levies and greens. Up in Wisconsin, the regulators up there and the DNRs tried to stop us from draining our farms. In 1981, the state DNR hauled my -

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of my farm when I was trying to keep the ditches clean on 2,700 acres for myself and for my neighbors. They drowned us out three years in a row.

And, of course, we all need to do a lot of praying, Mr. President, for better weather. That's the main thing we need. But we need to do something about infrastructure. I've heard about infrastructure -

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bridges and all those kind of things. What we farmers need is to have our lands properly drained for farming. And we don't need wetlands and duck ponds and environmentalists restricting us from putting in pile and cleaning our ditches. Most of us farmers know what we need to do and we can contact the soil conservation people or engineers and do it right.

And my family has been farming for 100 and some years in Indiana, Illinois and Wisconsin. We know how to pile our land. But yet, these people have gotten in control, of the Sierra Club and the John -

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and the Ducks Unlimited. And I've just got about 700 acres under foreclosure with Farmers Home. And I mentioned that to Mr. Espy the other day.

The farmer head of the Farmers Home Administration in Wisconsin was just replaced by Mr. Lucterhand. After he was two weeks after his job, came to me on behalf of a wealthy investor that lives in Madison that wanted to buy our farm that's under foreclosure, to bail us out so that they could make it into a pond for canvas-

back ducks.

Now this land was drained originally, starting in the early 1900s, after 1906, by farmers in Cole, Iowa, who came over there, ditched it and piled it. And it's been productive. And we've tried to make a living on it. We had three bad years and these bad years have come about because of government regulators. And I want to know if you can do something about this Swampland Act and get the Congress to appropriate some money to clean out these rivers and these drains. Because the dams on the Wisconsin River have caused silting in of probably five to 10 feet, and there's no outlet for our farms. So we have to pump it most of the year around.

And finally, the cost of pumping has gotten excessive, and we couldn't keep up with it. We couldn't make our payments to the Farmer's Home. Well, we're still hanging in there. I've got two sons who just got through college in the last two years, and they're 22 and 23 years old. And they want to farm. And we have 2,700 acres. Maybe people think that's too big a farm, but it has to be operated cohesively because it's part of a drainage district. Unless you get cooperation, you can't drain it properly and you don't raise much of anything.

I've raised mint, potatoes, onions, corn, soybeans. I used to have some beef cattle in 45 years of farming in Wisconsin. I put my life into that farm. It's like a painting to me, and I want to make it successful, and I want to produce food. And I know there's thousands of millions of farmers like that in this country. But they've been hamstrung and obstructed by the environmentalists. And I think it's time that the Congress and the President put an end to the monkey business in this country.

(End of tape.)

(Begin tape two, in progress)

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and streams, not just pollution, but take out the silt and put in proper bridges and culverts, and let this water flow to the ocean and manage it; so that when it's dry we can irrigate and drain it when we don't need it. And I think we've got enough ducks. I think it's time that we tax and regulate these people that kill these ducks unmercifully when it's a waste. They can buy turkey and porkchops cheaper from Iowa. It's more efficient to raise turkeys than to slaughter ducks and let them rot and then worry about the lead shot they ingest. (Laughter and applause.) So, what can you do about it? What can you do about this, Mr. President? I praise the Lord that you're here with us.

THE PRESIDENT: I don't know -

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Iowa -

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is this thing on? I don't know what to say -

where I come from, we got

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we grow more rice than anybody else in the country -

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we're kind of interested in that market access you're talking about. And the rice land floods anyway, so our ducks don't give us that kind of trouble. I never knew I was supposed to be as hard on ducks; I may have to reassess my position on this. I'm not kidding. I mean, I'm really not. Where I come from it's a big deal, but it's not a problem because the rice lands flooded anyway at duck season.

You want to say anything about the other issue -

SECRETARY ESPY: Am I speaking to the duck lovers or the nonduck lovers? Mr. President, I just say one word -

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you raised a lot of issues. First of all, we're coming to a new farm bill that we'll begin discussing next year. And that farm bill will be based on a lot of things -

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whether or not we have a GATT, the budget situation domestically, but also the environmental situation as well.

You know, we have to sit down and talk with everyone interested in getting a good farm bill. The second problem is that I could announce to you that based upon the presidential emergency declaration, which we will establish, we'll be able to allow you to modify the width and the size requirement for your ACR or your conserving use acreage. That's something we're announcing here today. And that gives you a lot more flexibility when you're trying to establish your CU acreage, right? You know that.

The second thing, you mentioned foreclosures. I remember talking to you about this a bit on Wednesday. I hope you can recall that when I traveled to south Dakota last February, I announced there that we would be suspending all farm foreclosures that had not yet made its way into the court system. Because we believe in being farmer friendly. And we do believe in giving the farmer the benefit of the doubt. So if there's no way to cash flow, you would not expect for us to raise taxpayers money on an enterprise that simply can't make it. However, if there's any way to cash flow, if there's any way for you to make it, we want to make sure that we don't stand in your way, that we can in fact help you. So we have suspended that. And we wrote all farmers within the nation a letter to give them 30 days for a fourth review, which we are doing at the Washington level.

So we're doing a lot. But on your environmental point, we have a bit to do on that. As we move toward the farm bill for 1995, we'll keep your point in mind.

Q Mr. President, Mr. Secretary, we appreciate you both being here in Iowa and the concern you've had for the flood damage and for the bad crops. You know, I'm a young farmer. I've got three kids back here with me today. I don't want them to start farming, because I don't have much time left. There's no margin out here for us. When we go into this '85 farm bill and the '90 farm bill, we kept getting cut and cut and cut. I'd like to see that '95 farm bill have something of a profit margin in it so that we can survive, so that we've got that cushion.

We've got to look at some things -

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we're willing to shoulder our fair share of this burden. We realize there's a burden on the country. But only our fair share. We just want a fair shake in this thing. Anything you can do in that farm bill that would help us -

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disaster through the '95 farm bill that's going to increase the margins out here, it would be greatly appreciated. Thank you.

THE PRESIDENT: If I could just -

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Mike want to say something about that, but if I could comment on that, just make two points. First of all, on the disaster issue, we're either going to have to have an adequate, reliable, comprehensive disaster program or a decent crop insurance program that works. And if had one, wouldn't need the other.

On the question of supports, I can tell you again, the last two farm bills I went through as the governor with my farmers on the receiving end of them. As you know, because you're a farmer we had a 20 percent unilateral cut in farm supports in the '90 farm bill. So American farmers have really done their part to reach out to our competitors overseas and ask them to open their markets and stop their supports.

I think it's fair to say that the '95 farm bill, at least from my point of view, since I'm in a different position now, my attitude about it is going to be determined by a couple of things, one of which is, what are these other countries doing? That is, what's it going to take for our people to make a decent living? And if other countries make an appropriate reduction so we got a fair chance to compete in a market system, well, that's one thing. If they don't, then I think we're going to have to take a completely different look at this '95 farm bill about how it's structured. And I think it's fair to say it's up in the air now and it depends on what happens and what our competitors do. But I'm going to be very sensitive to people like you, because I -

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you know, there's a limit below which we ought not to go in terms of how many farmers we've got in this country as long we're the most productive in the world. It's just crazy to stay on that trend.

Q Mr. President, we really appreciate you being out here today. We truly need your help. And everyone here feels the same; we need your help. Generally, we have a surplus of corn. And I know you're concerned about a couple things. You're concerned about fuel and pollution. The farmers here have a good solution to it -

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a way to decrease pollution and a way that we can grow our own fuel right out here. Very simply, it's called ethanol. What do you think about it? And how can we get your support to make sure that ethanol is part of the program and that we won't have to have such a gas tax? I think ethanol is an answer.

THE PRESIDENT: I agree with that. Let Mike talk a little about what we're doing.

SECRETARY ESPY: We agree with you. We think that ethanol is a viable alternative resource. We think that it allows an alternative use for corn, which is great, which drives the price up. We believe that it's renewable as well and it helps us when it comes to depend us on foreign oil. So we do inside of the USDA, we have supported ethanol in our research program. We've given up -

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I don't know, but millions of dollars so far since we've been in office when it comes to resource assistance for ethanol -

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for the ethanol productivity. And also within the budget debate, we've had some things that say when it comes to that as well. So we agree with you. We think it's a great alternative source.

THE PRESIDENT: You know, if I might say, when that whole energy tax issue was being debated, we recommended that ethanol be exempt. And then we had an alternative that was effectively going to just take the tax out of the production sector, out of agriculture and industry altogether. But the Senate decided that rather than do that, they'd go to some more broad-

based fuel tax. But if they do it in a way that's consistent with state law, it's okay for the farmers, I think.

SECRETARY ESPY: I wanted to mention that also, Mr. President, I was getting to that. On the one hand, we supported, and that's why on the budget debate we wanted to make it exempt as well. Some in the Congress didn't feel that that was right. But the administration position was absolutely consistent. You don't tax something on one hand that you want to promote on the other.

THE PRESIDENT: Can we take one more question.

GOVERNOR BRANSTAD: One of the problems, Mr. President, that we're concerned about -

and I testified before the EPA on the rules on the Clean Air Act -

-

present rules would really make it so cumbersome and complicated it would basically rule out ethanol. And USDA's been very supportive of our position. And I went in and testified on behalf of the coalition of governors that support ethanol. But we're very concerned about where the EPA's going to come down on that. And I would just ask that you be -

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watch that issue. We just want to have a fair chance for ethanol to compete with MTBE as the additive of the future in the reformulated fuel. And we're concerned the present rules don't take care of that and it may take leadership from the White House to convince the EPA the rules need to be adjusted so that ethanol gets a fair chance to compete. The technicians there, you know, the oil companies are spending a lot of money to try to make sure that ethanol doesn't get a fair shake. We need your help on that.

THE PRESIDENT: Yeah, I've noticed them doing that. (Laughter.) Go ahead.

Q President Clinton, I'm a local small businessman, and employ approximately 30 people. And just to let you shift gears for a second here, can you or would you please tell me something that can alleviate my concerns about the upcoming striker bill. I'm concerned that it will be detrimental not only to the small business men but to the economy in general, which again is going to directly affect the farmer.

THE PRESIDENT: Well, you know that I have expressed my support for the bill and I knew you knew that or you wouldn't have asked the question. I don't have any idea of whether is can pass the Senate or whether it will at this time.

Here is the problem. Let's just talk about the problem. For many years the federal law was that strikers could not be permanently replaced if they went on strike once a group voted to unionize, if the allegation behind the strike was that there had been an unfair labor practice. But if it was just an economic strike, that is if the strikers say we ought to be getting a better deal than we're getting and we're fighting over this contract, that they could be permanently replaced. That gave the management of unionized firms a little more leverage in dealing with strikes where the argument was wages and benefits instead of they did something wrong to us.

Now -

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and it worked pretty well until the 1980s
when the economy became more global and there was more pressure to keep down wages and benefits and when the public mood became decidedly more antiunion in the United States. The reason it worked pretty well is management had the right to do that under a court decision but they never did it. I mean, it was unheard of, it never happened. For decades no strikes were just broken and people were run off on that account.

Then in the 1980s it started to happen with some significant frequency and that's what led to the pressure for the striker replacement bill. There was almost a compromise adopted in the -

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and let me just say that this gentleman's question is related to something else. Very few small businesses in America are unionized. A lot of small businesses believe that maybe they'd be more of a target for a union if people thought they could strike over wages and benefits. I personally doubt that very much because of the relationships people have with their employees in small business. But that's really the fear, I think, behind your question.

But where it is now is that it's passed the House, they don't have the votes in the Senate yet, and we're talking about whether they can get some sort of compromise to deal with the balance issue that I talked about. The people who are for it in the Congress -

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I don't mean everybody that's supporting it, but the people who are for it in the Congress -

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have no interest
in trying to make it either easier or harder than it is right now for people to organize themselves into unions. The question is whether that once the workers vote to join a union the bargaining process plays out in a fair and balanced way.

And so I think there's a lot -

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there will be a lot
of debate in the next few weeks about whether some compromise along the lines of what they were talking about last time might be passed to alleviate some of the fears that you've expressed and still deal with the balance question that came up in the '80s.

GOVERNOR BRANDSTAD: Mr. President, that will be the last question. We know that you have to get on to California and on to Japan yet in the next day or two. We certainly do appreciate you, Mr. President, and you Mr. Secretary coming to Iowa this evening and showing you frankness and both of you showing that you are very farmer friendly. And so we appreciate that and of course the crowd certainly appreciates that opportunity. We had some very frank questions, some very frank answers this evening, and I think that it was very meaningful, and I think that from this as you go back to Washington you will have a better understanding and can serve the people even better, and keep on serving the people as you have in the past. And thank you. (Applause.)

THE PRESIDENT: Thank you very much for what you said. I'd like to say one thing in closing if I might. First, I have very much enjoyed being here and I appreciate your taking some of your family time away on the Fourth of July to come out and visit about these farm issues.

Second thing I'd like to say is I really wish we had more time to do a little town meeting about the larger economic issues like the one the young man raised about the tax issue.

This is a very difficult time for this country. And a lot of the decisions that I have to make as President are not simple or easy. Before I became President I never raised any taxes from anybody to balance a budget or reduce a debt. I lived in a state that had a balanced budget law that made my chief budget officer a criminal if he let three months go by where spending outstripped revenues. And where I literally had the power to cut spending once a week if I wanted to, to keep the budget in balance. And we did what we did while having one of the fifth lowest tax burdens in the country as a percentage of income.

So this whole experience dealing with this deficit has been very painful to me. And I guess we split the difference, he and I did, on what we said.

When I was running for President I said that I thought we ought to raise some taxes to pay the deficit down on upper income people, but that we shouldn't raise taxes on the middle class and I meant it. When the deficit got written up $165 billion the choice I had was to take the politically difficult decision in the short run to ask for a modest contribution from middle class folks, cut as much as I could in spending without really getting into hurting older people on Medicare or essential investments in education. And takes three-

quarters of the money from the top six percent of the income earners in the country, or stick with literally what I talked about in the campaign and risk not being able to do enough to really get interest rates down and try to get the economy going again.

It's a very tough call. It is not an easy call. But as you will see when you read in the papers about this trip I'm about to take to Japan, as the toughest shape as we're in we're doing better than Europe is -

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they're having negative growth; Japan's got the slowest growth they've had in 40 years; and all these people have been after us for 10 years to get our deficit down. They said if you'll get your deficit down, we'll do some things and, together, we can grow the world economy.

So I'm doing the best I can, believe me, you may think I'm wrong and maybe time will prove me wrong, but I'm trying to make the best decision I can to create jobs and incomes for the American people so that we come out ahead on this deal, not behind. It is a complicated difficult time that the goal ought to be to ask every question in terms of is it good for jobs, is it good for incomes, will it help the economy to grow, will it help people to have security and health care and educating their children and to make this a stronger and better country.

And on this, the Fourth of July, we're always going to have our partisan and philosophical differences and that's what makes this country wonderful. But if we can always keep that goal in mind, then when we differ at least we'll be arguing about the rights things.

Thank you and God bless you all. (Applause.)
END9:25 P.M. (L)

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CREATION DATE/TIME:09-JUL-1993 13:53:00.00

SUBJECT: ALL STORIES --- Friday --- July 9, 1993 ---

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READ: UNKNOWN

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--- Friday --- July 9, 1993 ---

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THE DAILY EXECUTIVE BRIEFING ON THE ENVIRONMENT
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RADIOACTIVE LEMONADE?
Nader's Public Citizen lists nation's 50 "nuclear lemons." The majority, including 7 of "top 10," designed by GE. (#11)

GREEN DOTS
G-7 summit "dotted" with enviro references. (#20)

TAXING CONFERENCE ON TAP
Next week's House-Senate conference on Clinton's budget will have to find $20-30B; higher gasoline, utility taxes may be targets. (#3)

L.A. DUMPS ON RECYCLING MANDATE
County will buck recycling trend, law by expanding landfill instead.
ALSO: NIMBYs, court orders, more expansions. (#10)

CLEAN AIR WAKE-UP CALL?
Working Assets Long Distance Co. asks customers to round out bills; will use extra $ to buy, retire pollution credits. (#8)

POWER LINE'S PITFALL
EPA nixes FL Power's bid for power line over wetlands. (#15)

SPOTLIGHT

PUBLIC LANDS: HUGE BILL FROM "DECADE OF NEGLECT"

Federal budget needs grew by roughly $150B yesterday.
That is one estimate, at least, of how much it would cost the public to clean up contamination on fed lands.
A House cmte report shows that the pollution, mostly caused by private firms and the military, continues to mount.
Rep. MILLER calls for the cleanups to be accounted for in the federal budget.
Interior Dept. blames a "decade" of "neglect." (#1)
If the gov't decides to fund the cleanups, it may tap higher land use fees.
Babbitt is in Flagstaff, AZ, today, attempting to sell ranchers on "simple" new grazing fees, enviro standards.
But one academic says Babbitt's plan could be a "nightmare." (#2)

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

"Getting them to admit they made a mistake ... is a miracle event in itself."
-- Rep. Eric Fingerhut (D-OH), on an EPA proposal to reverse its policy requiring oxygenated gasoline for winter driving in Northeast Ohio. (#9)

GREENWIRE/DATABASE INDEX

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- PUBLIC LAND: Cleanups rival S&L bailout in cost. (#1)
- PUBLIC LAND II: "Nightmare" on the range? (#2)

SOCIETY AND POLITICS
- ENERGY TAX: Dems seek $20B-$30B; Bentsen is "counted on." (#3)
- GULF WAR VETS: Afflicted congressman "speaks out." (#4)
- NAFTA: Brown assures Latin America of implementation. (#5)

ENVIRONMENT AND THE LAW
- PULP MILL: Jury finds in favor of G-P facility. (#6)
- BENLATE: Internal memo appears in court. (#7)

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- ALLOWANCE TRADING: Phone customers pool $ to buy permits. (#8)
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SOLID WASTE
- LANDFILL ROUNDUP: Expansions, NIMBYs, court orders, more. (#10)

ENERGY
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- TOXIC WASTE: Future looks bright for "startup" company. (#13)
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GLOBAL ISSUES
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WORLDVIEW:
AUSTRALIA (#21)
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CALENDAR: WEEK OF JULY 10 - 17 (#25)
NOTICE: GREENWIRE HAS AN OPENING FOR A STAFF WRITER. PLEASE FAX RESUME, COVER LETTER TO 703-237-9100.

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

As many as 2,400 abandoned mines and oil and gas wells are scattered on national park lands, according to a report by the House Natural Resources Committee. (#1)

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

*1 PUBLIC LAND: CLEANUPS RIVAL S&L BAILOUT IN COST

American taxpayers face an "enormous" bill -- $150 billion or more -- to clean up federal lands contaminated by government agencies and private companies, a congressional study revealed 7/8. The study, entitled "Deep Pockets: Taxpayer Liability for Environmental Contamination" and conducted by the House Natural Resources Cmte, is the first attempt to calculate the "potential US government liability for federal cleanups." The study shows that contamination of the lands, most of which are under jurisdiction of the Dept. of Interior, "continues despite the tremendous costs of eventual cleanup." If "highly contaminated" Energy Dept. and Defense Dept. sites are added in, "the final bill would rival outlays for the savings and loan crisis." The cleanup is required under existing clean water and hazardous waste laws.

MILLER: Rep. George MILLER (D-CA), chairman of the cmte: "It extends to our national parks, forests, deserts and rivers. It has been caused in large measure by government policies that subsidized the exploitation of our natural resources at a time when we lacked the knowledge ... about the negative impact of those subsidies. ... What is truly frightening is that, despite our knowledge, we continue to subsidize activities without regard to their environmental -- and economic -- impacts." The report: "It would be imprudent to continue to ignore the outstanding debt as environmental impacts and cleanup costs mount higher" (William Eaton, L.A. TIMES, 7/9).

Among the report's findings:

-- Unexploded bombs and bullets litter about 2 million acres and at least 15 federal wildlife refuges;
-- 60 mine sites on BLM land are on the Superfund list;
-- As many as 2,400 abandoned mines and oil and gas wells are scattered on national park lands;
-- A "significant number" of abandoned underground storage tanks on Indian lands have not been adequately capped, threatening groundwater (AP/PHILA. INQUIRER, 7/9).
-- Tens of thousands of abandoned mines on BLM and US Forest Service land threaten safety and water quality.

The amount of land contaminated due to military exercises is about to grow as the BLM takes over bases closed due to cuts in the defense budget. Interior spokesman Jay ZIEGLER: "The report ... clearly reflects a decade of denial and neglect of the serious problems we need to confront in managing our public lands" (Tom Kenworthy, WASH. POST, 7/9). The report recommends that cleanup costs be included in the government's annual budget, "saying the environmental rehabilitation effort may never be adequately funded unless such action is taken" (W.S. JOURNAL, 7/9). NBC "Nightly News" anchor Tom Brokaw mentioned the report briefly on last night's newscast (7/8).

*2 PUBLIC LAND II: "NIGHTMARE" ON THE RANGE?

Interior Sec'y Bruce BABBITT "says he wants new grazing fees and standards" for enviro protection to be simple and easy for ranchers to follow, but the plan "is beginning to look impossibly complex," reports Martin Van Der Werf in the ARIZONA REPUBLIC. The focus of Babbitt's plan has "shifted" to rewarding ranchers who protect streambeds, avert erosion and help the range "to sustain itself." Babbitt is considering compensating ranchers who show "good stewardship" of the land with longer-term grazing contracts and a locked-in fee. He also is reportedly looking at lower fees for smaller, family-run ranches and varying rates based on geography. Jay ZIEGLER, Interior spokesman: "At the bottom of this, [Babbitt] wants to see a policy that keeps ranchers on the range." However, according to Richard OMART, professor at the Arizona State U. Center for Environmental Studies, administering a program such as the one being considered by Babbitt would be "a nightmare." Babbitt is scheduled to hold the fifth in a series of public hearings on grazing fees today in Flagstaff, AZ (7/9).

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

*3 ENERGY TAX: DEMS SEEK $20B-$30B; BENTSEN IS "COUNTED ON"

Facing "sharp" internal differences, unanimous GOP opposition and the need to raise more revenue, Democrat leaders' "aim is clear," says a tax committee aide: "Find something that will pass. In the Senate, the math is startlingly simple. You can't lose one vote." White House aides "will be more engaged" in the search for compromise than they were in the Senate struggle, but won't "get in their way." Rather, Pres. CLINTON again will ask the conferees to find a compromise that adheres to his "principles," which include a one-to-one ratio of spending cuts to tax increases, $500 billion in deficit reduction over the next five years, and an energy tax. One WH official: "What we are concerned about is not letting energy taxation control this debate. ... Our strategy is to get people to understand that this is positive. ... This is investment; this is job growth" (Linda Feldmann, C.S. MONITOR, 7/9).

"FIERCE" LOBBYING: WH CoS Mack McLARTY and Budget Dir. Leon PANETTA will lead the admin. team on Capitol Hill, but Treasury Sec'y Lloyd BENTSEN will be "counted on in the crunch" ("Washington Wire," W.S. JOURNAL). The conferees "must find $20 billion to $30 billion in revenues" and may consider higher gasoline and corporate taxes, or a tax on utility bills. Energy lobbyists "moan" over the exclusion of Sens. David BOREN (D-OK) and John BREAUX (D-LA) from the conference, but the hydroelectric power industry "pins its hopes" on conference member Sen. Max BAUCUS (D-MT), who is "sympathetic" to their needs. The American Trucking Assn "works to spread the energy tax to other groups," but utilities "fiercely counter" that a utility tax could boost consumer bills by "up to 10%" (7/9).

*4 GULF WAR VETS: CONGRESSMAN "SPEAKS OUT"

Rep. Steve BUYER (R-IN), who suffers from a "damaged immune system" resulting from allergic reactions developed while serving in the Persian Gulf War, has decided to "speak out." The congressman is "testifying at hearings, co-sponsoring relief legislation, and transforming his office into a clearinghouse" for vet complaints. Standing beside Reps. Joe KENNEDY (D-MA) and Lane EVANS (D-IL) on 6/15, Buyer introduced a bill "to provide immediate health care" for Gulf vets. Buyer contends the illness "is affecting several thousand veterans," and believes his complaints lend "credibility" to those who have the disease. Legislation is pending before the Veterans Admin. Cmte and is "expected to pass later this month" (Steve McGonigle, DALLAS MORNING NEWS, 7/7).

*5 NAFTA: BROWN ASSURES LATIN AMERICA OF IMPLEMENTATION

US Commerce Sec'y Ron BROWN said at the Venezuelan-American Chamber of Commerce in Caracas 7/8 that he expects NAFTA will be in place by the 1/1/94 target date, "even if a court ruling ordering an environmental impact study of the accord is upheld." The EPA, he said, had "assured" him an EIS could be completed in 45 to 60 days. Brown, stressing the Clinton admin.'s commitment to NAFTA and Latin America in general: "With suitable side agreements, NAFTA will mark the beginning of a hemispheric process of open trade" (INVESTOR'S BUSINESS DAILY, 7/9). Brown will be in San Antonio 7/15-16 to co-chair a conference on financing infrastructure projects, including water treatment plants and power stations, on the US-Mexico border. Energy Sec'y Hazel O'LEARY and EPA Admin. Carol BROWNER will also be among the five cabinet members attending the "first of its kind" meeting (JO. OF COMMERCE, 7/9).

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

*6 BENLATE: INTERNAL MEMO APPEARS IN COURT

As Du Pont began defending itself this week in the first of hundreds of trials regarding its fungicide Benlate DF, a memo reappeared, written by two Du Pont scientists four months after the firm recalled the fungicide. The 7/91 note, written by Larry GILLHAM and Erick SEAY, says that Benlate DF "was the only common denominator with all the complaints" coming from growers alleging crop damage. The scientists said "weather, insects, disease and growing practices did not appear" to be causes of plant damage. However, those are the reasons Du Pont cites as the cause of plant destruction. Seay testified: "As I remember, we couldn't come up with any environmental factors." Seay also mentioned that some of his research had "mysteriously disappeared" after he mailed it to the company's Wilmington, DE, headquarters. Du Pont officials say that after spending $12 million studying the claims, "it conclusively proved that Benlate did not cause the damage" (Paul Power, TAMPA TRIBUNE, 7/8). Du Pont spokeswoman Pat GETTER: "It's a scientific issue being tried not only in a legal arena but also in an emotional one. The strength we have going is in the science" (Marc Rice, AP/PHILA. INQUIRER, 7/7). The outcome of the federal trial now underway in Columbus, GA, will influence how 400 similar cases against the company will proceed, experts say (Paul Hoversten, USA TODAY, 7/7).

*7 PULP MILL: JURY FINDS IN FAVOR OF GEORGIA-PACIFIC FACILITY

A Harrison County, MS, jury decided 7/8 that wastewater from a Georgia-Pacific pulp mill did not damage private property, reports Sharon Ebner in the Biloxi (MS) SUN HERALD. Chuck EUDY, Georgia-Pacific spokesman: "We're ready to take on the next few hundred cases." Thousands of southern MS residents are suing the company's Leaf River Pulp Operations as well as International Paper's Moss Point Mill over wastewater containing dioxins and furans discharged into the Leaf and Escatawpa rivers. The 7/8 verdict was the first time in three such trials that a jury found in favor of G-P's mill. An atty representing the plaintiffs, Robert TAYLOR: "They have a right not to be exposed to something that may cause them harm." Irwin STOLTZ, another atty representing the plaintiffs: "We don't know where we missed with the jury" (7/9).

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

*8 ALLOWANCE TRADING: PHONE CUSTOMERS POOL $ TO BUY PERMITS

San Francisco-based Working Assets Long Distance telephone company has developed a program to help its 100,000 customers buy sulfur dioxide emission permits and take them off the market forever. Working Assets is encouraging its customers to round their bill payments up to a higher amount so the company can then pool the extra money to buy and retire emission permits. Customers also get a tax deduction for the amount they round up. Every dollar will keep about 10 pounds of sulfur dioxide out of the air, according to Working Assets Pres. Peter BARNES. CEO of Working Assets, Laura SCHER: "We expect our customers to buy about 600,000 pounds. That's 600,000 pounds of sulfur dioxide that will never go up a smokestack -- a very tangible contribution to clean air" (WA release/GREENWIRE sources).

*9 OXYGENATED FUELS: EPA PROPOSES TO REVERSE FUELS POLICY

EPA announced 7/6 that more expensive, oxygenated gasoline may not be needed for winter driving, which would save motorists money and increase gas mileage, reports Michelle Ruess in the Cleveland PLAIN DEALER. The proposed reversal is expected to save Northeast Ohio consumers about $20 million. Northeast OH was among 39 metropolitan areas nationwide required to sell only cleaner-burning fuel from 11/92 through 3/93. OH officials have argued all along that air quality in the region is "acceptable." Rep. Eric FINGERHUT (D-OH): "This is an example of how government regulators and bureaucracy overreach. Getting them to admit they made a mistake I suppose is a miracle event in itself." If air quality in Northeast OH worsens, oxygenated fuel requirements could be reinstated, EPA warned (7/7). Some OH gas stations, including all BP Oil outlets, are still selling oxygenated fuels five months after the winter fuel requirement ended. OH is one of six states without a program requiring inspection of gasoline from the pump (Ruess, PLAIN DEALER, 7/8).

EDITORIAL: EPA's conclusion "that Cleveland is in compliance with federal law is a major breakthrough in itself, given their predecessors' stubborn adherence to the contrary position" (PLAIN DEALER, 7/8).

CAR CRACKDOWN: CHICAGO TRIBUNE columnist Stephen Chapman, calling for a "crackdown" on polluting cars: "Focusing on dirty cars will not gratify those who think the problem lies with everyone who drives a conventional car using conventional fuel. It has the advantage, though, of promising to improve our air without restricting our mobility or depleting our wallets (7/8).

============== SOLID WASTE ==============

*10 LANDFILL ROUNDUP: EXPANSIONS, NIMBYs, COURT ORDERS, MORE

EXPANSION OVER RECYCLING: "Bucking a statewide mandate for municipal recycling and waste reduction," the Los Angeles, CA, County Board of Supervisors on 7/6 approved a plan to "greatly expand" the area's largest dump and continue "controversial" preparations for hauling trash out to the desert for disposal. The board defended its plan, saying that "with landfills reaching capacity, new ones opening slowly amid great controversy, and recycling efforts showing spotty results," the landfill expansion is needed to resolve the county's "garbage crisis." County Supervisor Deane DANA says the Puente Hills landfill "is a critical element to meet the county's necessary disposal capacity." However, enviros criticize the county for "subsidizing landfills rather than bolstering recycling and waste reduction" (Maria LaGanga, L.A. TIMES, 7/7).

LAND THREATENED: A proposed "reserve" dump site near Dayton, OH, is angering local farmers whose land might be seized for the project. The dump would only be built if "private companies failed to create a landfill," though community opposition has blocked such efforts to date. Farmers have also expressed concern about possible groundwater contamination from the dump. Allen BLAKEY, National Solid Wastes Management Assn spokesman: "The dangers of landfills built to today's standards are negligible. ... I would not fear living close to a landfill built to today's standards" (AP/Cleveland PLAIN DEALER, 7/7).

COURT UPHOLDS SHUTDOWN: The Arkansas Supreme Court upheld an earlier decision that closed a landfill and prevented it from accepting out-of-state garbage. Although tests of nearby groundwater showed pollution was "within acceptable contamination limits," a lower court ruled that the landfill posed a potential health hazard and was a public nuisance (AP/Little Rock ARKANSAS DEMOCRAT-GAZETTE, 7/7).

"SPOTLESS" DUMP BRINGS IN BUCKS: Ohio County, KY's second leading source of revenue next to property taxes is now its new "massive" landfill. The dump, which is contained by an "elaborate" liner system, is "an example of how a landfill should be operated." The dump "has an excellent environmental record," according to enviro inspector Leonard CLARKSON: "It's spotless." However, some residents complain about the dump trucks' noise and the litter along highways that lead to the landfill (AP/Louisville COURIER-JOURNAL, 7/6).

"DUMP THE DUMP": 150 protesters, chanting "Dump the dump," held a meeting and rally on 7/3 against a proposed landfill to be located about one mile north of Pontotoc, MS. The builders of the landfill contend that it will be a safe, state-of-the-art dump and expect to obtain the permit "to begin building the landfill" next month. Connie TUCKER of the Southern Organizing Cmte: "Civil disobedience is what this town can expect if they site this landfill. There is no such thing as a non-hazardous landfill" (Jill Smith, Jackson CLARION-LEDGER, 7/4).

============== ENERGY ==============

*11 NUKE PLANTS: PUBLIC CITIZEN LISTS NUKE "LEMONS"

Plant Hatch, in Baxley, GA, is ranked the worst nuclear plant in the nation for emergency shutdown procedures, and the 10th worst reactor overall in the US, according to a report released 7/8 by Public Citizen. Tripp CAGLE, spokesman for Georgia Power, which operates the plant: "This is misleading propaganda that's been compiled by an anti-nuclear group. The fact that the group is an admitted anti-nuclear group makes its report highly suspect." The report concludes that reactors designed by General Electric make up the majority of "the worst" nuke reactors. The report, "Nuclear Lemons," is based on ratings of 11 areas of safety and performance. Public Citizen is calling for a congressional investigation of GE reactors across the US. Joan CLAYBROOK, pres. of Public Citizen: "Just as a car that's a lemon is taken off the road, these nuclear lemons should be shut down before they melt down" (Scott Bronstein, ATLANTA CONSTITUTION, 7/9).

THE LIST: Public Citizen's Top Ten "Nuclear Lemons" (Andrew Maykuth, PHILA. INQUIRER, 7/9):

REACTOR	MAKER	LOCATION
1. Washington-2	General Electric	Richland, WA
2. Trojan	Westinghouse	Prescott, OR
3. Brunswick-2	GE	Southport, NC
4. Dresden-2	GE	Morris, IL
5. Brunswick-1	GE	Southport, NC
6. Fitzpatrick	GE	Scriba, NY
7. River Bend 1	GE	St. Francisville, LA
8. Palisades	Combustion Engineering	South Haven, MI
9. Fort Calhoun-1	Comb. Engin.	Ft. Calhoun, NE
10. Hatch-1	GE	Baxley, GA

*12 NATURAL GAS: CLINTON ADMIN. "UNLIKELY" TO STOP FL DRILLING

The Clinton admin. is "unlikely" to halt an exploratory natural gas drilling rig proposed by Chevron off the coast of Pensacola Beach, FL, said Bob ARMSTRONG, Assistant Interior Sec'y, in a meeting 7/7 with FL Gov. Lawton CHILES (D). However, allowing oil or gas production at the site or any other location is "another matter entirely," Armstrong said. The admin. is considering whether to ban production until the completion of environmental impact studies. Armstrong: "We are going to make science the controlling factor in these decisions." Sen. Bob GRAHAM (D-FL) is currently drafting a letter to be signed by FL's entire congressional delegation urging Interior Sec'y Bruce BABBITT to institute a ban on offshore drilling and reverse the decision that allows for natural gas exploration off Pensacola Beach (Curt Anderson, AP/TALLAHASSEE DEMOCRAT, 7/8).

============== MARKETPLACE ==============

*13 TOXIC WASTE: FUTURE LOOKS BRIGHT FOR "STARTUP" COMPANY

Molten Metal Technology Inc., a Waltham, MA company, is putting the finishing touches on a waste disposal system that destroys hazardous materials and recovers their basic elements in the form of gases, metals and other inorganics. The recovered materials can then be used by industry. The company is currently losing money, but has nearly $60 million in cash from public and private investors and lists corporate collaborators such as the Du Pont Co. Molten Metal is still six months to a year away from selling the system to an industrial customer and has yet to complete tests on the technology, yet some analysts predict the company will have revenues approaching $150 million by 1997 (Ronald Rosenberg, BOSTON GLOBE, 7/7).

*14 TECHNOLOGY: DETECTION SYSTEM COULD HAVE CLEAN AIR USE

A group of researchers at Los Alamos National Laboratory is studying a new system that uses lasers, telescopes and computers to detect and follow aerosol particles and chemical clouds. The system -- light-detection and ranging technology, or LIDAR -- could be used to identify sources of smog. It could also detect incoming missiles or nuclear weapons development from hundreds of miles away. A range of chemically specific LIDARs is being developed for both defense and civilian use. The EPA is one possible customer for the technology, according to David HOLTKAMP, dir. of the Los Alamos program. Holtkamp says LIDARs could also be used to detect air pollution and aid in highway traffic management (AP/LOS ALAMOS MONITOR, 7/7). (Also see #21).

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

*15 FLORIDA: POWER LINE STILL GETS A GREEN THUMBS DOWN

Despite efforts "to make it more environmentally friendly," the EPA again recommended against a Florida Power Corp. plan to build a new power line over wetlands. EPA officials still believe the plan to build a new 44 mile line "damages more wetlands than it should." Florida Power believes that its new plan would only require filling in 0.07 acres of wetlands, down from the 45 acres that would have been destroyed under its previous plan submitted last year (Jennifer Orsi, ST. PETE TIMES, 7/8). ST. PETE TIMES editorial: "Despite these changes, it is hard to imagine how any project this size could actually 'tiptoe' across" wetlands (7/8).

*16 MINNESOTA: REPORT LISTS WAYS TO CUT RUNOFF POLLUTION

A committee "charged with identifying how water quality can be improved" in a chain of lakes near Minneapolis recommends a full range of steps to reduce the amount of runoff pollution into the lakes. The committee recommends that citizens reduce their contribution to runoff by recycling and properly bagging grass clippings. "More costly measures" include rehabilitating wetlands on the lakes and diverting a water pipeline to reduce phosphorus levels in one of the lakes. The report warns: "The absorptive capacity of the lakes for urban pollutants has been used up" and that water pollution levels "serious enough to affect boating, sailboarding and swimming will inevitably occur" unless corrective measures are taken soon (Dean Rebuffoni, Minneapolis STAR TRIBUNE, 7/8).

*17 NEW YORK: ACCORDS REACHED ON CLEAN AIR, ENVIRO FUNDS

With a few exceptions, this year's New York legislative session is likely to be "remembered most for what did not get done," reports Kevin Sack in the N.Y. TIMES. The legislature did not find a solution to storing the state's low-level radioactive waste, despite the fact that South Carolina may stop accepting NY's waste. However, during the "final, frazzled moments" of the session, the legislature and Gov. Mario CUOMO (D) reached compromises on two enviro issues -- one will help the state comply with the Clean Air Act and the other will create a special fund for land preservation, landfill closure and other enviro purposes. The enviro trust fund is set to spend $100 million a year by the 1996-97 fiscal year (7/9).

*18 OHIO: FIRE SPARKS ACTION AGAINST TOXIC "CRIMINALS"

State and Cleveland city officials on 7/7 announced plans to create a task force to find and punish people that dump toxic chemicals in abandoned buildings. The announcement was in response to a downtown Cleveland fire on 7/4 that was in part fueled by abandoned toxic chemicals. The task force will "force people to take care of the chemicals on their properties before selling or abandoning those properties." Cleveland mayor Michael WHITE believes toxic waste disposal laws should be changed so that city officials can "freeze the personal assets of the polluter, [so] you have their attention" (O'Donnell/Marrison, Cleveland PLAIN DEALER, 7/8). Cleveland officials are "asking the state for $4.5 million to help clean up the mess" left by the downtown blaze (Benjamin Marrison, PLAIN DEALER, 7/8).

*19 TEXAS: HOUSTON TO CONTINUE FIGHT AGAINST UNDERGROUND DUMP

The Houston City Council on 7/7 voted unanimously to continue the city's efforts to block the dumping of "thousands of tons" of hazwaste underground near Lake Houston. The Texas Water Commission in 1/93 denied a request by the private Connecticut-based firm "to store as much as 1,000 tons of waste per day in giant caverns near Lake Houston, which supplies much of the city's water." The firm is suing the commission. City Attorney Benjamin HALL III had recommended on 6/18 that the city withdraw from the fight, believing that "there was little to add to efforts by the state attorney general." His recommendation drew "fire from environmental activists," leading to the city council's vote (R.A. Dyer, HOUSTON CHRONICLE, 7/8).

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

*20 G-7: SUMMIT "DOTTED" WITH ENVIRO REFERENCES

At the G-7 meeting in Tokyo, the US "squeezed out extra contributions" for Russian aid at the last minute, giving Pres. CLINTON $3 billion of his $4 billion target. Clinton called aid to Russia "the single most important foreign policy initiative the [G-7] members were undertaking." The summit "was dotted with references to the environment, including a US-led demand that the World Bank make environmental impact statements on its projects" (Wessel/ Birnbaum, W.S. JOURNAL). According to the communique, "environmental issues remain a high priority despite difficult economic times. ... Urgent safety measures ... need to be implemented rapidly" for nuclear plants "still causing great concern" (GREENWIRE sources). One of the "few summit surprises" came from Japan, when it refused to "commit itself publicly ... to an indefinite extension of the nuclear Non-Proliferation Treaty" (Williams/Blustein, WASH. POST).

GATT: World Wide Fund for Nature and Friends of the Earth called on the G-7 countries and other Contracting Parties to launch an enviro impact assessment on GATT. WWF's Charles ARDEN CLARK: "The environmental shortcomings of the Uruguay Round have an enormous potential for causing damage, simply by virtue of the global nature of GATT" (WWF release). (All cites 7/9.)

============== WORLDVIEW ==============

*21 AUSTRALIA: NEW EQUIPMENT SHEDS LIGHT ON POLLUTION

New monitoring equipment that gauges pollution by a beam of light was demonstrated 7/7 at the corner of Broadway and Harris Street, one of Sydney's busiest intersections. Scientists found "relatively high levels of the lung irritant nitrogen dioxide," and, probably because it was a cloudy day, low levels of ozone. Most worrisome were high levels of benzene, a carcinogenic gas from gasoline. U. of Technology's Brent YOUNG, who is testing the system along with Michael DAWSON: "We would not like to breathe those levels of benzene in the laboratory." The Danish instrument "can simultaneously detect ozone, nitrogen dioxide, sulfur dioxide, formaldehyde, benzene, toluene and xylene" (SYDNEY MORNING HERALD, 7/8). (Also see #14).

*22 SWITZERLAND: TAXES CONSIDERED BY ENVIRO MINISTRY

The Swiss government may introduce "steering" taxes to its 1983 Environmental Protection Act. The taxes, in which "the revenue raised is 'steered' ... back into the same industrial sectors," are being considered for fertilizers, VOCs and carbon dioxide emissions. A formal proposal for discussion will be introduced this winter at the earliest by the environment ministry (Sutton [UK] EUROPEAN CHEMICAL NEWS, 7/5).

*23 JAPAN: ACTIVISTS SUE TO SHUT DOWN AGING REACTOR

A nuclear reactor located in the Fukui Prefecture "is in worse condition than those in the [US], including the Trojan nuclear plant in Oregon, according to" Robert POLLARD of the US-based Union of Concerned Scientists, "who played a key role in the shutdown of that facility." Pollard arrived in Kyoto to meet 111 local activists who are suing Kansai Electric Power Co. over the operation of the Takahama nuke plant in Fukui. A report by the utility shows over 6,000 of Takahama's 10,800 tubes are "flawed," according to plaintiff Hideyuki Koyama. Litigation is continuing in the Takahama case, marking "the first time a Japanese court has had to consider using its authority to close down a reactor. ... If a ruling against the company is handed down later this year, it will probably have a large impact on Japan's nuclear power debate" (Tokyo JAPAN TIMES, 7/6).

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

*24 ON THE AIR

FLOODING: The massive Mississippi River floods are bringing raw sewage and contamination to river communities, NBC's Dawn Fratangelo reports. Residents who have private wells are being advised to boil water before drinking it ("Nightly News," 7/8).

FISH STORY: NBC's Tom Brokaw reported on the huge profits being made from seafood sales in Japan. Brokaw: "It doesn't take a math genius to figure out that in Japan, a big tuna means big bucks." Enviros claim that tuna fishing amounts to "a rape of the high seas" ("Nightly News," 7/8).

CONSERVATION: Conservationists in South Africa are lauding the destruction of a fence that surrounded a wildlife preserve for more than 30 years, reports Joe Oliver on CNN's "World

Report." Officials say the fence was endangering the lives of animals in the preserve. The removal of the fence has resulted in the creation of one of the largest conservation areas in Africa, totalling over 2 million hectares (7/8).

============= CALENDAR =============

*25 WEEK OF JULY 10 - 17

11 -- POPULATION: United Nations' "World Population Day," New York, NY. Contact: (212) 297-5032.

12-16 -- CLEAN WATER: American Chemical Society's "Ninth Annual Waste Testing and Quality Assurance Symposium," Arlington, VA. Contact: ACS - (202) 872- 6286.

14-15 -- AGRICULTURE: Leopold Center for Sustainable Agriculture's "Who Will Farm the Land? Changes and Choices for IA Agriculture," Ames, IA. Contact: Anne Larson (515) 294 0626.

# # # #

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

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

CREATION DATE/TIME:23-JUL-1993 13:10:00.00

SUBJECT: Foreign Media Reaction - Early Report 7/23/93

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

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TO: Steven Akey (AKEY_S) (WHO)
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TO: Janet Handal (HANDAL_J) (WHO)
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TO: Christine A. Varney (VARNEY_C) (WHO)
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TO: Julie Oppenheimer (OPPENHEIME_J) (WHO)
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TO: Mary H. Anton (ANTON_M) (OA)
READ: UNKNOWN

TO: Gordon Li (LI_G) (WHO)
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

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: Laura D. Schwartz (SCHWARTZ_L) (WHO)
READ: UNKNOWN

TEXT:

==================== ATTACHMENT 1 ====================
ATT CREATOR: Bureau of Policy and Programs (1=US@*RFC-822\usia01(a)access.digex.net@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)

ATT CREATION DATE/TIME:23-JUL-1993 11:55:00.00

ATT BODY PART TYPE: B

ATT SUBJECT: Early Report, July 23

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ATT TO: Jack Belcher (1=US@*RFC-822\jbelcher(a)hr.house.gov@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: jonathan gill (1=US@*RFC-822\jpg+(a)campaign92.org@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: Mary Icenogle (1=US@*RFC-822\micenogl(a)se2e800a.pa.osd.MIl@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: Mike Stepp (1=US@*RFC-822\MStepp(a)se2e800b.pa.osd.miL@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
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ATT TO: Wendy Burt (1=US@*RFC-822\wburt(a)se1e794a.pa.osd.mil@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
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ATT CREATION DATE/TIME:23-JUL-1993 11:55:00.00

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ATT SUBJECT:

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UNITED STATES INFORMATION AGENCY
FOREIGN MEDIA REACTION--Early Report

For further information: Anne Chermak, Chief
Media Reaction Staff (P/M), Tele. No. (202) 619-6511

Friday, July 23, 1993

CHRISTOPHER'S EAST ASIA MISSION: A FULL PLATTER

According to the press in East Asia, Secretary of State Warren Christopher faces a full platter when he attends the ASEAN Post-Ministerial Conference in Singapore next week. Writers pointed out that Mr. Christopher will have as his major objective the selling of a plan to consolidate trade relations in an informal APEC summit in Seattle in November, as proposed by President Clinton.

However, it would appear from commentaries that issues of regional security are uppermost among the concerns of ASEAN member nations. It was noted that the U.S. has indicated its willingness to discuss regional security. In fact, as one writer pointed out, following reports that China is providing missile technology to Pakistan, Mr. Christopher is expected to raise the question of China's export policy of weapons of mass destruction with Chinese Foreign Minister Qian Qichen. Press reports covered a wide-ranging agenda for the meeting, including human rights, stability in Cambodia and Vietnam, and the development of a flexible mechanism that will permit ASEAN to quickly respond to security needs.

BOSNIA: PEACE AT ANY COST

Western and Muslim commentators focused on the perception that the West--principally the U.S., Britain and France--are staging a "diplomatic retreat" from the war in Bosnia by refusing to heed Bosnian President Izetbegovic's call for help for Sarajevo. The spotlight, however, was on the Clinton administration, with several stressing Secretary Christopher's statement that the Europeans would not agree with American recommendations.

Dailies in Paris warned about the dangers of this "peace at any cost" policy. In Munich, centrist Sueddeutsche Zeitung said a hoped-for "balance of terror" between Serbs and Croats will not endure. Observers in Cairo and Medan, Indonesia, reiterated charges that the West is looking the other way because most of the victims are Muslims.

BRIEF
Clinton Administration

EDITORS: Mildred Sola Neely, Herman W. Henning, Jr.

CHRISTOPHER'S EAST ASIA MISSION: A FULL PLATTER

Japan "U.S. Offers A Compromise"

Business-oriented Nihon Keizai's Washington correspondent Komago filed today, "The Clinton administration has informed APEC member countries that the Seattle conference will be an informal session and its subjects limited to economic issues. The United States has apparently downgraded the Seattle meeting into an informal APEC economic summit in consideration of growing ASEAN reluctance or opposition to President Clinton's original proposal for hosting a summit-level forum to discuss trade and security between the United States and the Asia and Pacific region. The latest U.S. move, which is considered a compromise, is expected to make the Seattle conference more feasible and productive."

Australia "Christopher Set To Discuss Regional Security"

The liberal Sydney Morning Herald today had a Singapore byliner which read, "Asian nations...are set to establish an 18-nation forum to discuss ways to promote peace and security.... ASEAN agreed to take the lead in organizing a forum after the U.S. Clinton administration broke with its predecessor and made clear its willingness to participate."

"Christopher Will Discuss Issue Of China's Arms Exportation"

The foreign editor for the conservative Australian commented from Singapore, "The presence of so many of the region's foreign ministers will facilitate a wide range of bilateral meetings. The U.S. Secretary of State Warren Christopher will raise with the Chinese Foreign Minister Qian Qichen, on Sunday, the issue of China exporting weapons of mass destruction, particularly missile technology to Pakistan."

"ASEAN Must Be Flexible"

Melbourne's liberal Age opined, "Crucial to the meeting's success will be whether ASEAN is flexible enough to agree to act quickly to establish a forum that can accommodate extended dialogue before any serious security problems arise.... Diplomacy within ASEAN is notoriously slow, with every policy debated, redebated and mulled over, sometimes for years."

"ASEAN Must Find New Ways To Remain Competitive"

An op-ed article in the regional West Australian stated, "The economic performance of the Association of South-East Asian Nations makes a mockery of the Group of Seven.... As the big industrial powers struggle out of recession, economic growth for the six members of ASEAN...is expected to nudge seven percent next year.... "But because these countries face increasing competition from nations with even lower wages, such as China, Vietnam and Laos, they will have to look increasingly at new ways to remain competitive."

South Korea "Multilateral Security Is Important"

A commentary in pro-business Joong-Ang Ilbo said, "The ASEAN Post-Ministerial Conference (PMC) has significant importance in that the nations concerned will explore politico-security dialogue on a multilateral dimension and not on a bilateral one. The United States and South Korea think that they can formulate a consultative apparatus designed to assume a complementary role in support of the ASEAN, while the ASEAN are reluctant to see the creation of a multilateral security dialogue outside the domain of the PMC. This may hinder the participants in the PMC from drawing a conclusion from their discussions during the Singapore talks."

"ASEAN Will Find Staying Away From U.S. Influence Difficult"

Anti-establishment Hankyoreh Shinmun held, "ASEAN nations may find it difficult to stay away from U.S. influence in formulating an independent regional security device."

"'New Pacific Ideas' Face Crucial Phase"

Conservative Segye Ilbo pointed out, "The United States expects more than 12 nations to join in the APEC summit. But, if ASEAN nations join Malaysia in boycotting the summit and China sides with them, this will either nullify the summit or water down the significance of it."

Indonesia "ASEAN Should Stick To Discussions On Regional Security"

Th pro-government Indonesia Times observed in this editorial, "Earlier reports say that ASEAN sessions will deal with the question of nuclear non-proliferation in the Korean peninsula and the civil war in Bosnia-Herzegovina. If all these issues are taken up, it is evident that the Singapore talks might be submerged by things beyond the region's immediate and priority concern.... ASEAN should...avoid being dragged into discussions of matters that could be better handled at other fora."

Thailand "ASEAN Fails To Reach Common Ground"

The business section of the mass-circulation, English language Bangkok Post carried a report by Nusara Thaitawat and Woranant Krongboonying, on assignment in Singapore, that read, "The draft communique expected to be adopted by ASEAN's annual ministerial meeting tomorrow and Friday appears to reject a U.S. proposal to upgrade the Asia-Pacific Economic Cooperation (APEC) group into a forum for trade negotiations. The draft says ASEAN reaffirms that APEC should be a consultative body....

"After three days of serious discussion ASEAN senior officials are still unable to reach a common stand on an invitation by U.S. President Bill Clinton to attend an informal APEC leadership summit."

"Norodom Invited To Attend ASEAN"

The independent, English-language Nation's regional editor Kavi Chongkittavorn wrote, "The last-minute decision to invite Cambodian Foreign Minister Prince Norodom Sirivudh to attend...is a good indication of ASEAN's renewed interest in post-election Cambodia."

?BOSNIA: PEACE AT ANY COST?

France "U.S. Administration Thinks It Is Powerless"

Remarking on the Christopher press conference Wednesday, today's influential Le Monde front-paged this article by Washington correspondent Alain Frachon: "The tone as well as the substance of the secretary's statement confirmed the about face of the U.S. policy toward Bosnia. From tendencies for military and diplomatic activism...Washington's policy shifted to disengagement, because the administration thinks it is powerless."

"Embarrassed Silence"

Conservative Le Figaro's Renaud Girard observed, "In Washington, Paris and London, embarrassed silence is accompanying the agony of the young state.... The U.S. administration seems to have no interest anymore in the conflict. Washington uses the pretext of open divergences with its European allies for doing nothing more in favor of the legal government in Sarajevo....

"Since...restoring Bosnian sovereignty by force is a mirage--due to the absence of the Americans--Paris and London are striving to convince President Izetbegovic's government to accept the proposal of its Serbian and Croatian enemies--i.e. a partition of the country into three 'ethnically homogeneous' zones. But this return-to-peace-at-any-cost thesis cannot be expressed out loud, because it is in direct opposition with the long series of solemn statements...which the Europeans have been making over the last 15 months."

"A Dangerous Slogan For Europe"

Jean-Pierre Zehnder concluded in regional L'Est Republicain, "Peace at any cost: That is a dangerous slogan for a Europe which fears falling into the mistakes of the past."

Germany "No Balance Of Terror In The Balkans"

Munich's centrist Sueddeutsche Zeitung said in an editorial by Jens Schneider, "Since the international community now has to deal with several villains (Serbia and Croatia), it has a welcome justification for its failure to give assistance to the civilian victims.

"And it will ease the bad conscience of the Europeans, since they are now tacitly accepting the distribution of the war booty among the victors (of this war).... The cynical hope is that the Balkan conflict will come to an end in a balance of two equally bad powers....

"The world will have to discover that a stabilizing balance of terror will not exist in the Balkans. The small, more harmless Croatia does not have--irrespective of the tones of its president--the power to keep bigger Serbia at bay. Those who still pin their hopes on a balance of terror, should not hope for a quick end of the war."

"A War About To Be Forgotten"

Thomas Seim noted in centrist Westdeutsche Allgemeine of Essen, "Nothing has changed in Bosnia. Every day people die there, women are raped, men are maimed, and children become mental wrecks. And a new large-scale offensive is going on against Sarajevo...but the daily reports about peace missions, peace talks and cease-fires have died down.... We cannot reject the impression that the Balkan war has become a football of international politics and national interests of the states which watch this war. But because this is so, a war in the center of Europe is about to be forgotten. And with it the people who are suffering from this horrible war."

Italy "UN Unprepared To Deal With Civil War"

Ernesto Galli Della Loggia's commentary on the front page of centrist Corriere della Sera stressed, "Bosnia and Kuwait are two very different cases, with the former belonging exactly to the kind of intervention for which the UN has been created--maintaining peace among states.... In Bosnia, we are talking about civil war, an event which the UN is totally unprepared to deal with. It is a political-military problem much more complicated than stopping aggression.... The example of Somalia shows that it is impossible to intervene in a civil war without siding with one or another of the warring factions and maintain neutrality. There cannot be 'peacekeeping' intervention which is not, at the same time, military intervention."

Sweden "The New Pilates?"

Am editorial in conservative Svenska Dagbladet pointed out, "The world community has stated quite clearly that the Muslims shouldn't expect Western military support to protect the enclaves that could have provided sanctuary for the Muslim population. The Americans, the British and the French have all made a diplomatic retreat, and President Clinton is washing his hands and putting the blame on the Europeans for failing to save peace in the Balkans....

"What is being said these days confirms a tragic fact: The UN and the Western democracies have lost their authority at a time when their abilities to deal with crises will be put to new tests."

Egypt "A Silent International Conspiracy"

Ahmed Taha, foreign news editor for influential, pro-government Al-Akhbar, wrote yesterday, "A silent international conspiracy met the Bosnian president when he directed a call last night to the world to save his capital from an imminent Serbian attack which can only be stopped by an immediate military intervention by the United States, the world's only superpower.... Until this moment, the only thing which is certain is that the United States will not intervene for a number of reasons. The first of these is that Bosnia is not an oil producing country; secondly, the people who are under attack are Muslims, and finally American President Clinton is occupied with the human rights issue of the decision to accept the recruitment of homosexuals in the U.S. Army, while the rights of old men and women and children in Bosnia are something else."

Indonesia "West Feigns Neutrality"

Stridently nationalistic Merdeka and its sister publication, the Indonesian Observer commented today in an article by Roeslan Abdulgani, "The West is feigning neutrality. But in reality they have imposed an arms embargo upon Bosnia through the UNSC. This means that the West is siding with Serbia and is exposing the Bosnian Muslims to genocide.... Seven OIC members have endorsed the deployment of their troops.... Western voices...have rejected this expedition...for fear of a renewal of the march of Islam of the 16th and 17th centuries.... The West feels it is facing a serious dilemma. Fighting Serbia with full strength means it is haunted by the possibility of a third Balkan war.... Allowing Serbia to commit aggression against Bosnia would be inviting Muslim troops into the Balkans."

BRIEF

CLINTON ADMINISTRATION

Germany "Another Truman?"

Washington correspondent Uwe Knuepfer filed this editorial for centrist General-Anzeiger of Bonn, "He who does nothing, can do nothing wrong. Maybe this popular wisdom can serve as some consolation for the U.S. president. Clinton has tackled a lot during his first six months in office. Some of it went wrong, some things were left incomplete.... Decisions must be made that require no less courage and will have implications as far-reaching as the creation of the Marshall Plan, the UN and NATO after World War II. Clinton has tackled all of this. Nothing has been finished, but how could it after having served only one-eighth of his term?...

"When America's post-war President Truman left office in 1952, his approval rating had dropped to a record low of 24 percent. Nowadays, Truman is being celebrated as a major historic figure.... Clinton has taken on a bundle. His tasks and his desire to do it right are no smaller than those of Truman.
"Should he succeed, the $200 haircut and 'Travelgate' will just go down in history as the kind of anecdotes that surround all politicians who are called statesmen."

"Another Breach Of Promise"

Business-oriented Handelsblatt of Duesseldorf's report by Washington correspondent Dietrich Zwaetz read, "A new breach of promise by the president is in the offing. Naturally Clinton cannot govern against the Congress. By the same token, he has not made a real attempt to assert his tax plan despite underlining recently that he would hold on to the energy tax increase. It is, however, questionable whether this increase will be larger than what was passed by the Senate.... And neither of the two raises (the House's and the Senate's) are enough to achieve the planned reduction by 1.5 billion tons in line with the 1992 resolution of the Rio enviromental summit.

"As a result, Clinton is in danger of failing both in enviromental as well as budget policy. No wonder that his reputation among his people keeps declining."

Britain "Hardest Blow For Clinton"

According to the conservative Times' Washington correspondent Martin Fletcher on the mood in the White House following the apparent suicide of Vincent Foster, "White House morale has collapsed yet further. Mr. Foster's death would have hit Mr. Clinton harder than any blow he has suffered since assuming the Oval Office.... There seemed little doubt that (Mr. Foster) was driven to kill himself by the extraordinary pressures of life at the pinnacle of power....

"Ronald Reagan brought experienced operatives from California. George Bush's men had mostly served in the Reagan White House. But nothing in Mr. Foster's small-town upbringing had prepared him for life in America's pitiless capital."

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

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

CREATOR: S. Collier Andress (ANDRESS_S) (WHO)

CREATION DATE/TIME:26-JUL-1993 13:08:00.00

SUBJECT: q& a's on the president's budget

TO: Mark D. Gearan (GEARAN_M) (WHO)
READ: UNKNOWN

TO: Steven A. Cohen (COHEN_SA) (WHO)
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: Jeremy M. Gaines (GAINES_J) (WHO)
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TO: Dawn A. Alexander (ALEXANDER_DA) (WHO)
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TO: Eric Berman (BERMAN_E) (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: Margaret A. Williams (WILLIAMS_MA) (WHO)
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TO: Rahm Emanuel (EMANUEL_R) (WHO)
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TO: Mark Gearan (GEARAN_M) (WHO)
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TO: Dwight Holton (HOLTON_D) (WHO)
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TO: Christine A. Varney (VARNEY_C) (WHO)
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TO: Natalie S. Wozniak (WOZNIAK_N) (WHO)
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TO: R. Paul Richard (RICHARD_R) (WHO)
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TO: Joshua Silverman (SILVERMAN_J) (WHO)
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TO: Andre C. Oliver (OLIVER_A) (WHO)
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TO: Maria M. Tio (TIO_M) (WHO)
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TO: Elizabeth A. Bernstein (BERNSTEIN_E) (WHO)
READ: UNKNOWN

TO: Julie A. Nash (NASH_J) (WHO)
READ: UNKNOWN

TO: A. Victoria Rivas-Vazquez (RIVASVAZQU_A) (WHO)
READ: UNKNOWN

TO: FAX (98638129,ken) (TLXA1MAIL_\F:98638129\C:ken\\ ) (DEFAULT)
READ: UNKNOWN

TO: FAX (2223,mr. holstein) (TLXA1MAIL_\F:2223\C:MR. holstein\\ ) (DEFAULT)
READ: UNKNOWN

TO: Floydetta McAfee (MCAFEE_F) (WHO)
READ: UNKNOWN

TO: Kimberly S. Hopper (HOPPER_K) (WHO)
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TO: Lavora R. Barnes (BARNES_L) (WHO)
READ: UNKNOWN

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

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

TO: Ann M. Cattalini (CATTALINI_A) (WHO)
READ: UNKNOWN

TEXT:
PRINTER FONT 12_POINT_ROMAN
Main Principles

? The Largest Deficit Reduction In History, $500 Billion Locked Away In A Deficit Reduction Trust Fund;
? A Return To Tax Fairness, Those Who Have the Most, Pay The Most--At Least 70 Percent Of The Tax Burden Must Fall On People With Incomes Above $200,000;
? Keep Faith With The Hard-Working Middle Class--Won't Ask Them To Pay More Than $50 A Year--About $1 A Week;
? Incentives To Spur Growth, Create Jobs.

Q & A
JULY 26, 1993

1. What is your response to Bob Dole's claims that CBO said that in January they projected 9.4 million jobs -

-

so that your plan would cost 1.4 million jobs. What is your response?

? After the last four years -- the worst record of private sector job creation since the Hoover Administration, I'd be happy to debate whether the economy will create 8 million or 9 million jobs. Under the Clinton Administration we've created an average of 148,000 jobs per month -- over seven times the rate of private sector job growth in the Bush Administration.

? Most serious people believe this economy will be seriously hurt if this plan does not pass. Listen to Alan Greenspan.

? The fact is that studies show that our plan can accomplish both deficit redcuction and 8 million new jobs. Studies released by the Joint Economic Committee and the National Venture Capital Association indicated that two of our small business incentives, alone will add 200,000 aditional jobs.

? What they are saying is that we can do nothing and create jobs. But we learned over the last four years that you can't do this - there was practically no job creation under the previous Administration.

2. The deficit problem was supposed to be solved by Gramm-

Rudman and
then by the 1990 budget agreement. Why should we think this plan will do the job?

? Credible Economic Forecasts: This is different because the President has used credible economic projections and forecasts of health care spending, instead of the rosy scenarios of the past. The Bush Administration used outrageous forecasts -- in some years estimating 4.1% GDP growth while at the same time the Blue Chip forecast was only 2.6% growth in GDP. Our plan uses growth projections that are more conservative than the Blue chip. So you have a new era here: credible numbers.

? Comprehensive Economic Plan with Targeted Incentives for Job Growth: This is different because it is not only a deficit reduction plan. The President's plan includes key investments -- tax incentives for our businesses and investments in our people -- that will spur economic growth and lead to more jobs.

? Positive Effects Are Already Occurring: The deficit has already been revised downward for this year by $25 billion, partly as a result of savings on federal debt service due to lowered interest rates.

? Financial Markets and Credible People feel our deficit reduction is real: Financial markets have reacted favorable to the President's plan, showing confidence that our deficit reduction is real. Since November, long term interest rates have dropped more than 100 basis points in response to the prospect of deficit reduction. Alan Greenspan and top CEOs have commended the plan as being serious about deficit reduction.

? The 1990 Budget Agreement Failed in Part Because of Erroneous Estimates. In July 1991, the Bush Administration submitted revised estimates that revealed that the Treasury Department had made a massive error in calculating the baseline for revenues. Dick Darman admitted that the Bush Treasury Department had made an error which caused them to have to raise their estimates for the deficit by $113.9 billion for the years 1991 through 1995 -- a $113 billion error!

3. Does the Clinton Plan hurt small business?

? No. In fact, the Clinton plan provides unprecedented incentives for small business to create jobs and sustain real growth. Only 4% of all business owners -- those taking home over $180,000 a year -- will pay more. And small business owners will receive or be eligible for a tax cut through increased expensing, a targeted capital gains cut and the extension of the 25% deduction for health insurance premiums for the self-employed. The average business owner affected by the higher income tax rates makes $560,000 a year and many of them are doctors, lawyers and consultants.

? Confidence in our plan has continued to lower interest rates and made it easier for small business to borrow money and we have taken steps to ease the credit crunch. The plan includes the following incentives:

- Increased expensing which will at least double the current $10,000 that small business is able to expense immediately.

- Targeted capital gains tax cuts aids small and medium-sized business with reductions that the National Federation of Independent Business has called "admirable for job creation." The Clinton plan also would retroactively extend the 25 percent deduction for health insurance premiums for the self-employed.

- According to studies by the Joint Economic Committee and the National Venture Capital Association at least 200,000 more jobs will be created as a result of these changes over 5 years.

? In contrast, in order to protect the wealthiest Americans from bearing their share of deficit reduction, the Republican alternatives would eliminate all the tax incentives for small business. There is nothing -- including incentives for small business growth and job creation -- that the Republicans wouldn't sacrifice to protect the rich from paying one red cent in new taxes.

4. Yes, but according to the National Federation of Independent Business (NFIB) those 4% of small businesses are the "gazelles" that created 70% of the jobs created by small business, right?

? This is a desperate tactic by opponents of the plan to try to confuse people. The 4% who are "gazelles" have no relation to the 4% paying higher taxes.

? The "gazelles" include both small businesses that benefit from our tax incentives and other small corporations that will not face any tax increase under this plan.

? Small businesses create American jobs. Today, small businesses employ 60% of the American workforce. President Clinton believes we need to create a business environment for all small businesses to expand and create jobs -- not just 4% of them.

? Let's get one thing straight. The Clinton plan is pro-small business. Here's why:

-- The Joint Economic Committee and the National Venture Capital Association released two independent studies last week that indicated that two provisions of the President's plan alone would create 200,000 small business jobs over the next five years.

-- Eight small business groups endorsed the plan this week: including the National Small Business United and the National Association for the Self Employed.

-- And only 4% of small businesses would pay higher income taxes under this plan -- while more than 90% will receive or be eligible for a tax cut.

5. Will the Clinton package hurt job creation?

? No. The Clinton Plan is Designed to Create More Jobs, High Paying Jobs, Better Job Skills and Stronger Job Opportunities: From deficit reduction to opening markets to job training, defense conversion and better schools -- we want to put people to work at better jobs in a stronger economy.

? Lower deficits mean lower interest rates. Longterm interest rates recently reached a 16 year low -- lowering costs for businesses to expand and create jobs.

? Return to Private Sector Job Growth: In the first five months of the Administration, 740,000 private sector jobs were created -- nearly 150,000 jobs per month -- over seven times the rate of the Bush Administration.

? 8 Million Jobs: Several independent analysts (DRI, L.H. Meyer, Wharton Econometrics) found that with the plan the economy will create between 7.0 and 9.0 million jobs over the next four years.

? Republicans Offer Nothing but the Same Policies that Led to the Worst Record in Private Sector Job Creation Since Herbert Hoover: The last four years saw high borrowing, low investment, and poor private sector job creation. Despite this, the Republicans have adopted what the Wall Street Journal calls a "No New Anything" policy (7/15/93). The Clinton plan is about changing the ways of the past -- creating private sector jobs, reducing the deficit, and opening markets to create even more American jobs.

6. You claim your plan will create 8 million jobs, yet isn't it true a normal recovery would have produced these jobs anyway?

? The Administration's estimate of 8 million jobs is based on a macroeconomic forecast of what will transpire if the economic package is passed. The reduction in the federal deficit will increase the pool of capital available for private firms to use to invest -- the decline in long-term interest rates has already begun to spur private investment. As investment increases, the labor force will continue to grow at a healthy pace. We have already added 740,000 new jobs since the President took office. Firms' higher demand for workers will cause the unemployment rate to decline to 5.8% by the end of 1998. Add these factors together and you get 8.3 million net new jobs.

? Independent forecasts by DRI, Wharton and L.E. Meyer, which estimated an average of 8.3 million jobs over the next five years, also assumed passage of the Clinton deficit reduction plan.

? We need to pass this plan to help us regain control of our economic destiny, to put the private sector on a strong enough foundation to create these 8 million jobs.

? If this plan fails it will have a terrible effect. Just this week Alan Greenspan testified before Congress that financial markets would react in a negative fashion if the plan failed to pass. And he said that if the plan were passed "the U.S. economy should eventually emerge healthier and more vibrant than in a decade."

7. Why does a state like Florida show rapid employment growth under the Clinton Plan in this state-

by-

state study, while a state like Pennsylvania shows slow growth?

? Every state in this country comes out better under the Clinton Plan than they did under the previous Administration -- when many of them lost jobs. In fact, private sector job growth under Bush was the worst since the Hoover Administration. The main point is that if this plan is passed and the economy gets going there will be significant job growth in every state.

? These state-by-state numbers divide these national estimates using projections derived from 10 year workforce growth averages. Therefore, if a state has had slow growth, these numbers could be quite conservative if their overall workforce trends reverse.

? We would be very happy if our projections are too conservative. That would mean that northern industrial states would fair even better on growth.

8. Isn't the Clinton plan mostly taxes with very few spending cuts?

? A Fair Plan with Real and Balanced Cuts: The plan is evenly balanced between taxes and spending cuts. For every $10 of deficit reduction, $5 comes from spending cuts, $4 from taxpayers making over $100,000 and $1 from the 94% of Americans who make under $100,000.

? The plan has historic levels of spending cuts and cuts over 100 domestic programs by more than $100 million each. And the plan cuts discretionary spending by 13% over five years in real, inflation-

adjusted terms.

? On Senator Dole's Claim that the President's Plan Lacks Cuts, the Washington Post Stated -

-

"Mr. Dole has Traded Truth for Distortion." The Washington Post further stated that, "You get pretty much what the Administration has advertised: the likely cumulative deficit over the next five years will indeed be a half-trillion less than otherwise and only half by virtue of higher taxes."

? The President Counts Cuts Like Everyone Else Counts Cuts: Republicans said that they would not count cuts in interest payments or future spending as real cuts in the Clinton plan. However, in 1985 and 1990 Republicans counted cuts in interest payments and future spending as real cuts -- and counted them as cuts in their own budget plan only hours after not counting them as cuts in the Clinton plan.

? Republicans Seek to Hide the Fact that They Want More Spending Cuts that Hurt the Middle Class, the Elderly and the Working Poor so that Only the Top 1% can be Safeguarded from Contributing to Deficit Reduction. Both the House and Senate Republican alternatives impose severe additional cuts in Medicare, and wipe out investments for worker training, education, defense conversion and more police just so they can knock out any additional taxes on the top 1% of taxpayers.

9. Isn't it true that the President has abandoned his investments and now has only a deficit reduction plan?

No. It is true that the President would like to make the current reconciliation package as pro-

investment as possible and that he feels strong investments in small business, new job creation, distressed communities, children and the working poor is essential to a strong comprehensive economic growth plan. The President's plan cuts enough spending so that we can reduce the deficit, lower spending and still have funds left to invest in our people.

? We are still on line to get over 60% of our longterm investments and we will be looking for more cuts so that we can realize even more investments in the things people care about most: education, training, incentives for small business, defense conversion and 100,000 cops.

? The Administration is already achieving over half of its investments in FY 94, in a year where the budget is very tight. We will continue to pursue maintaining our investments in businesses and people that are included in the conference bill.

? The President is reaching most of his goals for new investments at the same time he cuts net spending by $250 billion, and puts America in a new direction with new policies for school-to-work training, defense conversion, worker training, school reform, National Service and college opportunity.

? The President will continue to work for the earned income tax credit for working poor families, defense conversion, nutrition through the WIC program and help for AIDS through the Ryan White Act, and new capital grants for mass transit, environmental technology and infrastructure.

10. Why does this plan raise taxes on the middle class, instead of cutting taxes as candidate Clinton promised?

? The President Promised that He would Reverse the Trickle Down Policies of the Past and He Has Done that: In the 1980s, the middle class saw their taxes go up and real hourly wages go down, as the Government ran up the deficit and gave tax cuts to the most well-off Americans. Now, the Clinton plan demands tax fairness with at least 70% or all taxes falling on those making over $200,000.

? The President Did Not Want to Increase Taxes at All, But When, After the Election Estimates of the Deficit Increased by $125 Billion Over the Next Four Years, There Was No Choice, But to Ask Everyone to Contribute to Get Our House in Order.

? The President did not use rosy scenarios or double talk -- as we've seen so often over the last 12 years. He shot straight with the American public and told them the deficit had deteriorated further and that we would need a modest energy tax to reach our deficit goals.

? The President was faced with a choice of asking middle class families to pay what will be about $50 a year more in an energy tax or letting the deficit skyrocket and further burden our children. With a deficit that prevents investment, drives high interest rates, stifles productivity increases, and stagnates the standard of living for working Americans.

? The President's plan does produce a tax cut for millions of lower middle class and working poor families through a major expansion of the earned income tax credit.

? Many middle-class families are already saving on lower mortgage payments -- or school loans, installment or car payments -- because of the interest rate reductions that have occurred with the progress of the President's deficit reduction plan. For example, if you make about $40,000

a year and refinance a $100,000 mortgage down from 10 percent to 7.5, you will save $175 a month -- more than ten times what you'll be paying in new taxes.

TWO FOLLOW UPS BASED ON COMMON MISPERCEPTIONS:

10A. Didn't the deficit get worse during the election -

-

not after it?

? The deficit projections got worse at two different times when the Bush Administration and the Congressional Budget Office released official government estimates. Once in July/August of 1992 and again in January, 1993. Had it not been for the four-year $125 billion deterioration after the election, there would have been far less need for any energy tax increase.

10B. Is there a Business Week quote in which said that Clinton knew that the deficit will increase to $400 billion in 1997?

? No. This is one of the most erroneous and false statements that has been made about the President. In July of 1992, OMB was saying that for 1992 --that year -- the deficit would likely increase to $400 billion. Then-Candidate Clinton was simply stating what the Bush OMB was predicting for the deficit amount in 1992. It had nothing to do with the 5-year projections -- which is the item that went up dramatically in January 1993, well after the election.

11. Does the Clinton plan reduce the deficit so much that it further harms an already weak recovery?

No. Let me give you four reasons why that is not true:

-- Confidence: First of all, one cannot underestimate how much it will mean to confidence in our country and our financial system when we show that we can finally break the gridlock and put our house in order after 12 years of drift.

-- Lower Interest Rates: Second, the Clinton deficit reduction plan will keep interest rates low, which is critical to long-term economic recovery. Longterm interest rates recently reached a sixteen-year low. The lower interest rates that have followed as a result of the progress on our deficit reduction plan have already benefitted interest sensitive industries like housing and autos.

-- Greater Exports (or Global Trade): We are opening markets for U.S. products to create jobs, and we are encouraging other nations to

lower interest rates and stimulate demand for more U.S. products that create even more jobs at home.

-- Growth and Jobs: Fourth, the tax incentives contained in my plan will help to spur additional investment which will help to speed the recovery. Independent analysts like DRI and Wharton Econometrics have found that with our plan the economy will create 8 million jobs.

12. Won't deficits still be high, even after all this deficit reduction?

? The fact is, for the last 12 years the deficit has been going up, and under the Clinton plan, the deficit will go down by $500 billion over the next five years.

? The President proposed the largest deficit reduction plan proposed by a President to address the huge deficit and debt which quadrupled in just 12 years. After our deficit reduction, much of the deficit that will remain is attributable to interest on the debt incurred over the past 12 years. But as the President said on February 17, 1993 -- you have to play with the hand you are dealt.

? The deficit could not be completely eliminated in four years because it has grown so large over the last 12 years and completely eliminating it in just a few years could be very harmful to the economy.

13. Isn't the final tax package going to contain a gas tax that will be a huge burden on the middle class?

? The President has said that he wants to ensure that average families pay less than $1 a week in new energy taxes. We don't know exactly where the Conferees will come out. I know that in order to come up with $500 billion in deficit reduction you are going to need some sort of tax like the Senate surface transportation fuels tax.

14. Doesn't a gas tax impose an unfair burden on the poor?

? No. We are supporting the lowest possible gas tax -- one that will not ask average working families to pay more than $50 a year in new taxes -- less than a dollar a week.

? As a whole, the working poor will actually get a tax cut. For those working families that make less than $30,000 a year, the energy tax will be more than offset by increases in the Earned Income Tax Credit.

? Many lower income people, because they typically drive less, would pay even less. Further, the increase in the earned income tax credit will more than offset any tax burden on lower income working families.

? Even with the tax increase, the cost of driving is much lower than it was in the past using inflation-adjusted dollars.

15. Is the Clinton plan still intact?

? Yes. The overwhelming majority of the President's plan 85 to 95% -- is likely to pass. Most of the debate is about a small percentage of the President's plan.

? Both the House and the Senate passed the vast majority of the Clinton plan and the President has taken an active role in ensuring that the final legislation adheres to the principles of his plan. He went up on the Hill this week and articulated those principles. And the conference is moving forward.

? Additionally, the President and his Administration are focused on making sure that the American people understand what this plan is really about, not the distortions that continue to be repeated by those who want to continue to do nothing. (repeat the principles) The White House and the Cabinet are working together to make sure that the American people have an opportunity to hear about the President's plan.

16. Won't the Byrd Rule in the Senate cause many of the House-

passed

provisions to be deleted from the Conference Report?

? No. While some problems remain to be worked out, we believe most of the president's investment objectives will not run afoul of the Byrd rule.

? Most, if not all, of the initial concern with the Byrd rule is abating. By-and-large the President's investments such as the EITC, Empowerment Zones and others will not have a problem with the Byrd rule.

? However, there are some items or parts of provisions in the House bill which might not pass the Byrd rule. I know the staff of each House and Senate Committee are looking at these items to see if some of these problems can be mitigated. But, in general, we are optimistic this will not be a problem.

17. Why shouldn't we pay for the emergency spending for the Midwest floods rather than adding it to the deficit?

? Our country has always treated disasters on an emergency basis. This is far more compassionate and sensible than forcing disaster victims to compete with other areas of spending.

? When Hurricane Andrew hit Florida, when Hugo hit South Carolina, when the Loma Prieta earthquake hit California, we provided assistance on an emergency basis.

? We believe we need to move swiftly and effectively to ensure that disaster victims are helped back to their feet as quickly as possible. We're concerned about anything that would delay that process.

? It is only a one-time allocation and it will have a minimal effect on the longterm budget. It will only affect this year and we have already had a projection of $25 billion less in deficit reduction.

18. Martin Feldstein says that your tax increases won't reduce the deficit because the wealthy will find ways of not paying them. Is that true?

? The Congressional Research Service found that the behavior modeled in Feldstein's analysis to be exceedingly unlikely. The CRS report finds it is just as likely that we will collect more revenue than we have assumed under our economic plan.

? In fact, the estimates of the President's plan that have been performed by the Treasury Department and by the Joint Committee on Taxation already incorporate the likely responses of taxpayers to these tax changes.

? It isn't surprising that a former economic advisor to Ronald Reagan and a proponent of failed, trickle down Reaganomics would have made such a claim.

19. Senator Dole says you're taking credit for some $40 billion in deficit reduction that actually took place in the 1990 Budget Agreement.

? No matter what baseline you use, the Clinton Budget will still achieve $100 billion more in deficit reduction than the plan offered by Bob Dole.

? The savings to which Senator Dole is referring were completely unspecified in the 1990 agreement. The president proposed specific spending cuts to achieve those savings. They are a part of the budget

process this year, and they have to be included in any fair and accurate deficit reduction count.

? I might also point out that Senator Dole did the very same thing in his own budget plan without specifying what, if any, new cuts he would make. He counts the same $40 billion he is referring to in his accusations.

20. Senator Dole and other Republicans claim that the lower deficit projections by OMB mean that you don't need to raise taxes as much. How do you respond?

? Incredible: it's astounding that we have Republicans whose policies for the last 12 years created huge deficits now say we should do less not more on deficit reduction.

? Finally, we have a credible deficit reduction plan that markets have reacted favorably to and they want to say we don't need any tough choices.

? This response reflects everything that is wrong with Republicans. They are not serious about deficit reduction. They are not willing to face up to tough choices in order to get our economic house in order.

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

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

CREATION DATE/TIME:09-AUG-1993 16:01:00.00

SUBJECT: Early Morning Report 8/9/93

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: 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)
READ: UNKNOWN

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

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

TO: Julie Oppenheimer (OPPENHEIME_J) (WHO)
READ: UNKNOWN

TO: Mary H. Anton (ANTON_M) (OA)
READ: UNKNOWN

TO: Gordon Li (LI_G) (WHO)
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

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: Laura D. Schwartz (SCHWARTZ_L) (WHO)
READ: UNKNOWN

TEXT:

==================== ATTACHMENT 1 ====================
ATT CREATOR: Bureau of Policy and Programs (1=US@*RFC-822\usia01(a)access.digex.net@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)

ATT CREATION DATE/TIME:09-AUG-1993 14:17:00.00

ATT BODY PART TYPE: B

ATT SUBJECT: Early Morning Report, August 9

ATT TO: Media Reaction -- Bulletin Board (1=US@*RFC-822\bullETIN(A)Hr.HOUSe.gov@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
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ATT TO: Cliff Bernath (1=US@*RFC-822\cbernath(a)se2e811b.pa.osd.MIl@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
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ATT TO: Diane Kurtz (1=US@*RFC-822\DKurtz(a)hr.house.gov@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: Jack Belcher (1=US@*RFC-822\jbelcher(a)hr.house.gov@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: jonathan gill (1=US@*RFC-822\jpg+(a)campaign92.org@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: Mary Icenogle (1=US@*RFC-822\micenogl(a)se2e800a.pa.osd.MIl@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: Mike Stepp (1=US@*RFC-822\MStepp(a)se2e800b.pa.osd.miL@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: Wendy Burt (1=US@*RFC-822\wburt(a)se1e794a.pa.osd.mil@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

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Received: from ACCESS.DIGEX.NET by LEX-LUTHOR.AI.MIT.EDU via INTERNET with SMTP id 166620; 9 Aug 1993 08:09:38-0400
Received: by access.digex.net id AA18051
(5.65c/IDA-1.4.4 for jonathan gill <jpg+@campaign92.org>); Mon, 9 Aug 1993 08:08:33 -0400
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==================== ATTACHMENT 2 ====================
ATT CREATOR: UNKNOWN (UNKNOWN)

ATT CREATION DATE/TIME:09-AUG-1993 14:17:00.00

ATT BODY PART TYPE: A

ATT SUBJECT:

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Content-Description:

UNITED STATES INFORMATION AGENCY
FOREIGN MEDIA REACTION--EARLY REPORT

For further information: Anne Chermak, Chief
Media Reaction Staff (P/M), Tele. No. (202) 619-6511

Monday, August 9, 1993

SINGING THE BUDGET BLUES OR PROCLAIMING A GLORIOUS TRIUMPH?

Foreign journalists spilled much black ink commenting on the narrow passage of President Clinton's budget proposal. British and French journalists--some even in the same paper--were split between sober, critical comments and outright praise and support. They used terms such as "limited," "modest," "relative victory," "a cliff hanger" and "razor thin" to qualify the congressional voting. Noting how difficult it was to be successful, influential Liberation of Paris called it "a bitter victory" for Bill Clinton.

At the same time, many writers praised the administration. Britain's conservative Telegraph noted: "A victory is a victory;" while several centrist German papers downplayed the dimensions of the vote, calling the victory itself "significant." Seoul's anti-establishment Hankyoreh Shinmun went so far as to declare that the Senate vote "could be recorded as the most outstanding triumph Mr. Clinton has made since he took office," and that the president's "economic initiative will surely make his political maturity more distinct."

Most writers commenting on the budget vote also went on to mention that other, possibly tougher battles such as health care reform and NAFTA ratification lie ahead.

BOSNIAN CONFLICT

Commentators continue to speculate about U.S. resolve and motivation in its proposal to use force against Serbian positions in Bosnia. Observers report that there remain major differences between the U.S. and its allies. A German writer warned that scenarios such as Bosnia will be the order of the day in Europe as U.S. influence in the region lessens. Others wondered if the Bosnian tragedy signals the "renationalization" of Europe, and a great defeat for Western leadership and values.

BRIEF

--MIDDLE EAST: Christopher's Return

EDITORS: Rose S. Berstein, Diana McCaffrey

SINGING THE BUDGET BLUES OR PROCLAIMING A GLORIOUS TRIUMPH?

Britain "Only Grudging Approval"

The conservative Daily Telegraph editorialized today: "Even when shorn of its most contentious provisions, President Clinton's deficit reduction plan has been accorded only the most grudging of...endorsements. The narrowness of the victories...can be ascribed to the dilemma in which Congressmen found themselves.... The cause of the difficulties lies in his misunderstanding of the mandate he received last November. Exasperated as they were with George Bush, Americans did not yearn for a reversion to traditional Democratic economic formulas.... The public wishes to see the scope of government reduced rather than to see its priorities reapportioned according to the vagaries of Democratic coalition politics.

"The subdued response of the Democrats in victory speaks volumes. Not only will increased taxation first be felt in the run-up to next year's mid-term elections, but few suppose that the revenues will markedly reduce the deficit. Like George Bush's ill-fated budget compromise of 1990, the administration seems destined to receive ill feeling because of its painful measures, without many visible benefits."

"A Victory's A Victory, But..."

The Telegraph's Washington correspondent Stephen Robinson commented: "A victory is a victory, but as the White House this weeks draws up strategy for the bigger battles that lie ahead, President Clinton has to face an unpleasant truth. No fewer that 47 Democrats--41 members of the House and six Senators--resisted arm-twisting and sweet-talking to cast a quite deliberate vote against the first member of their own party to have reached the White House for 12 years.... But events on Capitol Hill last week made a mockery of Mr Clinton's pledge to bring fundamental change Washington's way. In the pettiness of the debate on both sides of the party line, in the craven way the administration acceded to the most blatant little tax breaks to satisfy individual members, this all looked very much like business as usual. Last week saw the Washington political class--Republicans and Democrats alike--at its most banal and self-serving. Ross Perot must be licking his lips at the sight of it all."

"It Just Scraped Through"

The independent Financial Times' economics columnist Stephanie Flanders opined: "Despite the palpable sighs of relief in Washington...some economists fear that his plan could deliver the worst of both worlds. Their worry is that the revenue-raising credentials of Mr. Clinton's seemingly dour package of tax increases and spending cuts have been over-sold; the promised cuts in the U.S. budget deficit will not materialize, but Mr. Clinton will nonetheless get the blame for scaring the American economy out of the recovery it needs."

"Almost A Landmark?"

The Financial Times today editorialized: "The deal, for all its flaws, should prove something of a landmark in recent American political history. But Mr Clinton must deliver a great deal more over the next three years if the same is to be said of his presidency.

"Judging by its deficit reducing credentials, the deal is not so different from the plan which Mr. Clinton unveiled early in the year.... There is now nothing in the agreed package to reverse America's long-standing inability...to maintain a large and healthy stock of public capital. Missing, too...is evidence that President

Clinton knows how to translate his pre-election commitment to 'putting people first' into post-election actions that enhance capital of the human variety.... For all its ostensible similarities with President Bush's 1990 Budget Enforcement Act, the Clinton plan should do better, if only because it catches the economy on the way out of a recession as opposed to on the way in."

France "A Narrow Win"

Economic Les Echos opined today: "This is a relative victory: the President's plan has been approved by no Republican congressman and many Democrats voted reluctantly--or even against--a plan which is contested by the public.... Although this victory was necessary for the pursuit of Bill Clinton's presidential action, this modest success--a sign of the president's weakness before Congress--is reserving other tough moments for the President in the short run: New, severe battles are standing out on health care reform and...NAFTA."

"A Sigh Of Relief"

Today's influential Le Monde editorialized: "(The yes vote) was such a cliff-hanger that it is difficult to call it a success. Rather, it is a sigh of relief felt at the White House.... Bill Clinton did not present a plan that could transcend the traditional divisions between conservative Democrats and the left wing of the party. He has yielded too much to pressure and has proved unable to make his original plan accepted in its entirety. He is paying the price for his lack of popularity.... A president must be able to rely on public opinion, to convince congressmen that a hostile vote on their part would jeopardize their chances for re-election."

"No Rest For The Weary"

Also in Le Monde, Serge Marti held: "Clinton will have no time to rest. He is already getting ready to fight with Congress on two huge issues...which also are controversial and also condition the success of his entire economic policy: health care system and NAFTA ratification.... (But) recent developments linked to the budget vote showed that the President knows how to negotiate. Also, he knows how to wring his friends' arms when needed."

"A Razor's Edge"

Washington correspondent Stephane Marchand held in conservative Le Figaro today: "Bill Clinton is making progress, but on a razor's edge. In spite of clear (Democratic) majorities in Congress, his budget (plan) came within a hair-breadth of disaster."

A Bitter Victory"

Frederic Filloux observed in influential Liberation: "A bitter victory for Bill Clinton. It is true that his budget won, but the margin was really thin.... Many Democratic congressmen voted against his plan, and the Republicans were united in an unusual monolithic bloc. The President has never been able to make a centrist pole emerge. As a result, he has been obliged to run an ad-hoc policy--granting spending cuts here, increasing taxes there, in order to satisfy this or that group. This may be disastrous (for him) in the perspective of two crucial deadlines: the talks on health care reform and the debate over North American free trade (NAFTA). Political analysts think that Bill Clinton has no chance to succeed unless he makes some overtures towards the Republicans."

Germany "A Decisive First Step"

Today's centrist General-Anzeiger of Bonn, centrist Stuttgarter Zeitung, and centrist Koelner Stadt-Anzeiger ran this comment by Washington correspondent Juergen Koar: "President Clinton has scored a victory. It was a victory with the smallest perceivable majority in both houses of Congress, but this does not in any way diminish his success. The victory by a hair's breadth is of great significance--not only for the Americans and their thus far rather hapless president, but also for America's trade and alliance partners.... Under Clinton's leadership, the United States is getting ready to bring its own house in order again. This was long overdue and is thus welcomed without reservations.... The budget package passed is, as Clinton himself admitted, only a first step, but it is a decisive first step. It takes courage and strength in leadership to go down this road."

"U.S. Living Beyond Its Means And Dreaming On Credit"

Right-of-center Die Welt of Berlin's Washington correspondent Fritz Wirth commented: "Clinton's courageous attempt turned into a drama of cynical political horsetrading, of cheap attempts to win votes and egomania, before ending with a narrow, nerve-racking victory.... It was a performance which in a depressing way justified the distrust and frustration that has spread among the voters for years aboutthe bogged-down power structures in Washington.... The confrontation permitted first conclusions about Clinton's leadership qualities, his toughness and his staying power when dealing with the power competition on Capitol Hill. The outcome is not encouraging.

"In the conflict between the interests of the nation that are being represented by the president and the special and local interests of the deputies, Congress' sheer drive for political survival still prevails in case of doubt.... The optimism that accompanied the new 'era of change' half a year ago, is showing the first traces of a resigning fatalism: too much is staying the same."

"The Amazing Shrunken President"

Washington correspondent Rolf Paasch opined in today's left-of-center Frankfurter Rundschau: "First Bill Clinton had to promise America the world. This is nothing unusual because nobody makes it to the White House anymore without the lie of accomplishing the impossible right away. Very soon afterwards, the period of disappointment set in. This, too, has a long tradition. After all, the commercial media democracy feeds on blowing up hopes and disappointments.... Within just a few months, the 'popular idea of the president as superman' became one of the 'incredibly shrinking president' without much having really happened.... If it is true that presidents are always as great as the times they live in permit them to be, Bill Clinton is a political dwarf like Harry Truman rather than a giant with the stature of a Franklyn D. Roosevelt.

"Nevertheless, President Clinton managed with great effort to get his budget program through the Democratic-controlled Congress. It is true: He had to make numerous concessions, spend less, make different cuts than he would have liked and, in the end, he even had to sacrifice the energy tax that he had wanted. But he was able to save the core of his government program: the reduction of the budget deficit by about 500 billion dollars and a tax redistribution in favor of low income groups. While this is too little to make up for the Republican sins of the 1980s, it is nonetheless a not-to-be-underestimated turnabout. The progress is minimal, but real though it has not resulted in much praise or popularity for Clinton."

"The Price Of The American Dream"

Centrist Sueddeutsche Zeitung of Munich's Washington correspondent Kurt Kister wrote: "The sole fact that his package was passed is a veritable success for Clinton. The president and those supporting him had to overcome two major obstacles. First, the Republicans are going out of their way to make the Clinton presidency look like it has failed already. They criticize Clinton for programs which they themselves approved under Bush, call for spending cuts they would never agree to, all the while pretending that it was not their presidents who are actually to blame for the deficit. The second obstacle was erected by the president himself...due to several events and false decisions....

"Bill Clinton is facing the possibly hardest domestic policy task of any president in the past 25 years: He must make it plausible to the American people that the American dream must be paid for with constantly growing prosperity by those who are dreaming it."

Japan "First Step Toward Fiscal Reform"

Top-circulation, moderate Yomiuri today said, "The passage of President Clinton's deficit-reduction bill through Congress should be hailed as a positive step toward attaining U.S. fiscal reform. The bill...is expected not only to help lower interest rates and stimulate the...private-sector economy but also to reduce the U.S. trade deficit.... In Japan, the non-LDP Hosokawa administration has been inaugurated. This fledgling Japanese cabinet must learn from the United States the lesson that it is very difficult--both politically and economically--to restore the national coffers if and when they fail."

Australia "Saved From Death"

The business-oriented Australian Financial Review today said: "With its budget win, the Clinton presidency has been saved from death by the narrowest possible margin. Despite the cuts and bruises...it remains in the fight to become one of the great U.S. presidencies of this century simply because of the challenges facing the country's political leadership."

South Korea "A Most Precious Political Victory"

Anti-establishment Hankyoreh Shinmun stated yesterday, "The passing of President Clinton's economic plan by a 51-50 margin could be recorded as the most outstanding triumph Mr. Clinton has made since he took office.... Given that Mr. Clinton's recuperating popularity has been shored up by the U.S. missile attack against Iraq and his tour of Asia, the passing of his economic initiative will surely make his political maturity more distinct."

BOSNIAN CONFLICT

Britain "U.S. At Least Trying To Prevent Bosnian Partitioning"

The independent Financial Times commented: "For all the criticism of the Clinton administration's sometimes erratic policy on Bosnia, it is at least trying to prevent that outcome (the partition of Sarajevo) by pressing for the use of force. In the last few days Serb leaders have signalled a willingness to withdraw from recently taken positions overlooking Sarajevo. This is probably bluff or ruse, but it does suggest they take the threat of air strikes more seriously than they admit in public--and, one might add, more seriously than the threat deserves, given the well publicized reservations of NATO governments with forces on the ground."

France "Skepticism Prevails"

Paul Cambon wrote in right-of-center Le Quotidien: "The question is raised whether the Americans will be tempted into a lone-ranger attitude (unilateral intervention).

"Technically, this does not seem very feasible because a raid of U.S. jetfighters could turn out to be totally uneffective and very costly, if UNPROFOR troops don't support it on the ground.... Skepticism prevails on the eve of the Brussels NATO meeting. A question remains, without a satisfactory answer: What game is the United States really playing? It is perhaps it only a question of regilding its diplomatic image.... Other observers simply note that seven months after he took office, Bill Clinton is still unable to define and organize his foreign policy."

Germany "Between Naivete, Cynicism And Good Intentions"

Saturday's left-of-center Frankfurter Rundschau carried an editorial by Washington correspondent Rolf Paasch under the headline above: "Last week, Washington said that NATO would bomb the Serb artillery positions around Sarajevo. And if it did not, the Americans would prevent Sarajevo from falling single-handed. Showing the Europeans the way, threatening with facts--this is the White House's new strategy. The Clinton administration had only forgotten one thing: that a new strategy for dealing with its allies did not mean a new policy on Bosnia. And that in the final analysis, the United States is no more serious about preserving this multi-ethnic country than the Europeans are....

"What if the Muslims continue to refuse to negotiate and the Serbs survive a limited bombing campaign? Does the Clinton administration have the diplomatic prescriptions and the military courage to go further in its involvement? Anyone who has witnessed Clinton's policy on Bosnia vacillate between naivity and cynicism over the last few years will have to answer 'no' to this question. It remains--and it shares this with European attempts to find a solution--a policy of good intentions.... It is doubtful whether Clinton really has the will to implement air strikes against the will of the Europeans."

"Danger For The West"

Michael J. Inacker opined in right-of-center weekly Welt am Sonntag of Hamburg: "The Serb military and warlords can rub their hands in glee. They have managed something which the Warsaw Pact never succeeded in doing: NATO--once a guarantor of peace and security on the continent and a symbol of the Euro-American community of values--has capitulated to a national communist dictatorship. Leading politicians in Western capitals are partly to blame. They have negligently allowed the Alliance to crumble....

"In order to hide the fact that they are pursuing their own interests, the British and French keep pointing to the blue helmets they have on the ground. But Paris and London are playing an underhanded game with their soldiers. For one thing, the population ('we are doing something') is to be mollified and for another, the soldiers in Sarajevo serve the diplomats of both countries as an argument against NATO air strikes.

"This result of this bickering is a policy of announcements on the part of the West, which wants to make announcements appear to be deeds. But since the expectations thus awakened remain unfulfilled, the killing in the Balkans continues and NATO's legitimacy as a community of values is being lost. The war between the nationalities in the Balkans illustrates a new danger: that of renationalization in the West."

"This Happens When U.S. Influence Is Lessened"

Right-of-center Die Welt of Bonn featured a piece by Joachim Boelke: "What is going on in the Balkans is a mirror image of the covert wrangling over the new distribution of power and influence among the European countries. This is an example of what happens when American influence in Europe is lessened. The American presence dampens down inner-European rivalries. For a long time, President Clinton has said that he will be guided by European suggestions, which under the present circumstances can only destabilize matters even further. American pressure on Europe has now increased because the revelation of utter inactivity is foreign to the American way. It could therefore be that something will be done at the last minute to limit Serb war aims and deny them fulfillment."

Italy "Repetition Of World War II"

Barbara Spinelli's said in centrist La Stampa: "What is now taking place in Bosnia is the repetition, not of the events which took place in 1914-18, but of WWII. The Serbs are not siding with the West as they did in 1914, but are acting as the Nazis did. Seeing what is happening in Bosnia, Germany is forced to confront its ghosts, the horrors of its history. Accusing the Germans of not remaining indifferent is like saying: Neither Nazism nor Communism ever existed, nor was there ever a WWII, for the massacres taking place in Sarajevo leave us totally indifferent. At this point it is difficult to avoid having Germany, first in money and then in spirit, go adrift.... One cannot seek solace in the feeling of liberation manifested by European governments after the Maastricht crisis. There are liberations that can topple all immunities after toppling all taboos. These are the liberations in which the West, as a rule, loses its way."

Turkey "Shame For The West"

Ecmel Barutcu maintained in left-of-center Cumhuriyet: "The Bosnian tragedy will be recorded by history as a shame for the West.... The only country that is capable of halting this tragedy is the United States. But the hopes in the United States are gradually disappearing because the Clinton administration is giving the impression that it 'pretends to be involved.' It is trying to stay out by saying that it cannot convince the allies.... This policy is dividing the U.S. State Department. The Bosnian experts at the State Department prefer to resign when they listen to the voice of their conscience."

BRIEFS

MIDDLE EAST: CHRISTOPHER'S RETURN

Israel "Syria Has Changed Its Position"

Washington correspondent Ron Ben-Yishai wrote in a lead story in pluralist, independent Yediot: "Syria has changed its position in the course of Secretary Christopher's mission and said it was prepared to make full peace with Israel in return for the Golan Heights. President Assad told Christopher that he views 'full peace' as a comprehensive peace leading at the end of the road to normalization of relations. American sources in Washington said that the Secretary has also concluded that President Assad does not rule out a meeting between his and Israel's foreign ministers which could take place after a few more American mediation missions."

"American Mediation Needed"

Diplomatic correspondent Hemmi Shalev observed in liberal Haaretz: "Twenty-one months after the Madrid breakthrough Jerusalem must admit that direct negotiations alone cannot deliver an agreement. For that to happen there must be a mediator.... President Assad and Prime Minister Rabin have been anxious for high-level American mediation. Now that they have gotten what they want they will have to give Christopher the responses they have been refusing to give each other."

Egypt "Progress In Syrian-Israeli Track Should Give Impetus"

Influential, government-owned Al-Akhbar said: "All (the tracks in the peace process) should be resolved if the aim is to establish a just and realistic peace. It is necessary that the Israeli side and the American partner realize this.... The tangible progress in the Syrian-Israeli track...should be the impetus for more efforts on the other tracks."

France "Working Toward A New Modality"

Francoise Chipaux reported in today's Le Monde: "The United States seems to be contemplating a new working method (in the Middle East)--to be a more direct intermediary between the parties in order to ease communication, namely between the Syrians and Israelis.... In order to end the Syrian-Israeli dialogue of the deaf...the United States is now looking for a formula that would allow each party to say what it would do 'if'. Questions asked with 'if' would allow each partner to know exactly what he can expect at each stage of the process."

Germany "Successful Shuttle Diplomat Christopher"

Saturday's centrist Sueddeutsche Zeitung of Munich editorialized: "Christopher's success seems to surpass all expectations. For the first time, there are signs of more than just vague Syrian intentions to conclude peace."

--608187348-484097619-744898113:#18032--

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

RECORD TYPE: PRESIDENTIAL (RECONSTRUCTED EMAIL)

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

CREATION DATE/TIME:10 AUG-1993 11:08:00.00

SUBJECT: Daily Digest for 8/9/93

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

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

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)
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)
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TO: Steven Akey (AKEY_S) (WHO)
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TO: Janet Handal (HANDAL_J) (WHO)
READ: UNKNOWN

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

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

TO: Mary H. Anton (ANTON_M) (OA)
READ: UNKNOWN

TO: Gordon Li (LI_G) (WHO)
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

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: Laura D. Schwartz (SCHWARTZ_L) (WHO)
READ: UNKNOWN

TEXT:

==================== ATTACHMENT 1 ====================
ATT CREATOR: Bureau of Policy and Programs (1=US@*RFC-822\usia01(a)access.digex.net@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)

ATT CREATION DATE/TIME:10-AUG-1993 06:00:00.00

ATT BODY PART TYPE: B

ATT SUBJECT: Daily Digest, August 9

ATT TO: Media Reaction -- Bulletin Board (1=US@*RFC-822\bullETIN(A)Hr.HOUSe.gov@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

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ATT TO: Brian Cullin (1=US@*RFC-822\BCullin(a)se2e800a.pa.osd.mIL@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: Cliff Bernath (1=US@*RFC-822\cbernath(a)se2e811b.pa.osd.MIl@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: Diane Kurtz (1=US@*RFC-822\DKurtz(a)hr.house.gov@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: Jack Belcher (1=US@*RFC-822\jbelcher(a)hr.house.gov@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: jonathan gill (1=US@*RFC-822\jpg+(a)campaign92.org@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: Mary Icenogle (1=US@*RFC-822\micenogl(a)se2e800a.pa.osd.MIl@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: Mike Stepp (1=US@*RFC-822\MStepp(a)se2e800b.pa.osd.miL@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TO: Wendy Burt (1=US@*RFC-822\wburt(a)se1e794a.pa.osd.mil@3=INTERNET@2=TELEMAIL@MRX@EOPMRX)
READ: UNKNOWN

ATT TEXT:
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id AA27846; Mon, 9 Aug 93 13:39:53 -0400
Received: from LEX-LUTHOR.AI.MIT.EDU by life.ai.mit.edu (4.1/AI-4.10) for /PN=Jonathan.P.Gill/OU=Office_of_Media_Affairs/O=EOP/PRMD=GOV+EOP/ADMD=T
Received: from ACCESS.DIGEX.NET by LEX-LUTHOR.AI.MIT.EDU via INTERNET with SMTP id 166655; 9 Aug 1993 13:39:51-0400
Received: by access.digex.net id AA01231
(5.65c/IDA-1.4.4 for jonathan gill <jpg+@campaign92.org>); Mon, 9 Aug 1993 13:37:55 -0400
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==================== ATTACHMENT 2 ====================
ATT CREATOR: UNKNOWN (UNKNOWN)

ATT CREATION DATE/TIME:10-AUG-1993 06:00:00.00

ATT BODY PART TYPE: A

ATT SUBJECT:

ATT TEXT:
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Content-Description:

UNITED STATES INFORMATION AGENCY
FOREIGN MEDIA REACTION--DAILY DIGEST

For further information: Anne Chermak, Chief
Media Reaction Staff (P/M), Tele. No. (202) 619-6511

Monday, August 9, 1993

SINGING THE BUDGET BLUES OR PROCLAIMING A GLORIOUS TRIUMPH?

Foreign journalists spilled much ink commenting on the narrow passage of President Clinton's budget proposal. British and French journalists--some even in the same paper--were split between sober, critical comments and outright praise and support. They used terms such as "limited," "modest," "relative victory," "a cliff hanger" and "razor thin" to qualify the congressional voting. Noting how difficult it was to be successful, influential Liberation of Paris called it "a bitter victory" for Bill Clinton.

At the same time, many writers praised the administration. Britain's conservative Telegraph noted: "A victory is a victory;" while several centrist German papers downplayed the dimensions of the vote, calling the victory itself "significant" and "a decisive first step" which required "courage and strength in leadership." Seoul's anti-establishment Hankyoreh Shinmun went so far as to declare that the Senate vote "could be recorded as the most outstanding triumph Mr. Clinton has had since he took office," and that the president's "economic initiative will surely make his political maturity more distinct." Even Bangladesh's opposition Banglar Bani found President Clinton's ability to get his budget through Congress admirable.

Commentators differed in forecasting the impact the bill will have on the U.S. economy, and on President Clinton's career. Japan's top-circulation, moderate Yomiuri, for one, hailed the bill as a positive step toward attaining U.S. fiscal reform." But London's independent Financial Times remarked that some economists worry that "the revenue-raising credentials...have been over-sold; the promised cuts in the U.S. budget deficit will not materialize, but Mr. Clinton will nonetheless get the blame for scaring the American economy out of the recovery it needs." Seoul's conservative Segye Ilbo warned that the "GOP's repulsive reaction to the economic plan" and "the slim chances" for its immediate fruition might haunt both the president and the Democratic congressmen who voted with him.

Many writers looked beyond the budget vote to see other, possibly tougher, battles such as health care reform and NAFTA ratification looming ahead and some suggested that President Clinton will have to start actively wooing Republicans. But Argentina's financial El Cronista predicted that "the Republicans will support NAFTA because it was conceived and signed in the Bush presidency."

This report is based on 25 commentaries from 11 countries, August 8-9.

EDITOR: Rose Sue Berstein

EUROPE

BRITAIN: "Only Grudging Approval"

The conservative Daily Telegraph editorialized (8/9): "Even when shorn of its most contentious provisions, President Clinton's deficit reduction plan has been accorded only the most grudging of...endorsements. The narrowness of the victories...can be ascribed to the dilemma in which Congressmen found themselves.... The cause of the difficulties lies in his misunderstanding of the mandate he received last November. Exasperated as they were with George Bush, Americans did not yearn for a reversion to traditional Democratic economic formulas.... The public wishes to see the scope of government reduced rather than to see its priorities reapportioned according to the vagaries of Democratic coalition politics.

"The subdued response of the Democrats in victory speaks volumes. Not only will increased taxation first be felt in the run-up to next year's mid-term elections, but few suppose that the revenues will markedly reduce the deficit. Like George Bush's ill-fated budget compromise of 1990, the administration seems destined to receive ill feeling because of its painful measures, without many visible benefits."

"A Victory's A Victory, But..."

The Telegraph's Washington correspondent Stephen Robinson commented (8/9): "A victory is a victory, but as the White House this weeks draws up strategy for the bigger battles that lie ahead, President Clinton has to face an unpleasant truth. No fewer than 47 Democrats--41 members of the House and six Senators--resisted arm-twisting and sweet-talking to cast a quite deliberate vote against the first member of their own party to have reached the White House for 12 years.... But events on Capitol Hill last week made a mockery of Mr. Clinton's pledge to bring fundamental change Washington's way. In the pettiness of the debate on both sides of the party line, in the craven way the administration acceded to the most blatant little tax breaks to satisfy individual members, this all looked very much like business as usual. Last week saw the Washington political class--Republicans and Democrats alike--at its most banal and self-serving. Ross Perot must be licking his lips at the sight of it all."

"It Just Scraped Through"

The independent Financial Times' (8/9) economics columnist Stephanie Flanders opined: "Despite the palpable sighs of relief in Washington...some economists fear that his plan could deliver the worst of both worlds. Their worry is that the revenue-raising credentials of Mr. Clinton's seemingly dour package of tax increases and spending cuts have been over-sold; the promised cuts in the U.S. budget deficit will not materialize, but Mr. Clinton will nonetheless get the blame for scaring the American economy out of the recovery it needs."

"Almost A Landmark?"

The Financial Times (8/9) editorialized: "The deal, for all its flaws, should prove something of a landmark in recent American political history. But Mr Clinton must deliver a great deal more over...if the same is to be said of his presidency.

"Judging by its deficit-reducing credentials, the deal is not so different from the plan which Mr. Clinton unveiled early in the year.... There is now nothing in the agreed package to reverse America's long-standing inability...to maintain a large and healthy stock of public capital. Missing, too...is evidence that President Clinton knows how to translate his pre-election commitment to 'putting people first' into post-election actions that enhance capital of the human variety.... For all its ostensible similarities with President Bush's 1990 Budget Enforcement Act, the Clinton plan should do better, if only because it catches the economy on the way out of a recession as opposed to on the way in."

"This Will Cost You"

The liberal Guardian (8/9) remarked: "The White House euphoria which followed the Senate's 51-50 vote gave way to yesterday to more sober assessments of the cost of the president's triumph.... There was no doubt that Mr Clinton's victory had proven expensive."

FRANCE: "A Narrow Win"

Economic Les Echos opined (8/9): "This is a relative victory: the President's plan has been approved by no Republican congressman and many Democrats voted reluctantly--or even against--a plan which is contested by the public.... Although this victory was necessary for the pursuit of Bill Clinton's presidential action plan, this modest success--a sign of the president's weakness before Congress--is reserving other tough moments for the President in the short run: New, severe battles are standing out on health care reform and...NAFTA."

"A Sigh Of Relief"

Influential Le Monde (8/9) editorialized: "(The yes vote) was such a cliff-hanger that it is difficult to call it a success. Rather, it is a sigh of relief felt at the White House.... Bill Clinton did not present a plan that could transcend the traditional divisions between conservative Democrats and the left wing of the party. He has yielded too much to pressure and has proved unable to make his original plan accepted in its entirety. He is paying the price for his lack of popularity.... A president must be able to rely on public opinion, to convince congressmen that a hostile vote on their part would jeopardize their chances for re-election."

"No Rest For The Weary"

Also in Le Monde (8/9), Serge Marti held: "Clinton will have no time to rest. He is already getting ready to fight with Congress on two huge issues...which also are controversial and also condition the success of his entire economic policy: the health care system and NAFTA ratification.... (But) recent developments linked to the budget vote showed that the President knows how to negotiate. Also, he knows how to wring his friends' arms when needed."

"A Razor's Edge"

Washington correspondent Stephane Marchand held in conservative Le Figaro (8/9): "Bill Clinton is making progress, but on a razor's edge. In spite of clear (Democratic) majorities in Congress, his budget (plan) came within a hair-breadth of disaster."

"A Bitter Victory"

Frederic Filloux observed in influential Liberation (8/9): "A bitter victory for Bill Clinton. It is true that his budget won, but the margin was really thin.... Many Democratic congressmen voted against his plan, and the Republicans were united in an unusual monolithic bloc. The president has never been able to make a centrist pole emerge. As a result, he has been obliged to run an ad-hoc policy--granting spending cuts here, increasing taxes there, in order to satisfy this or that group. This may be disastrous (for him) in the perspective of two crucial deadlines: the talks on health care reform and the debate over North American free trade (NAFTA). Political analysts think that Bill Clinton has no chance to succeed unless he makes some overtures toward the Republicans."

GERMANY: "A Decisive First Step"

Centrist General-Anzeiger (8/9) of Bonn, centrist Stuttgarter Zeitung, and centrist Koelner Stadt-Anzeiger ran this comment by Washington correspondent Juergen Koar: "President Clinton has scored a victory. It was a victory with the smallest perceivable majority in both houses of Congress, but this does not in any way diminish his success. The victory by a hair's breadth is of great significance--not only for the Americans and their thus far rather hapless president, but also for America's trade and alliance partners.... Under Clinton's leadership, the United States is getting ready to bring its own house in order again. This was long overdue and is thus welcomed without reservations.... The budget package passed is, as Clinton himself admitted, only a first step, but it is a decisive first step. It takes courage and strength in leadership to go down this road."

"The Price Of The American Dream"

Centrist Sueddeutsche Zeitung (8/9) of Munich's Washington correspondent Kurt Kister wrote: "The sole fact that his package was passed is a veritable success for Clinton. The president and those supporting him had to overcome two major obstacles. First, the Republicans are going out of their way to make the Clinton presidency look like it has failed already. They criticize Clinton for programs which they themselves approved under Bush, call for spending cuts they would never agree to, all the while pretending that it was not their presidents who are actually to blame for the deficit. The second obstacle was erected by the president himself...due to several events and false decisions.... Bill Clinton is facing possibly the hardest domestic policy task of any president in the past 25 years: He must make it plausible to the American people that the American dream must be paid for with constantly growing prosperity--by those who are dreaming it."

"U.S. Living Beyond Its Means And Dreaming On Credit"

Right-of-center Die Welt (8/9) of Berlin's Washington correspondent Fritz Wirth commented: "Clinton's courageous attempt turned into a drama of cynical political horsetrading, of cheap attempts to win votes and egomania, before ending with a narrow, nerve-racking victory.... It was a performance which...justified the distrust and frustration that has spread among the voters for years about the bogged-down power structures in Washington.... The confrontation permitted first conclusions about Clinton's leadership qualities, his toughness and his staying power when dealing with the power competition on Capitol Hill. The outcome is not encouraging.

"In the conflict between the interests of the nation that are being represented by the president and the special and local interests of the deputies, Congress' sheer drive for political survival still prevails in case of doubt.... The optimism that accompanied the new 'era of change' half a year ago, is showing the first traces of a resigning fatalism: Too much is staying the same."

"The Amazing Shrunken President"

Washington correspondent Rolf Paasch opined in (8/9) left-of-center Frankfurter Rundschau: "First Bill Clinton had to promise America the world. This is nothing unusual because nobody makes it to the White House anymore without the lie of accomplishing the impossible right away. Very soon afterwards, the period of disappointment set in. This, too, has a long tradition. After all, the commercial media democracy feeds on blowing up hopes and disappointments.... Within just a few months, the 'popular idea of the president as superman' became one of the 'incredibly shrinking president' without much having really happened.... If it is true that presidents are always as great as the times they live in permit them to be, Bill Clinton is a political dwarf like Harry Truman rather than a giant with the stature of a Franklin D. Roosevelt.

"Nevertheless, President Clinton managed with great effort to get his budget program through the Democratic-controlled Congress. It is true: He had to make numerous concessions, spend less, make different cuts than he would have liked and, in the end, he even had to sacrifice the energy tax that he had wanted. But he was able to save the core of his government program: the reduction of the budget deficit by about 500 billion dollars and a tax redistribution in favor of low income groups. While this is too little to make up for the Republican sins of the 1980s, it is nonetheless a not-to-be-underestimated turnabout. The progress is minimal, but real though it has not resulted in much praise or popularity for Clinton."

AUSTRIA: "Bill Clinton Flexes Foreign-Policy Muscles"

Washington correspondent Monica Riedler commented in independent Die Presse (8/9): "Bill Clinton had good reasons for changing his Bosnia tactics right before Congress was to decide about a budget compromise, and thus about one of the most important issues in Clinton's domestic agenda. It is important for him to demonstrate strength and decisiveness. Criticism to the effect that he is giving up U.S. leadership in the Western alliance is not exactly what he needs at the moment.... Clinton, who during his campaign promised to focus on domestic issues, cannot afford to back out now."

THE NETHERLANDS: "Victory A Great Success"

Influential, independent NRC-Handelsblad opined (8/9): "It is tempting to see President Clinton's narrow win in the Senate this morning as a Pyrrhic victory.... In the past months, regionalism and the power of interest groups have shown more strength than the uifying power of the president, one who was chosen under a campaign slogan of 'change' and who on paper knew how to have a majority of the Democrats in Congress behind him.

"So far, the election of Clinton has not created a new glow of collective dynamism, but has only reconfirmed democracy as an instrument for the wheeling and dealing of interest groups.... Nevertheless, the victory...is a great success for President Clinton and also of enormous importance.... Tonight's gain is that a rookie American president has been liberated from an internal political nightmare."

SPAIN: "Clinton Wins Microscopic Margin"

Conservative ABC editorialized (8/9): "Bill Clinton can breathe after obtaining the necessary backup to his economic plan but he should also think of the precarious conditions in which he has obtained the approval.... These results--obtained through authentic mathematical acrobatics--reflect the uneasiness of the politicians in view of the president's budget proposal.... Clinton has won, but the microscopic margin of the winning votes constitute a serious warning for his future as president."

EAST ASIA

JAPAN: "First Step Toward Fiscal Reform"

Top-circulation, moderate Yomiuri (8/9) said, "The passage of President Clinton's deficit-reduction bill through Congress should be hailed as a positive step toward attaining U.S. fiscal reform. The bill...is expected not only to help lower interest rates and stimulate the...private-sector economy but also to reduce the U.S. trade deficit.... In Japan, the non-LDP Hosokawa administration has been inaugurated. This fledgling Japanese cabinet must learn from the United States the lesson that it is very difficult--both politically and economically--to restore the national coffers if and when they fail."

"The Budget Bill Is A Giant Step Forward"

Conservative Sankei (8/8) remarked: "The passage of President Clinton's deficit-reduction bill marks the first giant step his administration has taken toward reducing the snowballing U.S. deficit. We praise the courage of President Clinton, members of Congress and the American people to reform their country's fiscal structure.

"Treasury Secretary Bentsen has said Japan's trade surplus is stunting world economic growth. By using Mr. Bentsen's logic, we can also say...the U.S. fiscal deficit has been hurting both the U.S. and world economies. Of course, deficit reduction is a very painful task which cannot be achieved overnight. It is an open secret that most senators and congressmen were hard-pressed about how to secure public (their constituents') support for Clinton's deficit-reduction plan. Some of them even staked their political fate on the plan, which will be very painful to taxpayers in the short run but beneficial to the American people in the long run."

AUSTRALIA: "Saved From Death"

The business-oriented Australian Financial Review (8/9) said: "With its budget win, the Clinton presidency has been saved from death by the narrowest possible margin. Despite the cuts and bruises...it remains in the fight to become one of the great U.S. presidencies of this century simply because of the challenges facing the country's political leadership."

HONG KONG: "Only A Confirmation, But Can Treasury Manage It?"

The center-left Tin Tin Daily News said (8/9): "The fact is that the passing of the budget proposal is only a confirmation of its implementation.... Whether the Treasury Department can properly manage it or the budget proposal can work are yet to be seen."

SOUTH KOREA: "A Most Precious Political Victory"

Anti-establishment Hankyoreh Shinmun stated (8/8), "The approval of President Clinton's economic plan...could be recorded as the most outstanding triumph Mr. Clinton has had since he took office.... With Mr. Clinton's recuperating popularity enhanced by the...attack against Iraq and his tour of Asia, the passing of his economic plan will surely make his political maturity more distinct."

"Clinton's Political Gambling Has Begun"

Conservative Segye Ilbo (8/8) observed: "Though the Senate made President Clinton a winner, the vicissitudes...in the voting...forecast dark clouds over Clinton's economic idea. This is because of the GOP's repulsive reaction to the economic plan; and the slim chances for the fruitful realization of the Clinton idea...may spawn political distrust not only for Clinton but also for Democratic congressmen who voted for the Clinton bill."

SOUTH ASIA

BANGLADESH: "Fortune Smiled On Clinton"

Opposition Banglar Bani (8/9) editorialized: "President Clinton's budget deficit reduction plan calls for imposing taxes on rich people and energy. Bill Clinton's budget is called an austerity budget. The interesting thing is that most of the American people do not like the budget. President Clinton spoke to the American people through television about his plan. Many had feared that President Clinton would be defeated, but no, he has survived.... This is what happens when fortune smiles. Listening to his determined remarks, it seemed...that he is very optimistic about making the days ahead meaningful."

LATIN AMERICA

ARGENTINA: "The Battle Has Just Begun"

Business-oriented Ambito Financiero's Washington correspondent wrote (8/9): "Even though Bill Clinton saved his presidency when Congress approved his economic plan by a slim margin, this victory is only the beginning of an arduous battle to rescue his government from the danger of disintegrating, a danger which has been lying in wait practically from the day he arrived at the White House."

"Nafta The Winner In Historic Session Of Congress"

Financial El Cronista's Washington correspondent (8/9) opined: The biggest beneficiary of the Democratic victory last week, besides Clinton, who salvaged the first six months of his presidency, was NAFTA. The deficit reduction was approved with only Democratic support. That won't be the case with NAFTA, which many Democrats oppose and which needs Republican support and therefore the bi-partisanism Dole has promised. And the Republicans will support NAFTA because it was conceived and signed in the Bush presidency."

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