

The President's News Conference August 6, 1997

The President. You notice he didn't fall going up the steps. [Laughter]

Thank you very much. Good afternoon. Before I begin, let me first say that I join with all Americans in expressing our deepest condolences for the victims of the terrible plane crash yesterday in Guam. I have spoken with Governor Gutierrez, and I want to commend him, the hundreds of volunteers, and the United States military personnel who are working so hard on the response and the rescue effort. The National Transportation Safety Board will lead the investigation of the crash, with technical assistance from the FAA and other agencies as needed.

Now today I want to briefly review what our Nation has accomplished during the first 7 months of this year and to spell out the opportunities and the obligations that we have to continue that progress.

As I have said over and over again, our common mission must be to prepare our people for the 21st century, to master the challenges and seize the opportunities of this remarkable time. I believe the American people are coming to see that and coming to believe that as we pass through this period of remarkable change, the future holds far greater rewards than risks if our people, our Government, and our other institutions are ready for tomorrow.

In these past months, we have seen how the politics of the vital center can work to make progress on many of our most difficult problems. We ratified the Chemical Weapons Convention, a landmark treaty that will protect our soldiers and our citizens from the threat of poison gas. We reached agreement in Madrid to open the doors of NATO to Poland, Hungary, and the Czech Republic, while creating a stronger partnership with Russia and Ukraine to build a Europe that is undivided, democratic, and at peace.

These past months have been a remarkably fruitful time for bipartisan action in the national interests, and I think we have to continue that work. I should mention, too, that we worked in a bipartisan fashion to maintain our normal trade relationships with China, reaching out to a quarter of the world's population while making our differences with the government over

human rights and other matters clear. These are major accomplishments, all achieved with support of Americans, both Democrats and Republicans. They have strengthened our Nation.

Yesterday we took a historic action to eliminate the annual budget deficits we have been seeing and piling up since 1969. The first step toward that was taken back in 1993, when we abandoned supply-side, trickle-down economics, opened a new chapter in fiscal responsibility with a new strategy of growth based on reducing the deficit, investing in education and training, opening the world to trade and American products and services.

Even before yesterday, the deficit had been reduced by over 75 percent as a result of this strategy. But yesterday, when I signed into law the first balanced budget act in a generation, we know that it will add to the long-term economic growth potential of the United States. We know, too, that it includes the largest increase in college aid since the GI bill 50 years ago, the largest increase in children's health since Medicaid was enacted first, over 30 years ago.

Today I have some more good news. Our efforts have led to an even lower deficit than we had previously projected. In this, the 4th year of the 5-year economic plan adopted in 1993, we now expect the deficit to drop to \$37 billion. Yet without the bipartisan balanced budget we just passed, my budget officials estimate the deficit would rise next year to 50 to \$100 billion and stay at that level for years to come. With our bipartisan balanced budget plan, we now expect it not only to reach balance by 2002 but to have a surplus in excess of \$20 billion and to be able to maintain that for several years thereafter.

There are still big challenges and tough decisions that we have to make beyond the balanced budget, however, if we're going to keep our economy growing and keep our people fully prepared for the new century. To meet them, Members of Congress from both sides of the aisle and Americans from all walks of life must summon the same will and spirit that led to the balanced budget. We have a lot of work to do in the rest of this year.

First, if we expect to keep our economy strong and growing, we must continue to invest in the education and training of our people, and we must succeed in our push for high national standards and tests to make sure our students, our schools, and our teachers are doing the job.

Second, we must tackle the tough issue of entitlement reform. We have to make tough choices to strengthen and protect Medicare and Social Security over the long run. They are the two most important social service innovations of the 20th century. This is not simply a matter of fiscal responsibility, it is also a matter of honoring the duties we owe both to our parents and to the next generation.

The balanced budget bill I signed yesterday sets up a bipartisan commission to reform Medicare. This fall, along with the Members of the Congress, I will appoint the members of the commission, and they will get to work. We'll also tackle other issues to strengthen our families, exploring ways to improve child care in America and continuing our efforts to reduce the use of tobacco among our children.

Third, we will grow our economy and create good jobs by continuing to open more foreign markets to our goods and services through tough fair trade agreements. We must continue to reach out to the more than 95 percent of the world's consumers who live beyond our borders. That is why I will ask Congress to give me fast-track authority to negotiate new trade agreements that will extend free and fair trade to keep our economy going.

Fourth, it is obvious that we cannot fulfill our obligations to future generations unless we also deal responsibly with the environmental challenge of global climate change. Growing our economy need not—indeed, it must not—contradict our commitment to protecting the environment. When the nations of the world meet in Kyoto in December, we must all take concrete steps to address this problem. The United States must commit to realistic and binding limits on our emissions of greenhouse gases. The science demands that we act, and again, we owe it to our children.

Finally, let me say, as I did in the State of the Union Address, that one of our most critical pieces of unfinished business remains campaign finance reform. When Congress returns from its vacation, Senators McCain and Feingold have made clear that they will bring campaign finance

reform legislation to the floor of the Senate. This will be the time of testing. The special interests and their allies have killed reform year after year, but this year the eyes of America will be on the Senate floor. I will give my strong support to McCain-Feingold, and if the American people will give their strong support, I am determined that we can prevail.

It should not be as easy this year as it has been in each of the 4 previous years to kill campaign finance reform with a Senate filibuster by a minority of the Senate. This year it is very important that every American know where every single elected Federal official in Washington stands on this issue: Are you "yes," or are you "no." It should be clear and unambiguous, and I believe if it is, we have a chance to succeed in passing the bill.

All these challenges will require bipartisan cooperation. Many of them will require difficult decisions. But this balanced budget and the prosperity we are now enjoying gives us a rare opportunity to take these steps for the long-term well-being of our country.

We can meet the challenges of the 21st century. We can have higher educational standards, entitlement reform, campaign finance reform, expanding trade, and a cleaner environment. This budget agreement shows that we can do all these things when we work together to find common ground. We have to carry the spirit into the fall for the hard work ahead.

Now, I'll be happy to take your questions, starting with Helen [Helen Thomas, United Press International].

Middle East Peace Process

Q. Thank you, Mr. President. Mr. President, the United States has avoided nurturing peace for a long time in the Middle East tinderbox. I'm sure that it's a way to go, you feel, but yet, editorially the Washington Post says your choices are—and if you'll permit me to read it—it says, "Up to now, President Clinton has avoided confronting the implications of Mr. Netanyahu's reluctance to bargain territory for a Palestinian settlement. Now he must decide whether to minimize short-run frictions with the Israeli Government or reach for a long-term peace." What do you say to that?

The President. Well, first of all, let me say that the Secretary of State gave a very important speech to the Press Club at noon today. I read the speech last night. I went over it with great

care, and I am in full accord with what she said.

Secondly, in this year alone, the United States helped to broker the Hebron agreement. We have hosted all the leaders from the Middle East here. Dennis Ross has been to the Middle East twice. We have worked very hard on this. Indeed, there is no foreign policy problem to which I have given more of my personal time since I became President in 1993.

But we have to do what we believe will be most effective. The question is not whether the United States or this administration on any given day or week is popular or not in any foreign capital. The question is, are we doing what is most likely to work? And sometimes reasonable people can disagree about that.

Now, I have asked Dennis Ross to go back to the region to primarily discuss security. As Secretary Albright made clear, until the parties trust each other and until the Israelis believe that the Palestinian Authority is making 100 percent effort, which is different from 100 percent results, but making 100 percent effort on security, it is impossible for peace to proceed. If we can resolve that, then the Secretary of State will soon go to the Middle East with the ideas that we have developed for going forward.

Let me make this one final point on this—you may want to ask some followup questions, but I want to make what I hope is a clear distinction.

On the substance of the peace process, the parties still have to make the final decision. But on the process itself—how to get the process going again with some integrity designed to restore confidence in both parties—I think the United States can and should offer its best ideas, and that is exactly what we intend to do, and that's what the Secretary of State's speech was designed to set the stage for today.

Q. Well, the point of friction has been the settlements. And do you think you've been even-handed in that respect?

The President. Well, I think we've made it clear to the Israelis that we don't think anything should be done which undermines the trust of the parties and violates either the spirit or the letter of the Oslo accord and which predetermines the outcome of final settlement issues under Oslo. I think we've made that clear. And I think that the Secretary of State's speech today was quite clear on that.

But let me say there is no parallel between bombs and bulldozers. You cannot draw a parallel. We cannot have an environment in which people believe the way to get what they want is to kill innocent people in a marketplace. Furthermore, I believe the people who are responsible for those terrorist bombs are the enemies of the Palestinian Authority as well, and I think they ought to see that. It is imperative that Mr. Arafat understand that those people are not his friends either. Those people do not want the peace. Their closest allies, in terms of political objectives, may be their most extreme enemies in Israel, who do not believe that peace is possible. The people that murdered all those people, those innocent civilians, are not trying to get a peace that they think is more favorable to the Palestinian or the Arab cause; they are trying to murder the peace process. And as soon as we all understand that and go back to work on it, then I think we have a chance to make progress.

But I also believe that the Government of Israel clearly has a responsibility to try to—to carry its end of the load, too. This has got to be a two-way street: security first; then let's see both sides do what it takes to restore the confidence.

Sonia [Sonia Ross, Associated Press].

Line Item Veto

Q. Mr. President, the tax cut and budget bills that you signed yesterday were criticized by your own Treasury Secretary as heavily laden with special interest provisions. You have the power to use the line item veto to take out some of those special interest tax breaks. Are you planning to exercise that power?

The President. Well, the short answer is that I expect there will be some exercise of that. But let me tell you what we're doing.

First of all, I have asked my staff and relevant Cabinet members to review both the budget bill and the tax bill. I know that all of you know this, but just for the people that you're writing or speaking for, there are three areas in which the President can exercise the line item veto, three sets of legislation. In the tax bill, there are certain limited, and they're quite limited, special tax provisions that are subject to the line item veto. In the budget bill, there are certain special spending programs under the so-called entitlement umbrella that are subject to the line item veto. I must act on either one

of them within 5 days from yesterday, excluding Sunday. That's what the law says. In addition to that, as the annual appropriations are passed they, too—the spending items within the annual appropriations—are subject to the line item veto.

So what I've asked my staff and Cabinet to do is to meet with me, first of all, make sure I am aware of the items that are subject to the veto in the tax bill and in the budget bill that I signed. And then the second thing we have to do is to make absolutely sure that none of these things that we don't think are very good were part of the agreement. That is, this was an agreement entered into in good faith, and I cannot use the line item veto on anything that our negotiators agreed to let go through. I think that's very important. And I want to bend over backwards to make sure there's no misunderstanding on that. Then after that, we'll have a category of items, and I will just go down and evaluate them and decide whether I think that they are sufficiently objectionable that they should be vetoed.

Larry [Larry McQuillan, Reuters].

Balanced Budget Act of 1997

Q. Mr. President, on this deficit reduction that you've just mentioned that has now fallen to \$37 billion, doesn't it raise the question that, in fact, the budget could be balanced a lot sooner if you and Congress hadn't enacted \$95 billion in tax cuts?

The President. Well, let me say this: If we hadn't done anything, if we had had no tax cuts and no other changes, our estimates are—keep in mind, these tax cuts are over a 5-year period—our estimates are that we would have a deficit which would rise over the next 5 years and stay at about the level of \$100 billion. So you can also say that if we hadn't spent \$24 billion on children's health care, we could balance the budget. If we abolished spending on education, we could do it. The question is, can we do this in a way that also helps the American people and gives them some of the benefit of the prosperity that has been generated in the last 5 years?

And let me say again, there is a lot of discussion about this tax cut. I want to make two things clear: This tax cut is a small fraction of the size of the tax cut that was adopted in '81 that started us down the road to permanent structural deficits, a small fraction. Number

two, 80 percent of this tax cut goes to three things which will benefit the vast majority of Americans: education, the child tax credit, and the initiatives to help isolated and distressed urban and rural communities. That's where 80 percent of this cut goes.

Many people believe that the capital gains cut will also spur economic growth; some people don't. As you know, that was a big priority for the Republicans. I believe that, overall, the tax package is a good and balanced one. I think the fact that we have a plan for a balanced budget and that we are providing these kind of tax cuts that will help people to raise and educate their children will actually contribute to economic growth because they are disciplined, they are limited, and they are part of a comprehensive strategy that ends in balancing the budget now in a surplus. That's what I believe.

Bill [Bill Plante, CBS News].

Q. Mr. President, what makes you believe that future Congresses will continue along the path to keep the—to balance the budget in 2002 or to keep it balanced? And also, sir, in 1994 you referred to extreme Republicans who want tax cuts and spending increases and balanced budgets—"all this ridiculous stuff" quote, unquote—that seems to be what you've got yesterday. I mean, you came here intending to stimulate the economy with Government spending and to get universal health care. Why did you change your mind?

The President. That's not accurate. I also said that we would cut the deficit in half in 4 years. We did better than I said; we cut it by 75 percent in 4 years. But if you—that's a very selective reading of my 1992 campaign. I also said that I would have to eliminate programs, cut the size of Government by at least 100,000, and do more things that we had—that I believed we could reduce the deficit and increase targeted investment.

And let me remind you that in this budget—let me just go through this quickly. When you adjust for inflation, all of these departments with discretionary budgets are going to have to cut spending 10 percent during this budget. There are more entitlement savings in the Medicare program in this budget than ever in any budget since Medicare has been enacted, about \$400 billion. There are new, modest fees for home health care in the Medicare premium. So there will be—this is not all increased spending. Some

things will be increased; many things will be decreased. And if we do it, we'll produce growth.

Let me just make one other point. I'm convinced that if we did not pass this plan and did not say to the world and to the investor community, we're going to balance the budget, it would slow economic growth.

Let me answer your final question, why do I think subsequent Congresses will stay with this? Because I think that they have seen what happens if you do this. If you have fiscal responsibility and you're running a balanced budget when you have good economic times, then you get rewarded in the markets, and your economy does well. If you spend a lot of money you shouldn't be spending and you run big deficits in good economic times, the international financial markets will punish the United States. They will drive up interest rates. They will drive down the value of our stock market. They will weaken our economy, and they will make the deficits even worse. So I believe that the markets are sending us a clear signal.

Alison [Alison Mitchell, New York Times] and then David [David Bloom, NBC].

Campaign Financing

Q. Mr. President, you said that the American people should know where every political figure in Washington stands on campaign finance. Yet at the same time that you've called for an end to soft money, you continue to raise it for your party.

The President. I certainly do, and I'm proud of it.

Q. Well, let me ask you—

The President. I do. I plead guilty to that. I don't believe in unilateral disarmament. And I don't think—suppose I said to you, "Advertising is bad, your newspaper should stop advertising while everybody else does it, and trust me to tell everybody what a good newspaper you have. Just stop it. Just say no." You live in a competitive world. We live in a competitive world. And notwithstanding what the image may be, constantly—and you see again in the press today—the Republicans raise more money, raise more big money, and raise more money from noncitizens than the Democrats do. But we have to raise enough to be competitive.

I am doing my best to try to build things like our Women's Leadership Forum, which is the most exciting thing that the Democratic

Party has going now in the way of fundraising, people who give modest contributions involving women, smaller businesses, new business people coming in. But I think it would be a grave mistake for us to abandon any attempt to compete. That would only ensure that the Republicans would never pass campaign finance reform.

And I might say—I'm trying to stay in a good humor about this, because if I were sitting at home and I were a Republican Senator with a lot of influence in this, I'd say, "Hot dog, this is the question I have been praying for. We will never be held accountable for this. We can kill it one more time. We've killed it 4 years. Let's go for 5."

And I hope that won't be it. I mean, I think we ought to—I will live under any set of rules that are there. But the lesson that we have learned is there's too much money in this system, but it's because of the cost of communication. It's the cost of communication that's driving this up. And so we have got to get free air time or reduced air time, and we've got to get campaign finance reform. And I hope we can.

Let me just say, look at what we have done just since the first of this year. We want the FCC to deal with the issue of free air time. I have appointed an advisory committee to explore that. I've asked former Vice President Mondale and former Senator Nancy Kassebaum Baker to head a national group to get citizens involved in campaign finance reform. I have asked the FEC to reconsider the rules that it made which made soft money possible in the first place. And I'm supporting Kennedy-Kassebaum. I don't know what else I can do.

But I will not, at the same time, bankrupt the Democratic Party and say that I want you to have no money, even though if we do our very best we're still going to be outraised and outspent two to one. I don't think that is a responsible thing to do. I think that would be wrong. This money was given to us by—the people that contributed money to us, by and large, were people that could have made a lot more money contributing to the Republicans, they thought, because they were the party for the capital gains tax, the estate tax relief, and all of that. They did it because they believed in what we were doing. And they gave us a chance to fight for things like this children's health program, this education program, and all

the things we did. I just think we can't afford to just lay down our capacity to compete when what we really have to do is all agree to live under a new set of rules, which I will happily agree to live under.

David.

Medicare and Social Security

Q. Mr. President, you spoke of entitlement reform, but the Medicare commission will not return its recommendations until the spring of 1999, and I'm wondering two things: first of all, in that context, one year before the Presidential elections begin, do you really believe that there will be the political will to do something drastic, vis-a-vis Medicare reform; and number two, on Social Security—you've had a chance to think about this for several years now—can you tell us what your recommendations will be in terms of keeping Social Security from going bankrupt?

The President. Well, first let me deal with the Medicare issue. It was the decision of the Congress to have the commission report back in 1999. And I would have gladly accepted a 1998 reporting date because I believe that we cannot make changes in Social Security or Medicare that are significant unless there is bipartisan support. And I believe if there is strong bipartisan support, you can do it in an election year as well as in a nonelection year. But I think the fact that March of '99 is 18 months before a Presidential election, more or less—I haven't counted the months, maybe a little more—is not dispositive. I think that, first of all, this commission may decide to make interim recommendations, and we may take a series of steps. Secondly, if they make a package recommendation at the end and it has the support of all these appointees—and I can assure you I'm going to work hard to appoint distinguished, good people to this commission that will inspire confidence in our citizens—then I think the Congress will be prepared to act on it.

And I feel the same way about Social Security. I have not yet decided exactly what the timing ought to be on that because we need to work it out with the congressional leadership in both parties in terms of how they're dealing with Medicare.

But let me make the point again: These systems would work for a longer period of time than they otherwise will but for the fact of the baby boom and the fact that all seniors are

living longer. Now, that's—as I've said before, that's a high-class problem. People are living longer and living better, and that's what we should want for our society. That's a good thing. But when the baby boomers retire, because of the length of life of senior citizens, there will come a time when there will be almost only two people working, just a few more than two people working, a fraction over two, for every one person on these programs.

And you asked me, do I think that we will take the steps necessary to reform them. I do. And I feel that for a simple reason. Number one—and I'm the oldest of the baby boomers—I don't believe that our generation wants to ask our children to make drastic sacrifices to support us because we wouldn't take modest steps now that don't have to affect the people that are now retired at all. We can deal with this over a longer period of time in ways that don't affect people who are now retired at all or at least in a very minimal fashion. And I think it's an inter-generational obligation, and I expect it to be fulfilled. I'll be surprised if it's not.

Yes, Mike [Mike Frisby, Wall Street Journal].

Future of the Stock Market

Q. Mr. President, the stock market has been soaring in recent months. Are you worried or concerned about whether ordinary Americans understand the risk involved in their investments at this time?

The President. Anything I say is wrong, right? [Laughter] If I say yes, the market drops tomorrow. If I say no, someday it will drop, and I'll be a heel. [Laughter] Well, let me say this: It is an astonishing fact. I mean, what was the market when I took office? The market was 3,200. So it's gone up at an unprecedented rate to unprecedented heights. But that increase has been accompanied by a very brisk growth in our economy and strong growth in productivity.

And keep in mind, most ordinary citizens who are invested in the stock market are invested through their retirement funds and mutual funds and things of that kind, and the people who are managing those funds are managing huge amounts of money and presumably do have very good judgment about things like that. You know, all markets go up and down at various times, but I think that if you go back over the last 30 years, investments in the stock market held over the long term have panned out pretty well. And there aren't too many people of modest

incomes who put a huge amount of money in the stock market on one day and then have to take it out 4 months from now no matter what. And I think that these mutual funds, these retirement funds, they can mix their investments, and they can do it over a longer period of time. So I think on the whole, what they're doing is betting on the larger American economy, and I think that's a very good bet.

Yes, Elizabeth [Elizabeth Shogren, Los Angeles Times].

Microsoft Corporation

Q. Mr. President, in light of the new alliance between Apple and Microsoft that was announced today, I wondered if you could tell us if you're troubled at all by the phenomenal growth of the Microsoft Corporation and if you or your administration is considering putting any limits on that growth if you—and if not, how this is different from oil and steel and the railroads in the early parts of the century?

The President. Well, first of all, this—I can't comment on this particular announcement today because it just happened today, and its economic effects under our laws have to be analyzed. But there—as you know, Microsoft has been involved in the last—since I've been President in various legal issues relating to its organization and operations. And I think all I can tell you is we will treat them in the same way we would anyone else and make the analysis of law that seems appropriate, and the Justice Department—I have to wait to hear from them about whether there are any antitrust implications to this.

Yes, John [John Donovan, ABC News].

Paula Jones Civil Suit

Q. Mr. President, in a civil suit filed against you, attorneys for the plaintiff have issued a subpoena for an individual who may or may not have worked in the White House. Your staff, when asked to clarify the status of that individual in the past, refuses to answer the question, refers it to an outside attorney. Even for those of us who don't have much appetite for this entire subject, this particular answer in this particular category seems needlessly evasive. My question to you is, is it your wish that it be answered this way and is it consistent with your intention to run an open White House? That's the principle I'm asking about here.

The President. Well, first of all, I think the answer is probably known, but I think that Mr. Bennett and the person in question's lawyers gave the only relevant answers. And there was a request to be left alone and not harassed, and we're just trying to honor it. I don't really have anything to say to add to what Mr. Bennett already said about it.

Yes, Wolf [Wolf Blitzer, CNN].

Line Item Veto

Q. Mr. President, I want to ask a question about the UPS strike, but before I do, I want to just clarify what you meant by the line item veto, that you expect to exercise it. Do you mean between now and Monday you expect to exercise it, or exercise it in the fall when there are appropriations bills?

The President. I mean I expect to exercise it, and I know—I'm anticipating that there will be some things between now and Monday that I would want to exercise it on. But I want to emphasize this: I have not had a briefing on this, and I literally—all I know about this is what I have read in the press, about the list of tax items which are subject to the line item veto. And there has been more scant coverage of the questions in the entitlement part of the budget. But I honestly don't know enough to tell you today, here's something I'm going to veto.

We're going to have a session sometime between now and Saturday—excuse me, sometime between tomorrow and Saturday, about this whole issue of what's in this budget. And until I know for sure that I'm going to veto something, I don't want to say. I'm just—I'm assuming that there will be something in there that was not agreed to by all of us in the budget agreement that seems to me to be a good candidate for it. But I do not know of any specific thing now. As soon as I do, I will tell you. But I believe in the line item veto. I believe it should be used. And of course, as all of you know, it will be tested. As soon as I exercise it one time, somebody is going to file suit against it, and then we'll see what happens.

United Parcel Service Strike

Q. If I could just ask on the UPS strike, there are a lot of small businesses out there that are suffering right now as a result of this, and they see you standing by, encouraging both sides to go back to the bargaining table but

not really doing anything about it. And some of your critics are saying that's because the labor unions supported you and the Democrats so overwhelmingly over these past few years. Is that a fair criticism of why you're standing aside and not getting directly involved in this strike?

The President. No. No. Let me urge you all to do one thing, because I think it would be very helpful to the American people generally to know this. If you compare what I did in the American Airlines strike, which is the only strike I've been involved in recently where I had some authority there—the airlines companies, because they take passengers, are governed by a Federal law which gives the President the power to intervene if there is substantial economic danger or damage to the country. The UPS strike with the Teamsters is not covered by that law. It is covered by the Taft-Hartley act. If you look at the Taft-Hartley act, there has to be a severe damage to the country. The test is very different and very high before the President can intervene.

Now, Mr. Lindsey, as he always does in strikes of large national stakes and high interest, has been involved as sort of our mediator, our talking person dealing with all the parties. And we did bring the Federal Mediation Service into this, and we have—we've done everything we could, both privately as well as publicly, to urge the parties to get back to the table and settle this. I'm very concerned about all the customers and users of UPS and what's happening to them, but I do not believe that it is a fair reading of the Taft-Hartley law, which is the law I have to act under, that the high standard of that law has been met. It's a totally different law from the law that affected the American Airlines case. And I think it's really important that the people understand that.

Go ahead.

District of Columbia Rescue Plan

Q. Mr. President, also put into law yesterday, of course, with the tax and budget provisions was the District of Columbia rescue plan. And there's an extraordinary amount of roiling around and criticism in the city, and I think perhaps around the country, about what's taken to be a trampling of home rule for this Nation's Capital City. As democracy advances in the rest of the world, some folks are worried that it may be receding here, and the fact that Mayor Barry's powers have been reduced to a certain

extent, as an unelected control board comes in to make these management reforms and deal with the aid. And there are some that think that this may be an attack on Mr. Barry personally, that this is in the legislation. Are you concerned about this to the extent that you're going to try to do anything to follow up on it, talk to Mrs. Norton? I wonder what your reaction would be.

The President. Well, first of all, we've already been in touch with Congresswoman Norton about this in some detail. Let me back up and say that I think on balance the legislation was very good for the District of Columbia because it will have the effect of injecting about \$200 million in cash into the city this year, as the State—the Federal Government pays a higher share of the Medicaid budget of DC, begins to take over the prisons, begins to assume the pension liabilities.

What I was hoping to do was to remove from the District of Columbia the burdens that normally are borne by a State but that this city has had to bear; and then to give the local officials more responsibility for the things that a city must do: run a good school system, keep the streets safe, repair the roads and the highways and the streets, and do the other things that the city has to do. And the Congress, simultaneously, wanted to strengthen the whole reform system that was represented by the control board. And it was a congressional initiative and, if you will, a condition of getting the financial relief that the provisions that you mentioned were adopted, which, among other things, require a joint agreement of new department heads between the Mayor and the head of the control board.

Here's what I've asked Frank Raines to do. Frank Raines, as all of you know, is representing me in our DC negotiations. I've asked him to try to get together with the parties and see if we can find a way to make these appointments consistent with home rule and that, if he finds the situation to be untenable, to come back to me with some suggestions about what we should do then.

Let me just say one other thing. There are some very interesting tax provisions in this bill which are similar to the tax credits that we gave generally around the country for people to hire people off welfare, for people who go into the inner cities and the high poverty areas, and then there is, for the first time ever, a

zero capital gains on people that start trade or businesses in high poverty areas of DC. So we are trying to rebuild the economic infrastructure of the city as well. Director Raines is going to try and work through it for me and come back with a set of recommendations.

President's Advisory Board on Race

Q. Mr. President, there seems to be several issues blowing in the wind that come back to you—the issue of the race initiative. You wanted a dialog on race, and you have a dialog on race right now, the black-white issue, in particular, the issue of an apology for slavery and reparations. Are you hoping that the issue were to go away by giving it to the Race Advisory Board? Because there is word that you would like it to go away.

The President. I don't know that I hope the issue will go away. What I hope the issue—what I hope will happen is that the issue will not dominate all the other things that need to be discussed about the past, the present, and the future. And I gave it to the Advisory Board because I—after all, the Chairman is one of America's most eminent historians and as knowledgeable about this subject as anyone in the country. If I had no Advisory Board, I probably would have called him on the telephone and asked for his opinion when this subject came up. So that's the only reason I asked them to look at it.

But let me say, I think they're doing a good job. We've got our Executive Director in Judy Winston now. We're staffing up. We're going to be moving out around the country. There will be dialog, there will be research and studies done, and there will be policies flowing. And you know, I've already announced the first major policy under this initiative, which is the \$250 million program to give people—to defray the costs of college education for people who teach in underserved areas.

Peter [Peter Maer, NBC Mutual Radio].

Middle East Peace Process

Q. Mr. President, going back to the first question on the Middle East, when this administration calls on the Palestinian Authority to take sustained action to prevent terrorism, what specific steps are you looking for? And secondly, do you personally believe that Yasser Arafat and the Palestinian Authority have fulfilled the obligation to prevent terrorism?

The President. Let me answer them in order. Number one, we expect them to resume meaningful, real, consistent security cooperation with the Israeli authorities in the way that they do when they work best. Number two, we expect them to act on the information that they have. You can't hold them to the information that they don't. But they have proven in the past quite effective at rounding up people and arresting them for good cause. And number three, we expect that if there are people there who are really serious threats to the peace and to innocent civilians, that they should be kept behind bars if it is legal to do so. So that's basically it.

Now, in answer to your second question, I would have to say that I could not say that there has been constant, 100 percent effort. That does not mean that we know—by the way, that does not mean that we know for sure, we in the United States know, that these bombs would not have exploded and killed these people if 100 percent effort had been made. I can't say that; I'm not close enough to the situation. But I know that it's been discouraging for the Palestinian Authority. I know they get frustrated. I know that sometimes Mr. Arafat feels like he's caught in the middle between his own population and their discontents and frustration and his frustrations in dealing with the Israeli Government. But none of that can be an excuse for not maintaining security.

If you go back and read Oslo, they promised 100 percent effort on security, number one. Number two, never mind Oslo; you can't have a civilized society if you permit terrorism. And number three, in the end the terrorists are the enemy of moderate, constitutional government among the Palestinians. Those people who murdered those people in the market did not want a better peace deal. They want continued impasse. They want to destroy Israel. And that is not going to happen. There must be a peace process.

Nomination of Governor William Weld

Q. You have repeatedly expressed your admiration and support for Governor Weld, but how far are you willing to go to see him confirmed? Are you willing to make Senator Helms mad? What plans do you have specifically to help him?

The President. I thought maybe I'd go down to Mexico and jump off those cliffs at Acapulco. Have you ever seen them? [Laughter] Maybe

that would—well, let me say, first of all, let me have a very serious comment on this. Let's get a few things on the record here. I have had a good and surprisingly constructive relationship overall with Senator Helms, and it has flowed from our being completely straightforward with one another and acting in a candid and open manner. And he certainly has been candid and open about this. But so have I.

Now, I believe that Governor Weld would be a good Ambassador to Mexico and is rather uniquely situated to be a good Ambassador to Mexico because of his background, his experience, his knowledge, because he does know a lot about the drug trafficking. And he's been criticized for that, but let me remind you that President Reagan named Governor Weld head of the Criminal Division of the Justice Department. And just in the last couple of days President Reagan's head of the Drug Enforcement Administration strongly endorsed Governor Weld for Ambassador to Mexico. When I nominated him, one of the reasons I nominated him, ironically, is that I felt that this would build strong, broad, bipartisan support for our relationships with Mexico, which I think are critical.

Now, having said that, I think at least the man ought to get a hearing and ought to get his day in court, if you will, his day before the committee. And I was encouraged to hear Senator Lugar say that. We've got a team organized in the White House to try to help promote his nomination, and we'll do the very best we can, and we'll see what happens. But I believe he ought to be the Ambassador, and I'm going to try to see him confirmed.

Yes, Sarah [Sarah McClendon, McClendon News Service].

Elder Care

Q. Sir, we have a scandal in the country, a quiet scandal and not talked about very much because it concerns a lot of older people who don't even talk to their relatives when they visit them. I'm talking about nursing homes. Apparently, the Federal regulations are not being enforced enough, and in many of the nursing homes owned by corporates, there are very few, small staff, very large number of patients, and the staff are paid very little. Therefore, they take it out on the patients. And some of these patients, many of them are hungry, and they're abused, and they're mistreated. And nationally

we ought to do something about it. I'm sure you can.

The President. Well, let me say, there are two issues here, really, in terms of what happens to older people who are not living at home, and to some extent, in home. There is the nursing home situation; there is the—people who are living in institutions that aren't quite nursing homes. And then there are people who are getting home care, and the question of whether the home care they're getting actually is what they contracted for and whether they're being properly paid.

The Department of Health and Human Services is looking at the question of whether we can streamline and make more effective the regulation of nursing homes, and also how we're going to go about getting money—stopping spending money in other forms of support for seniors where the money basically is being ripped off through fraud and abuse. And I hope that over the next few weeks we will have something to say about that that will reassure people and their families who are in nursing homes.

Mara [Mara Liasson, National Public Radio].

Line Item Veto

Q. Mr. President, another line item veto question. You said that some of these candidates for a veto were negotiated in good faith, they're part of the agreement. Could you explain to the American people why a tax cut that benefits 100 or fewer taxpayers is ever in the national interest? It sounds like the very definition of a special interest goody.

The President. Well, it's certainly the definition of a special interest group, but not all special interests are always in conflict with the general interest. If that were true, our country would not have survived for over 200 years.

But I want to look at them and see, because you say that anything that benefits 100 or fewer taxpayers must, by definition, be a special interest, but it could be a sector of the economy where there are fewer than 100 businesses now, where there is a national interest in keeping a certain activity going—alternative—something that's good for the environment, for example. I don't know. I don't want to comment because I have not seen these. But I would think that there are cases—for example, there may be a case where an injustice was done to a taxpayer or a small class of taxpayers, and we're trying to fix that. There may be a—that's the one case

I can think of. The other case is where there would be fewer than 100 firms in a given economic area where we'd want to do something.

Yes, Ann [Ann Compton, ABC News].

Press Secretary Mike McCurry. Tea time. [Laughter]

The President. Are you serving? [Laughter]

Press Secretary McCurry. That's another way of saying "last question."

1996 Campaign Financing

Q. I'll make it quick. A minute ago in talking about campaign finance reform you said, "I will live under any set of rules that are there." But violations of the rules that are in place—or apparent violations—are exactly why there are Thompson hearings in the Senate, why your own Justice Department has an investigation going. Why don't you appeal to two people who are trying to help you, Charlie Trie and John Huang, to come and tell their story? They've begun to talk to ABC and other media. You make an appeal to them to come and tell what they did and why they did it and help move past the investigations that are there now.

The President. Well, first of all, I have encouraged and I will do it again now—I've said I think everybody ought to work out a way to cooperate with this committee and get all the information out. Secondly, the State Department specifically has tried to work with the congressional committees with regard to anybody who might be out of this country. So I don't know what else we can do on that. I certainly have been fully cooperative and will continue to do so.

But what have we learned in these hearings? We've learned that there were problems. Now, we've learned that both parties had problems. We've learned that a lot of money was raised and a lot of money was spent. And I hope we've also learned that a lot of what was legal—and that was the import of Alison's question earlier—I hope we've also learned that a lot of what is legal would be better off if it didn't happen. We'd be better off if we had ceilings on contributions to the political parties. We'd be better off if somebody couldn't give a million dollars to a political party at one pop.

And that all leads you back to the same place: We either will or we won't pass a credible campaign finance reform bill this year. Some people will be for it, and some people will be against it. If the public is permitted to think for a

moment that they're all the same and they're all doing it and nobody really wants it, then that is an absolute, lock-down guarantee that no bill will pass. There must be a clear distinction between those who are for and those who are against. And until there is in the public mind, people won't think they're going to be held accountable for that vote and those who benefit from the present system will do what they can to keep it.

Independent Counsel Statute

Q. Mr. President, the American Bar Association is considering recommendations to limit the independent counsel statute in their annual meeting in San Francisco this week, a series of recommendations including limiting what offices can be investigated and the elimination of the need for a final report. First of all, where do you stand on these recommendations? And second of all, in 1999, if this statute were reauthorized, would you veto it?

The President. Well, I think—let me say, first of all, the American Bar Association has taken a great interest in this and ought to be viewed as a little bit, at least, of a neutral observer here. And they have pointed out some abuses of the law that are general and some abuses of the law that are specific to certain specific independent counsels. And I think that in this case I ought to be like the rest of the country; I ought to wait for their recommendations and study them. I can't comment on their recommendations until I know what they are and what the grounding is. But I'll be eager to hear them.

Thank you.

What did you say? You want me to take one more? Go ahead.

Q. Thank you, Mr. President. On tobacco—

Press Secretary McCurry. Quit while you're ahead.

The President. I'm not sure I am ahead. I never know where I'm ahead.

Go ahead.

Tobacco

Q. On tobacco, there were news accounts this week that you plan to take some additional smoking steps pertaining to Federal property. In the coming months and coming year, do you plan to be active on some of the international issues as U.S. companies emphasize sales

abroad—things like the World Health Organization's idea for some standards on labeling, or there have been bills introduced in Congress that would prohibit U.S. employees from promoting the export of tobacco products?

The President. Well, I think that there may be some multilateral actions that we would want to be a part of. And to be honest with you, I haven't had a great deal of time to think about it. I know that sales have been declining in the United States and in Latin America and going up in Asia and in Eastern Europe and that it's natural to expect that companies will try to accelerate the growing markets and, if they're dangerous to children here, they're dangerous to children there.

What I'm focused on now is completing my evaluation of this proposed settlement, protecting the jurisdiction of the FDA and the victories we've already won, and continuing to advance the health interests of the American people. But it is inevitable; it is as inevitable as the Sun coming out today that international institutions will be called upon and nations will be called upon to responsibly deal with this.

Yes, I'll take one question over here from the front.

India

Q. Next week, India will celebrate 50 years of independence, and you have been invited by New Delhi and also by the Indian community in Washington to attend the functions. Are you going to one of the functions? Also, how do you view the last 50 years of U.S. and India relations, the world's largest two democracies, under your administration?

The President. Well, first, I hope to do something here in Washington to recognize the beginning of what will be a yearlong celebration

of Indian independence. And also, as you know, at some time there will be some overlap in when Pakistan will be celebrating its 50th year of independence, and I think the United States should also be—its presence should be heavily felt in South Asia because of the long relationship we've had with India, to be specific to India, because it's been a democracy all the time, but also because of the enormous potential of South Asia for good if things go well and for ill if things don't.

You know, it's not a very hot issue here in the United States, but it's a source of continuing concern to me that the people of Pakistan and the people of India have not been able to work through their differences, because if they could do so, I am convinced that they could quickly begin to enjoy economic growth rates at the level of the highest East Asian communities and be our best partner for the future. So I'm hoping that not only can we observe India's anniversary but that we can be an even better friend in the next 50 years and a more constructive supporter of resolving these difficulties in the near term.

Thank you.

NOTE: The President's 150th news conference began at 2:02 p.m. on the South Lawn at the White House. In his remarks, he referred to Gov. Carl T.C. Gutierrez of Guam; Ambassador Dennis Ross, Special Middle East Coordinator; Prime Minister Binyamin Netanyahu of Israel; Yasser Arafat, Chairman, Palestinian Authority; the President's attorney, Robert S. Bennett; Deputy Counsel to the President Bruce Lindsey; and Mayor Marion S. Barry, Jr., of the District of Columbia. A reporter referred to Kathleen E. Willey, former White House volunteer who was subpoenaed in the Paula Jones civil suit.

Remarks to the Democratic Business Council

August 7, 1997

Thank you very much. Governor Romer, Tom, thank you. Thank you, Alan Solomont. I want to thank all the members of the administration who came to be with us tonight, and I thank all of you for your presence here and for your support.

I was—a little insight on Presidential decision-making; here are the notes my staff gave me. Here are the notes I made at dinner. [*Laughter*] You can have either speech. Which one do you like? [*Laughter*] Two, two!