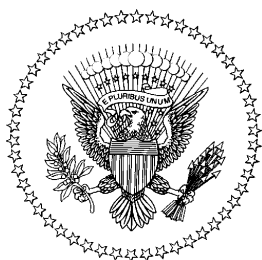


Weekly Compilation of
**Presidential
Documents**



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WEEKLY COMPILATION OF

PRESIDENTIAL DOCUMENTS

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Week Ending Friday, August 8, 1997

The President's Radio Address

August 2, 1997

Good morning. This week we reached agreement on a bipartisan balanced budget that honors our values, invests in our people, and gives middle class families a well-deserved tax cut. With overwhelming bipartisan support in both Houses, the Congress has sent me this measure, and next week I will sign it into law. This is an historic achievement, a plan that will strengthen our economy and prepare our people for the challenges of the 21st century.

There has been a lot of cheering here in Washington, but there has been cheering on Main Street as well, for the real impact of this budget will be in the lives, the dreams, and the futures of families all across America. Today I want to talk to you about how this balanced budget will affect millions of American families. I have asked some of them to join me here in the Oval Office today.

For 4½ years, our goal has been to keep the American dream alive and to expand opportunity for all Americans who would work for it. In 1993, when I took office, our economy was not creating that opportunity, and I vowed to change our Nation's course. We put in place a new economic approach, cutting the deficit to create the conditions for growth; investing in the education and health of our people, so that all Americans could reap the rewards of that growth; and opening foreign markets to American goods and services through tough trade agreements.

That strategy relied on tough cuts and hard choices. It produced 4 straight years of deficit cuts and slashed our deficit by 80 percent. We had well begun the work of putting our fiscal house in order before this budget agreement. And in a real sense, what was done back in 1993 made it possible. The low interest rates we've enjoyed have produced economic expansion as well as real benefits for the middle class in the form of lower car

payments, mortgages, and credit card rates. Now, we learned yesterday that unemployment is at its lowest in 24 years. The economy created 316,000 new jobs last month alone. Investment is up, and inflation is low. And family incomes finally have begun to rise.

Our new balanced budget law gives us a chance to make sure all Americans have the tools to prosper in the hopeful new century ahead. For parents who work at home, there is an increase in the home office deduction. For family farmers who buy their own health insurance, there is a provision allowing them to deduct their health costs, just like other small-business people. For parents whose children go to schools that are crumbling, this budget helps them and their communities to repair those schools or build new ones. Most important, in its core provisions, this balanced budget will help working families live up to their responsibilities to their children, their parents, and their communities.

One family has three children. He's a carpenter; she cares for his mother who lives at home with them. The \$1,500 a year they will receive from the children tax credit will be the biggest increase in take-home pay they have seen for some time. In another family, the mother wants to go back to school but can't afford to until her own children finish college. The new HOPE scholarship tax credit would make it possible for her to live out her dreams and return to school. Another mother works full time but has no health insurance for her two children, one of whom has a heart ailment. She was told she works too many hours to receive Medicaid. This budget invests \$24 billion in children's health care, so that parents like her can have greater peace of mind, knowing their children can get health insurance.

This balanced budget is a victory for every parent who wants a good education for his or her children, for every child in our hardest pressed households who needs health care,

for every family working to build a secure future. After years in which wages did not rise as fast as they should, this tax cut will clearly provide a direct increase in take-home pay for millions of families. It is the best investment we can make in America's future. It is the achievement of a generation, and all Americans should be proud.

This is a moment of profound hope for our country. As the new century approaches, we've come together to conquer one of our most persistent problems, and we've done it in a way that benefits all our people and our future. I hope that's how we'll meet all our challenges in the years to come, because when Congress and the President put aside partisanship and find common ground, when they act together for the common good, America can meet any goal and master any challenge.

Thanks for listening.

NOTE: The President spoke at 10:06 a.m. from the Oval Office at the White House.

Remarks Prior to a Meeting With Business Leaders and an Exchange With Reporters

August 4, 1997

Helen Thomas' Birthday

The President. Before we start, I think it's only fair to note that we are observing another anniversary of Helen's 50th birthday. [Laughter] We wanted to give you a birthday cake with a telltale number of—

[At this point, participants sang "Happy Birthday."]

Ms. Thomas. Now may I have a press conference? [Laughter]

The President. I'm going to make a statement, and you get the questions. [Laughter]

Ms. Thomas. Thank you.

The President. Take it to the press room and cut it up. [Laughter]

Ms. Thomas. Thank you. This is painful. [Laughter]

The President. You don't make it look that way. It's painful for me, too. [Laughter]

Action on Climate Change

I'm glad to be joined today by the CEO's of 10 Fortune 500 companies who have come here to meet with me on climate change. These companies represent electric utilities, the oil and gas industry, finance, high technology, and heavy industry. They are all intimately interested in this issue and will be affected by whatever happens on it in our country and throughout the world. We want a responsible approach to climate change. We believe that the science makes it clear that the climate is changing. I want to proceed based on some fairly straightforward and simple principles.

First of all, as we get ready for the Kyoto conference, I believe there should be realistic but binding limits to emissions of greenhouse gases. I believe that we have to do it in a way that keeps our economy growing. And I believe that we ought to embrace flexible, market-based policies. I believe we should reemphasize and reenergize our efforts in research and development to find as many technological solutions to this as possible and to keep our Nation in the forefront of what is now a \$400 billion market for environmental technologies. And finally, I believe the agreement has to be a global one. I think all nations, developed and developing, should be a part of this. So this is part of an ongoing process that I and our administration have undertaken to try to make sure we're working together with all the people who would be affected by this issue and try to reach, hopefully, a common position.

We're going to have a good meeting today, and I'm looking forward to it. And again, I want to thank all the executives for coming here and giving vent to their views.

Q. What do you think of the opposition, who says there is no such thing as global warming and that they don't agree with the scientists—some of the scientists?

The President. Well, I think that the real question is—I don't think that very many people disagree with the fact that there is climate change now. I think there's some disagreement about what the impact of it is and what the appropriate response is. There's still some debate there. But I think the scientific evidence for the fact of climate change is pretty compelling. We had that panel of sci-

entists, including the Nobel Prize winners here the other day, and I received a letter from—I don't know, over 2,500 of them—from scientists about it.

So I think that there's pretty clear evidence that the climate is changing and could be changing substantially. There is still some difference about what the consequences of that will be and what we ought to do about it. But I think if we follow these principles, we'll be staking out a responsible position, which will permit us to continue to grow economically and do our part in the world. After all, we have only 4 percent of the world's population, but we account for 20 percent of the greenhouse gas emissions, which you would expect since we have slightly over 20 percent of the world's output.

Budget Agreement

Q. Mr. President, how seriously are you considering using a line item veto to kill some provisions of the budget you'll sign into law tomorrow?

The President. Well, I asked Mr. Bowles to—once we got a budget agreement and it passed—to institute an intensive process to review both the spending and the tax bills to see if there were any items that would be appropriate for the line item veto. And I have not yet received the results of that review.

I support the line item veto; I did all along. And I think if we have it, it ought to be used—I believe that it ought to be used somewhat sparingly. And my experience as Governor was that once I used it a few times, I didn't have to—I didn't need to use it very much anymore. And that's what I would hope would happen. We'll just see—you probably know more about the likely targets for it than I do at this point. I was interested in the big-picture items in the budget. We got virtually 100 percent of what I sought, and I'm elated with the budget. I think it's good for America. I think it will keep the economy growing, and I think it's a responsible thing to do. So whatever I do on that shouldn't be in any way detracting from the terrific job that the Congress did on it.

United Parcel Service Strike

Q. Mr. President, one question on UPS. The standards for Presidential intervention are relatively high. Are you considering doing anything else to intervene to bring an end to the strike?

The President. On UPS?

Q. Yes, UPS.

The President. Well, first we urged the Federal mediator, and we got that. And we got—obviously, it didn't work. I still think the parties ought to go back to the table. UPS is a very important company to our country, and there are a lot of employees there and I hope they go back to the table. But at this time, I don't think any further action by me is appropriate.

NOTE: The President spoke at 10:25 a.m. in the Cabinet Room at the White House. A tape was not available for verification of the content of these remarks.

Remarks to the National Urban League

August 4, 1997

Thank you very much. Chairman Linen and members of the board, Hugh Price. Hugh, I want to thank you for that introduction. I hope somebody got that on tape. *[Laughter]* I was embarrassed there for a while, it was so nice. *[Laughter]*

Let me say to all of you what you already know, which is that Hugh Price has been a breath of fresh air on the Washington scene. He has been a brilliant leader for the Urban League, and I look forward to his leadership for many years to come. He's not as term-limited as I am, I don't think, so we ought to keep him around for a while. I think he's been great.

Congressman Payne and ladies and gentlemen, I have many things for which to be grateful to the Urban League. The two that come most immediately to mind are Vernon Jordan and Ron Brown, and I thank you for that. And I'm delighted to see Alma here—thank you. She's already heard her quota of speeches by me, so this is great forbearance I think.

When I was Governor of Arkansas, I had the privilege of working with your local chap-

ters. I saw firsthand how the Urban League could change the lives and the minds of people. And I want to say a special word of thanks for the support that you have given the work that we are now engaged in here for at least a year with regard to our initiative on racial reconciliation. It means a lot to me, but it also sends a strong signal to Americans that we can no longer afford to ignore the continuing racial divisions that undermine our greatness.

I might just say parenthetically what many of you already know, that this year we're spending—and with a distinguished advisory board headed by Dr. John Hope Franklin—is a year that will deal with the unfinished business of the work of reconciling and moving forward on an equal basis African-Americans and white Americans. But it also must look forward to what America is becoming. Today we have only one State, Hawaii, which has no racial majority. But in just a few years, within a decade, California will have no racial majority. That's over 13 percent of our population. And within 30 to 40 years, unless there is a dramatic change in our population, there will be no single race in the majority in America. We have always said our country is about ideas and ideals and principles. We're about to find out. *[Laughter]* We're about to find out. And we had best be ready for it.

In this global society of ours, it is an incredible advantage if we can not only get along and tolerate each other but actually celebrate our differences and be united as one America. And I would say in that regard, I would like to thank all the business people and others who are supporters and members of and active in the Urban League who have reached across racial lines to try to build that one America. I am grateful to you as well, and I thank you very much.

Whitney Young once said, "It's better to be prepared for an opportunity and not have one than to have an opportunity and not be prepared." Unfortunately, a lot of Americans for too long knew about being prepared for an opportunity and not having one. I come here today to say we have an opportunity and we must be prepared.

Tomorrow I will sign the balanced budget legislation into law. We have already reduced the size of the Government's deficit by 80

percent from the time I took office, but we have done it while investing more, not less, in the education of our children and in the revitalization of our urban areas and in our preparation for tomorrow through research and development.

Tomorrow's budget I want to talk about a minute because it represents unprecedented opportunities and the means for all Americans to seize them. Already unemployment and inflation are at their lowest points in a generation. Our neighborhoods are freeing themselves from the fearful grasp of crime and violence, more than in years. Last year, the drop in violent crime in the United States was the largest in 35 years. The African-American unemployment rate is the lowest in more than 20 years. We've had a historic drop in the number of people dependent upon public assistance for their livelihoods. But now we are going to try to finish the job.

Our historic balanced budget is an empowerment budget preparing Americans for the 21st century. I saw what Hugh Price said here yesterday about economic power being the last frontier, and I have seen Mr. Brack's new magazine cover, which I understand is sold out already, but I agree, we have to be about the business of giving people the power to make the most of their own lives and their families and their neighborhoods and their communities. That is the last frontier.

This budget will give every American willing to work hard and take responsibility that kind of opportunity. It honors our values by strengthening our families, investing in the education and health care of our children, moving more people from welfare to work, continuing to make our communities more livable. It is the strongest budget for our cities in over a generation. It keeps America firmly on the course of bringing new businesses, good jobs, and hopes back to our most distressed urban areas. It will help us to ensure that the blighted downtowns of the late 20th century do not follow us into the 21st. It will instead give them the chance to buzz again with energy and optimism, generated by Americans working hard, teaching children, raising families, and preparing for the future.

Beyond the right kinds of investments in this budget, we've fought for and won the kinds of tax cuts and credits that will truly benefit working families and communities. This balanced budget will keep interest rates down and investment up. Already, what we have been able to do has produced 13 million jobs in 4½ years. And I am proud of that, but we have more to do.

In this budget, we fought for and won \$24 billion to bring health care to as many as 5 million children who don't have health insurance today. This is the single, largest investment by the National Government in health care since the passage of the Medicaid program in 1965.

Today, there are about 10 million children who don't have health insurance. Interestingly enough, if the 3 million kids who are out there today who are eligible for Medicaid could simply be identified and enrolled and then we could use this money to reach 5 million more—the children of working parents who don't have health insurance on the job—we would be almost 80 percent of the way home to providing health insurance for all American children. I hope you will help us to identify those children. And we'll do our best to make sure that the programs work. They'll be administered State by State. And the Urban League is organized State by State; we need you out there working State by State to make sure this program reaches children.

But we can make a profound difference in the lives not only of these children but their families, by simply guaranteeing that they will have the health insurance that they ought to have for the hearing test, the vision test, to go to the dentist, to see the doctor, and if, God forbid, they needed to go to the hospital. It's a big deal, as my daughter used to say.

We fought for and won a \$500-per-child tax credit to help families, millions of them, and especially those struggling to lift themselves beyond poverty and raise their children well on modest salaries. That includes firefighters, police officers, nurses, teachers, technicians, people who deserve all the help they can get to raise their children as they work hard to serve us and make America a better place.

We fought for and won the most significant new investment in education in over 30 years and the largest increase in investment in helping people to go on to college since the GI bill passed 50 years ago. Through expanded Pell grants, the biggest expansion in two decades; tuition tax deductions for the cost of all 4 years of college and graduate school and going back to school for adults; education IRA's and our HOPE scholarship, which will open the doors of college to all Americans for at least 2 years after high school, we are establishing a system in which every American who is willing to study hard will be able to go on to college and to thrive in our new economy. It is very important.

And I might emphasize that this will be especially important as we try to bring America together in this new knowledge-based economy. The African-American high school graduation rate is now, thankfully, almost as high as the high school graduation rate for white Americans. But the rate of college graduation still shows a great differential, and you can see it in the unemployment rates; you can see it in the income rates. We owe it to the young people coming up to make sure that everybody, including people already out there in the work force, who is willing to go back to school and able to go back to school should not be barred from going back to school for financial means. This budget will make sure that they will not be.

We have fought to more than triple the number of empowerment zones from 9 to 31 across America, to bring businesses and jobs back to downtown areas with a combination of tax credits that will leverage billions of dollars in new private investment over the next 5 years. I have seen this working in communities all across America. I have seen what happened in Detroit. I have watched the unemployment rate be cut in half in 4 years when the private sector works with vigorous community leaders and takes maximum advantage of the incentives in the empowerment zones. And we have to keep going until that kind of investment is present everywhere. And I might say, there are even more generous incentives to invest in the Nation's Capital, to bring it back and bring it back to where it ought to be, where people want to live here, want to go to school here,

and feel safe on the streets, and we know we've got a functioning economy. And I want to assure you that I'm going to keep working until Washington, DC, is what the people of Washington and the people of the United States deserve for it to be.

We worked to provide tax incentives to businesses who agree to clean up and redevelop some 14,000 brownfields. Now, that's a term of art. Those are environmentally contaminated but otherwise attractive business sites in urban areas. Most business people simply cannot afford the risk or the cost on their own. This budget will give them the incentives necessary to do it. Our cities are full of places which would be good for new investments were it not for the environmental liability staring investors in the face. This will help to lift that burden and bring investment back to our inner cities.

Finally, we're working to more than double our investments in this budget in community development financial institutions, the community banks that make loans to individual entrepreneurs to start businesses in areas where they wouldn't be started otherwise, often the loans being made to people who couldn't get the loans otherwise.

When I became President, I found that our country through our foreign aid programs had been setting up these banks for small entrepreneurs in poor countries for years, but we weren't doing the same things for the American people who had something to contribute to their own economies in the neighborhoods of America. We're going to keep going until we've got a vigorous community development bank in every neighborhood in America. I might say, in deference to one of your board members, I especially appreciate the support we have received from Nations Bank in the community bank effort. They have made a huge difference to the acceptability and the viability of this in this country.

This budget will continue our efforts to fund 100,000 community police officers walking the beat, making our communities safe, helping our kids to stay out of trouble. Crime has dropped for 5 years in a row. And mayor after mayor after mayor tells me the more people want to live in our cities and feel good about living in our cities, the more

they will invest in our cities and put people to work there.

Finally, let me say that last summer, when I signed the welfare bill into law, I promised to work to fix the severe shortcomings of the bill, to eliminate aspects of the law that had nothing whatever to do with welfare reform and to find ways to encourage more employers to hire people from welfare rolls. This budget makes good on those promises. It restores both Medicaid and SSI benefits to the legal immigrants who work hard and pay taxes in our country. They should not be punished if they get hurt through no fault of their own. They ought to be entitled to benefits they pay taxes for like everybody else. It makes sure that disabled children who are now no longer defined as disabled under the supplemental security income law will not lose their Medicaid coverage. And it expands food stamp benefits for unemployed citizens trying as hard as they can to keep jobs and find jobs. And let me say why this is important.

It's easy in the welfare debate, it's easy in the poverty debate, to forget about the younger, single men, because they do not get welfare. But we need them very badly to be educated, to be trained, to be in the work force, to be of strong families, to be a constructive role in our future. Sometimes the only public benefits they get are from food stamps. That may be the only incentive we have to involve them in education, in training, in job placement programs. So restoring these benefits is very important.

And for all of you who care a lot about the condition of poor people and helping them to become more independent and go to work, I say, yes, by all means, we have to move every able-bodied person off welfare. But let's not forget about all those young, single men out there who need to be a part of America's positive future, who cannot be on welfare but can be standing on the street, and ought to be at school or at work and building good families and contributing to our future.

This budget also provides \$3 billion to the cities to help welfare recipients find and keep good-paying jobs—even more money to go with child care and job training and job placement—3 billion more dollars, and it will

help. And finally, it offers tax credits for employers that hire people from the welfare rolls. We also made sure that these welfare recipients will be paid an honest wage, nothing less than the Federal minimum wage for the jobs that they do. And I think that is the right thing to do.

Finally, let me say that we know the best thing we can do to empower our children to succeed in this new global economy is to make sure they have a world-class education. You have often said education is the great equalizer. And I read in the newspaper today, so I know it's so—[laughter]—that you said yesterday that we had to make sure our young people discarded their second-class expectations, that none of us should impose second-class expectations on young people. I say amen to that.

One of the things that we know now, folks, is that all of our children can learn. When I started—[applause]—thank you. Many years ago, almost 15 years ago now, when I started in earnest the work in my State on national education reforms and national standards of what children should take and what courses should be offered, it was really commonplace to hear people say, "Well, you cannot expect America to measure up to the highest international standards from kindergarten through high school. Oh, yes, we've got the best college system in the world, but you just can't expect us to measure up." And I'd always ask, "Why?" And they said, "Well, because we have too many children whose first language is not English. We have too many children who live in poor and difficult circumstances. We have too many children who live in violent circumstances. We have too much difference in the level of funding in our schools. Our school year is not as long as it is some other places." I heard all these reasons.

You know, I remember the first time I left my home State; some people thought I was dumb just because I talked the way I did. [Laughter] Might have been right, for all I know. [Laughter] But I've heard all this, you know, and I must say it was frustrating. Year-in and year-out, you'd see these international test scores, and America would always be below the international average. And we'd say, "Yes, but their populations are more ho-

mogenous than ours. Their education systems are more homogenous." There was always some reason that sounded pretty good.

Well, this sure—for the first time, on the international math and science test scores, which several thousand American students, representative by race, by region, by income, take that test every year—this year our fourth graders scored way above the international average for the first time. So we don't have to listen to that anymore. We don't have to listen to that anymore.

Now, the bad news is our eighth graders did not score above the international average, but we do know there are some reasons for that. We know that all the social problems that our kids live with get more intense around the time of adolescence. We know that a lot of our middle schools or our junior high schools are organized for the Ozzie and Harriet days of the fifties and the sixties, when the world was different than it is now. And they're often too big and not as functional as they need to be, and we need to rethink that. We know there are a lot of reasons, but I'll tell you something: One thing we know is that we can't blame it on the kids anymore, because the fourth-grade test proves that the children can do it. The fourth-grade test proves that the children can do it.

And that's why I'm trying so hard to get America, finally, on the eve of the 21st century, to establish national standards and to test all of our kids at the fourth grade in reading and all of our kids at the eighth grade in math, because I know we can meet those standards. And I know you don't do any child a favor, in the world we're going to send them into, by holding them to lower expectations. If they're poor, if they have a difficult neighborhood, if they have a difficult home environment, you know what, they need good education even more than the rest of the kids. They need it even more. They need it even more, and they deserve it even more. They deserve it.

So I ask you to help me. And if we implement this budget—children's health care, child and education tax credits, new businesses and jobs for our cities, welfare-to-work, high academic standards, these things will help our people to make the most of

their own lives. But empowerment is a concept which, by definition, implies a response from every individual. Empowerment means, here are the tools, what are you going to do with it? And believe me, we still have not done everything we should for all of our cities, for our Nation's Capital, for all of our people. There will still be more work to be done. You will be doing a lot of it one on one, as mentors helping people, but at least the tools will be there.

Now, our people must do what Whitney Young said, and every one of them has to be prepared to take advantage of these opportunities. So I hope you'll go back to your communities and enlist more people in the Urban League's mission, more people who will make sure that this budget will come alive, hiring someone off welfare, helping a child find his or her way, building partnerships with businesses to strengthen schools and create jobs, and reaching out across the lines of race and class and gender to find common ground and build our common bridges to that bright new century.

Thank you, and God bless you.

NOTE: The President spoke at 3:40 p.m. at the Washington Convention Center. In his remarks, he referred to Hugh Price, president and chief executive officer, Jonathan Linen, chairman, board of trustees, and Vernon Jordan, former president, National Urban League; the late Secretary of Commerce, Ron Brown, and his widow, Alma; John Hope Franklin, chair, President's Advisory Board on Race; and Reginald K. Brack, former chairman, Time magazine.

Interview With Tavis Smiley of Black Entertainment Television

August 4, 1997

Mr. Smiley. Mr. President, thanks for joining us. I'm glad you could take some time to talk to us today.

The President. Glad to do it.

Balanced Budget Act of 1997

Mr. Smiley. Thank you. Let me start by asking you whether or not—let me rephrase that. I know I'm preaching to the choir when I tell you that African-Americans still lag far behind white Americans in every single leading economic indicator category. As you well

know, some of your African-American critics have accused you, so to speak, of talking the talk but not walking the walk when it comes to your budget priorities. I'm wondering specifically what's in this budget that you're set to sign tomorrow, I suspect, specifically for African-American families that will help them shrink that economic gap.

The President. Well, there are several things. Let's look at a few of them.

First of all, this budget has \$24 billion in it for health insurance for families, for children, for families of modest means—disproportionately minority families. We're talking about people here who are working for a living but don't make much money, don't get health insurance for their children at work, but aren't poor enough to be on Medicaid. And it's the biggest expansion of health care for needy people since Medicaid passed in 1965—the single, biggest one.

Second, the bill has a \$500-per-child tax credit that goes even to working families that get the earned-income tax credit, that is, that make modest incomes. It may come to \$30,000 a year, which the vast majority of African-American families have children in the home, police officers, nurses, firefighters, folks like that, they'll get \$500 a year per child.

Third, this bill has the biggest increase in spending for education from Head Start through college since 1965, in over 30 years, and the biggest increase in help for people to go to college since the GI bill passed 50 years ago, the biggest increase in Pell grants in over 20 years—and that's going to really help—college tax credits, all kinds of other financial provisions to help people to go to college.

Fourth, the bill remedies everything I promised to fix in the welfare bill. It restores benefits to legal immigrants who are hurt through no fault of their own. It keeps children who are no longer classified as disabled eligible for Medicaid. It expands food stamp benefits to single men who are looking for work. It provides \$3 billion to the cities, to help the cities put people who are on welfare to work.

And finally, the bill has a huge, broad array of economic incentives for people who invest in the inner cities. It triples the number of

empowerment zones. It more than doubles the funds for community development banks to loan money to people who start business in the inner cities. It provides tax incentives and other investments to clean up 14,000 so-called brownfield sites in urban areas that are otherwise attractive for development but have environmental problems.

So it's a stunning budget. It's been at least 30 years since a budget this good for working Americans, lower income Americans, and minority Americans has passed.

Welfare Reform

Mr. Smiley. My time with you is limited, and there is so much I want to talk to you about, but let me follow up very quickly if I can. Since you mentioned welfare, I suspect tomorrow around here at the White House, there will be handshakes and smiles tomorrow as the Republicans and Democrats come together to watch you sign this bill. But I'm wondering what specifically you're going to do to follow up on what the Republicans have already threatened to do; that is to say, they want to, on Wednesday, I suspect, come after you in terms of gutting the welfare provisions that you insisted be a part of this bill. They specifically do not want to pay minimum wage to welfare workers who you want to move from welfare to work. How are you going to deal with what their next strike is going to be? And they've already indicated what it is.

The President. Well, I think some of them are upset because of the stories which indicate that we got about a hundred percent of what we were looking for out of this budget. But they got what they wanted. They got a capital gains and the changes in the estate tax and things of that kind.

I believe that everybody who works ought to get the minimum wage. And I'm going to hang tough, and unless they can get enough votes to override a veto, then the people that go to work are going to get the minimum wage. I don't think there's a problem with that.

Now, to be fair, they say that the Governors are saying that some employers, even community nonprofits, which you might consider liberal employers, are reluctant to hire people off welfare who may be hard to place

and may have—take time to train, if they also have to pay all the accompanying costs of employment like the unemployment tax and the Social Security tax and all of these other taxes. And they say they're looking for help on that. Well, I expect we'll have some dialog about that, but I simply don't think that they ought to be able to take the minimum wage away from working people. I just don't.

President's Advisory Board on Race

Mr. Smiley. You've said, and you've, of course, undertaken—put together a commission to undertake getting this country to have a conversation about race, the issue that you've called America's constant curse. In the first public meeting of your race commission, a small dispute erupted in that the commission Chairman, Dr. John Hope Franklin, and commissioner Angela Oh, a Korean-American commissioner from Los Angeles, had a dispute about what the focus, what the mission, the work of the commission ought to be. Dr. Franklin believes that the focus and the mission ought to be around the black-white conflict, which he sees as the nucleus for every other race problem this country has endured and continues to endure. Angela Oh, commissioner Oh suggests that the work of the commission really ought to be about multiracialism and multiculturalism.

As the leader, the President who put this commission together, what kind of leadership are you going to provide? How are you going to get them on the right track? If the commission can't have a clear-stated mandate, how do we talk about it as a country?

The President. My sense is that the division was not as great as it appeared. First, I agree with John Hope Franklin that if you don't understand the black-white issue, you can never understand how race works in America. If you don't understand the history and if you don't know what the facts are now, you can never understand the rest. So I think—and I think that's really the only point he was making, and I think that's important. I think we have to deal with our unfinished business, if you will.

There are some other issues. If you don't understand that Mexican-Americans first came to this country, if you will, by annexation because of the war we had with Mexico,

it's hard to understand the unique history of the United States with its Mexican-American population. But there is something special about the whole legacy of slavery and all of that, and we have to understand that. So I agree with that.

On the other hand, I also believe that one of the most important things this commission can do when there is no riot in the cities, when there is no real social dislocation, when unemployment is coming down and incomes are finally going up again, and we seem to be making some progress on crime and other issues, I think that it's time that we say, "Gosh, we're going to be in this new century in only 3 years; within 5 years California will have no majority race; within 30 to 40 years, the United States will have no majority race. What does that mean? What do we want America to look like in 35 years? How are we going to get along? How are we going to avoid these problems that have so bedeviled other countries when they didn't have a majority race, these tribal fights in Africa or the religious-based conflicts of the ethnic groups in Bosnia? Or what's going on in the Middle East; how are we going to get around that?"

I think that if we think about it now and we sort of make it a part of our project as we start the new century and we kind of empower our young people especially to talk about it and work through it, my guess is that when we do become the first truly multi-ethnic, multiracial democracy in the world, it will turn out to be a huge advantage for us, a huge advantage, because of the global society we're living in, as long as we say we respect, we even celebrate our differences, but we're still one America. I mean, that's the trick. And I think that ought to be the future focus of this.

Affirmative Action

Mr. Smiley. You mentioned California. As you well know, you gave a race relations speech at UC-San Diego. And as you probably know, 200 African-Americans have applied to med school in San Diego; none were accepted. In Texas, at the University of Texas, admissions of African-American students are down 26 percent. It's an ugly picture, and I can make it uglier if I had more

time, but I won't do that. But the question I do want to ask is——

The President. They shouldn't have passed that 209.

Mr. Smiley. I totally agree with you on that. The question I want to ask is, there is a bill that's pending in the Texas Legislature that suggests that if scores—test scores are going to be the sole criteria for all students being admitted to college, why not include athletes in that regard? I'm wondering how you feel about that. I actually think it may help the Razorbacks, because the kids that can't go to school in Texas may go up to Arkansas. [Laughter]

The President. What a low blow. [Laughter]

Mr. Smiley. Well, no, I just—it may help the program. But what do you think about including athletes, though, seriously?

The President. I think if you did it, people would bring back affirmative action. I mean, that would make the point. I couldn't help thinking, when they explicitly excluded athletes, that you could have, let's say an Hispanic young athlete who was a C student out of high school get in the best university in the State, and another young Hispanic who was an A-minus student in high school that wore Coke-bottle glasses and was an academic, who couldn't get in. I mean, the whole thing is bizarre. It's all mixed up.

Mr. Smiley. You think it ought to include athletes?

The President. Well, I think universities ought to have a right to develop their athletic programs, but I think that it is ridiculous to say that a great university needs to have different academic standards for athletics so you can have diversified athletics but doesn't need a diversified student body when it comes to race and ethnicity. I think it's just an absurd argument. It is completely absurd, I think.

So I would say you've got to—you can pick one. You can have it one way or the other, but you can't have it both ways. That's kind of what I—it's like these people who put this together saying, "Well, if these folks can entertain us, we'll let them come to school. But if they're not entertaining to us, never mind that they're going to be a big part of our

future; they can't come to school." I think it's a mistake.

Of course, I believe—I don't think there was ever a constitutional problem with affirmative action in college admissions and professional school admissions, as long as no one who was unqualified—that is, someone that clearly couldn't meet high standards and couldn't do the work—was admitted, because there are measures other than test scores and grades which are pretty valid indicators of whether people can do good work in high-quality institutions. And you want the students themselves to have valid experiences when they're going through school.

And I personally believe, since we're going to live in a multiracial, multiethnic, multireligious society, if I were running a private university, I'd certainly want one to be like that. And I think it's a cruel irony that in some of these States they seem to be moving toward putting it all on the private universities to have a diverse student body, at least in the graduate level.

Now, Texas is trying to overcome this now with their so-called 10 percent solution—you may know about that—saying that anybody who graduates in the top 10 percent of any high school can go to any State university. The problem with that is it doesn't deal with the professional schools, number one, and number two, it might work for Texas because of the racial distribution of people throughout the State in high schools. It wouldn't necessarily work in other States. I think—you know, my own view is we need an effective constitutional affirmative action program.

Cocaine Sentencing Guidelines

Mr. Smiley. Let me get to a couple of other quick areas before my time runs out here. You recently recommended—your administration recommended that the disparity between the crack and cocaine—powder cocaine sentencing be reduced from 100 to 1 to 10 to 1. I'm wondering, why not 1 to 1? And apparently, the CBC, the Congressional Black Caucus, was quite upset that they were not consulted before that decision was announced. Your thoughts?

The President. On the second issue, I don't know about that, and I was surprised because I had just had a very long meeting

with the Black Caucus in which we'd gone over a huge number of issues. And we had given them good followup on everything, and I was personally stunned to understand that they had not been consulted on this. And I found that hard to believe. What I think happened was someone involved in this in one of those departments leaked the decision before it was ripe to be made and kind of cut off all the consultations before it got in the newspaper. That's not an excuse. We should have done better.

Now, on the merits, let me say, we came to 10 to 1 for two reasons. One is all the senior people at the Justice Department and in the office of drug control believed that there had to be some difference because of the difference in violent crime associated with powder and crack. None of them believe that the 100 to 1 was justifiable. They all thought it was totally unconscionable. And they all thought it ought to be reduced dramatically. So they recommended 10 to 1.

Secondly, prison sentences are longer than ever now. And it was—the conclusion was reached that if they recommended anything lower, what Congress would do in reaction would be to try to raise the minimums for everybody and leave everyone worse off. And so I think we need to take a hard look at that Federal prison population anyway to see whether there are too many nonviolent offenders in there. And I think this should be viewed for just what it is, a major step forward. Let's see. Hopefully, we'll be permitted to implement it, and if we are, we'll see if it works.

Slavery and Reparations

Mr. Smiley. Your challenge to America to have a conversation about race has certainly spun off a number of conversations, including conversations about slavery and reparations. And I'm wondering whether or not, since you've had more time to reflect, you think an apology to African-Americans is warranted. And more specifically, what do you think of at least having a commission to study the feasibility of reparations, regardless to what your opinion is?

The President. Well, I don't believe that—that what I think I should do now is let this advisory board do its work and see what

they have to say about the apology issue and all the related issues. The one thing I did not want to do is to define the work of this commission, which I hope will be quite broad, as I explained, in terms of any particular issue early on. I just don't think I should do that. So I'm going to let them have their hearings. I'm going to go to some of the hearings with them. We're going to go around the country. I'm going to keep announcing special initiatives like our big scholarship fund to move teachers into the inner cities and pay for their college if they go back to inner cities and teach. I'm going to keep doing those things and just see how it comes out. And if the board wants to recommend that—and Dr. Franklin, I think, is in about as good a position to judge that as anybody in America—I'll wait and see what they say.

Dialog on Race

Mr. Smiley. Two last quick things and I'll let you go. I'm wondering whether or not you think that an apology to African-Americans might reenergize this debate. I'm talking to some African-Americans over the last few days who think that since your speech in San Diego, the conversation has kind of gotten quiet. You don't really hear a lot about this race discussion. Don't you think that apology might reenergize this debate?

The President. Well, I don't know. I keep trying to do something about every 2 weeks to juice it up. Today I talked to—I gave a speech to the Urban League, in terms of what was in the budget for African-Americans and minorities, just like I did with you a few moments ago. And I previously gave a speech saying that we were going to offer scholarships to people and pay their way through college if they'd go teach in distressed areas. I'll keep trying to do that. But I think there will be a lot of interest in it. It's hard to keep the media's interest all the time unless there's conflict. You know that. [Laughter]

Mr. Smiley. Absolutely.

The President. But I'll keep trying to find innovative ways to do it.

President's Future Visit to Africa

Mr. Smiley. Let me ask you finally—and I respect you and appreciate the time you've

spent with us today—let me ask you whether or not there's any truth to the rumors, and I underscore the word rumors, that you may, in fact, be heading to the continent of Africa at some point in the near future? Does the President care to confirm that, or do you want to disabuse me of that notion?

The President. No, no. I want to go to Africa next year. And I hope it won't be too long into next year. We're looking at the calendar now, and I'll just—and we'll have to pick. I've got—I owe a number of visits. I'm trying to work out a lot of different conflicts next year, but I very much want to go to Africa next year. And I intend to go, and if something doesn't happen, I will go.

Mr. Smiley. Mr. President, thanks for taking the time to talk to us.

The President. Thank you.

NOTE: The interview began at 5:28 p.m. in the Cabinet Room at the White House.

Remarks on Signing the Balanced Budget Act of 1997 and the Taxpayers Relief Act of 1997

August 5, 1997

Thank you very much. Mr. Speaker, Mr. Vice President, Senator Lautenberg, Members of Congress, ladies and gentlemen. We come here today, Democrats and Republicans, Congress and President, Americans of good will from all points of view and all walks of life, to celebrate a true milestone for our Nation. In a few moments I will sign into law the first balanced budget in a generation, a balanced budget that honors our values, puts our fiscal house in order, expands vistas of opportunity for all our people, and fashions a new Government to lead in a new era.

Like every generation of Americans before us, we have been called upon to renew our Nation and to restore its promise. For too long, huge, persistent, and growing budget deficits threatened to choke the opportunity that should be every American's birthright. For too long it seemed as if America would not be ready for the new century, that we would be too divided, too wedded to old arrangements and ideas. It's hard to believe now, but it wasn't so very long ago that some

people looked at our Nation and saw a setting sun.

When I became President, I determined that we must believe and make sure that America's best days were still ahead. After years in which the deficit drained our economy and dampened our spirit, in which our ability to lead the world was diminished by our inability to put our own house in order, after years in which too many people doubted whether our Nation would ever come together again to address this problem, we set off on a new economic course to cut the deficit, to create the conditions in which business could thrive, to open more foreign markets to our goods and services, to invest in our people so that all Americans would have the tools they need to make the most of their own lives.

Today, our budget deficit has been cut by more than 80 percent. It is now among the smallest in the industrialized world, as a percentage of our economy. Our businesses once again lead in world markets, now made more open, more free, more fair than ever before through our efforts. Our workers are clearly the most competitive on Earth, and we have recast our old Government so that a new one can take shape that does give our people the tools to make the most of their God-given abilities.

This year, we, Democrats and Republicans alike, were given the opportunity and the responsibility to finish the job of balancing the budget for the first time in almost 30 years and to do it in a way that prepares Americans to enter the next century stronger than ever. By large bipartisan majorities in both Houses, we have risen to that challenge.

The balanced budget I sign into law today will continue our successful economic strategy. It reflects the most fundamental values that brought us together. It will spur growth and spread opportunity. Even after we pay for tax cuts penny by penny, there will still be \$900 billion in savings, including half a trillion dollars in entitlement savings over the next 10 years. It opens the doors of college to a new generation, with the largest investment in higher education since the GI bill 50 years ago.

It makes it possible for the 13th and 14th years of college to become as universal as

high school is today. It strengthens our families with the largest expansion in health care for children since the Medicaid program 32 years ago. It modernizes Medicare and extends the life of the Trust Fund for a decade. It helps our communities to rebuild, to move a million more people from welfare to work, to bring the spark of private enterprise back to our most isolated inner-city neighborhoods. It provides the largest tax relief to help families raise their children, save for the future, and pass on their home and a dream to the next generation. These tax cuts are the equivalent of a \$1,000 raise in take-home pay for the average family with two children.

For so many Americans, what goes on here in Washington often seems abstract and remote, unrelated to their daily concerns. Well, this balanced budget deals with the big issues of the deficit and long-term economic growth in ways that respond to the practical challenges ordinary American citizens face every single day.

Because we have acted, millions of children all across this country will be able to get medicine and have their sight and hearing tested and see dentists and doctors for the first time. Millions of young Americans will be able to go on to college. Millions of Americans not so young will be able to go back to school to get the education and training they need to succeed in life. Millions of families will have more to spend on their own children's needs and upbringing. This budget is an investment in their future and in America's.

Today it should be clear to all of us, without regard to our party or our differences, that, in common, we were able to transform this era of challenge into an era of unparalleled possibility for the American people. I hope we can tap this spirit of cooperation and use it to meet and master the many challenges that remain before us.

I want to thank, in closing, the many people whose work made this day possible. I want to thank Speaker Gingrich and Senator Lott, Mr. Armey and the other Members of the House and Senate leadership, especially Senator Domenici and Senator Kasich. And let me thank Chairman Archer and Chairman Roth and the other leaders of the House and Senate committees. They were dedicated

partners. They fought hard for their priorities. I want to thank Senator Daschle and Congressman Bonior and Congressman Fazio and Congressman Hoyer and the other members of the House Democratic leadership who worked with us.

I want to thank especially Congressman Spratt and Senator Lautenberg, Congressman Rangel and the other Members of the House and Senate Democratic minority leaders in the committees for the work that they did. I thank all the Members of the Congress who are here present and the many whom they represent who are already back home, who could not be. All of them deserve our thanks, and I would like to ask the Members of the Congress who are here today to stand and be recognized and appreciated by the crowd. *[Applause]*

I'd like to thank the members of our budget team: Erskine Bowles, Secretary Rubin, John Hilley, OMB Director Raines, Gene Sperling, Jane Yellen, Rahm Emanuel, Jack Lew, Larry Summers, Chris Jennings, and many others, especially those who work in our legislative shop, too numerous to mention, for the enormous work that they did on this agreement.

I would like to thank the First Lady, Mrs. Gore, the Vice President for their concern for the health of our children, for the mental health of the American people, and the Vice President, especially, who led the fight to protect our urban initiatives and our environmental program and the interests of legal immigrants in America. We owe to them a great deal.

Again, I say to all, I thank you. I believe that together we have fulfilled the responsibility of our generation to guarantee opportunity to the next generation, the responsibility of our generation to take America into a new century, where there is opportunity for all who are responsible enough to work for it, where we have a chance to come together across all of our differences as a great American community, where we will be able to continue to lead the world toward peace and freedom and prosperity. That is worthy work, and you have all contributed doing it.

We can say with pride and certainty that those who saw the sun setting on America

were wrong. The sun is rising on America again. And I thank you all.

NOTE: The President spoke at 11:33 a.m. on the South Lawn at the White House. H.R. 2015, the Balanced Budget Act of 1997, approved August 5, was assigned Public Law No. 105-33. H.R. 2014, the Taxpayers Relief Act of 1997, approved August 5, was assigned Public Law No. 105-34.

Statement on Signing the Balanced Budget Act of 1997

August 5, 1997

It is with great pleasure that I have signed into law today H.R. 2015, the "Balanced Budget Act of 1997." This Act, together with the tax cut legislation that I have also signed today, implements an historic agreement that will benefit generations of Americans.

These bills will balance the budget in a way that honors our values, invests in our people, and cuts taxes for middle-class families. They are a victory for all parents who want a good education for their children and for all families working to build a secure future. This package is the best investment we can make in America's future, and it prepares our Nation for the 21st century. After decades of deficits, we have put America's fiscal house in order again.

The Balanced Budget Act of 1997 is a balanced package of spending provisions that includes targeted program cuts while it invests in America's future. It includes the following noteworthy features.

First, it strengthens our families by extending health insurance coverage to up to 5 million children. By investing \$24 billion, we will be able to provide quality medical care for these children—everything from regular check-ups to major surgery. I want every child in America to grow up healthy and strong, and this investment takes a major step toward that goal. I am also pleased that the Congress agreed to pay for this investment in our Nation's children in part with a 15-cents-a-pack tax increase on cigarettes. Not only will this new revenue help to pay for health care, it will help prevent children from taking up smoking in the first place.

Second, the bill helps finish the job of welfare reform, providing \$3 billion to move wel-

fare recipients to private sector jobs and \$1.5 billion in Food Stamp assistance for people who want to work, but cannot find a job. In addition, it keeps my promise to provide \$12 billion to restore disability and health benefits for 350,000 legal immigrants.

Third, H.R. 2015 honors our commitment to our parents by extending the life of the Medicare Trust Fund for a decade. It also provides structural reforms that will give Medicare beneficiaries more informed choices among competing health plans, authorizes a number of new anti-fraud provisions, and establishes a wide array of new preventative benefits.

The bill includes proposals to revitalize the District of Columbia. It includes my proposals to assume financial and administrative responsibility for certain District pension plans and to increase the Federal contribution to the District's Medicaid program. The revitalization measures will benefit the city and the region by reducing the city's financial burdens and improving the delivery of city services. The Federal assumption of these State-like responsibilities will enable the District Government to focus more intensively on local issues, such as education and law enforcement.

The bill also establishes a sentencing commission made up of District and Federal representatives charged with developing a Truth-in-Sentencing system. The bill also provides for the Federal Government to assume the costs and responsibilities of the District of Columbia's courts, public defender, and pretrial services systems as well as for felony offender incarceration, supervision, and parole. This assistance will strengthen the District's criminal justice system and improve public safety. Unfortunately, the Act fails to guarantee that the Justice Department's Bureau of Prisons will have the time, management flexibility, and resources needed to achieve a safe transition of responsibility for District of Columbia inmates. I look forward to working with the Congress to rectify these problems.

I am also pleased that the bill responds in part to my proposal to narrow the gap between the treatment of insular areas and States with respect to Medicaid payments, and I look forward to working with the Con-

gress to provide more equitable funding for children's health care in the insular areas.

The Department of Justice has identified a number of Establishment Clause constitutional concerns with respect to section 4454 of H.R. 2015, entitled "Coverage of Services in Religious Nonmedical Health Care Institutions Under the Medicare and Medicaid Programs," and with respect to section 4001, concerning the Medicare Plus program and treatment of religious fraternal benefit society plans. The Department of Health and Human Services will consult with the Department of Justice regarding how best to address these concerns.

Section 4422 of the bill purports to require the Secretary of Health and Human Services, to develop a legislative proposal for establishing a case-mix adjusted prospective payment system for payment of long-term care hospitals under the Medicare program. I will construe this provision in light of my constitutional duty and authority to recommend to the Congress such legislative measures as I judge necessary and expedient, and to supervise and guide my subordinates, including the review of their proposed communications to the Congress.

The bill also broadens and extends the Federal Communications Commission's authority to auction the right to use the radio and television spectrum. This authority has been a successful means of streamlining the spectrum licensing process and for facilitating the deployment of new and innovative information technologies into the market place. I remain concerned, however, about the lack of a firm date for the termination of analog broadcasting, which made it necessary to find alternative and troubling savings from the universal service fund. I am also concerned about the waiver of media concentration rules.

This legislation represents an historic compromise. Together with its companion tax cut legislation, H.R. 2015 is a monument to the progress that people of goodwill can make when they put aside partisan interests to work together for the common good and our common future. It reflects the values and aspirations of all Americans.

This summer, we had an historic opportunity to strengthen America for the 21st

century—and we have seized it. Now our Nation can move forward stronger, more vibrant, and more united than ever. For that, I am profoundly grateful.

William J. Clinton

The White House,
August 5, 1997.

NOTE: H.R. 2015, approved August 5, was assigned Public Law No. 105–33.

Statement on Signing the Taxpayer Relief Act of 1997

August 5, 1997

I have today approved H.R. 2014, the “Taxpayer Relief Act of 1997.” Together with the Balanced Budget Act of 1997, this legislation implements the bipartisan budget agreement.

I have long considered tax cuts for middle-income Americans and small businesses a top priority. In 1993, I worked with the Congress to cut taxes for 15 million working families by expanding the Earned Income Tax Credit, and by providing investment incentives for small businesses. A year later, I proposed my Middle Class Bill of Rights, including child tax credits, deductions for higher education, and expanded Individual Retirement Accounts. Then, in 1996, I signed into law a number of other tax benefits for small businesses and their employees—including greater expensing for small-business investments, greater deductibility of health insurance premiums for small businesses and their employees, and expanded and simplified opportunities for retirement savings. Also in 1996, I signed into law a \$5,000 tax credit for adoption expenses (\$6,000 for adopting children with special needs) and higher limits for tax-deductible contributions by spouses to Individual Retirement Accounts.

This year, I once again proposed my Middle Class Bill of Rights. On May 2, 1997, the congressional leadership and I reached a historic bipartisan budget agreement that included the broad outlines of key elements of my tax-cut plan.

As my Administration has worked with the Congress over the last few months to develop the details of the balanced budget agree-

ment, I have insisted that the tax-cut package meet four basic tests. First, the tax cuts must be fiscally responsible by avoiding an explosion in revenue costs in years outside the budget windows. Second, the tax cuts must provide a fair balance of benefits for working Americans. Third, the tax cuts must encourage economic growth. Fourth, the tax package must reflect the terms of the bipartisan budget agreement, including a significant expansion of opportunities for higher education for Americans of all ages.

I believe that H.R. 2014 meets these tests. It will provide an estimated \$95 billion in net tax cuts over the next 5 years. It is a fair plan that places a priority on education tax cuts and provides a child tax credit to families who work hard and pay taxes. It also incorporates Republican priorities in a good-faith effort to honor the budget accord and to reach final agreement on a tax cut the American people deserve. This legislation will not only provide needed tax relief for middle-class Americans, but will also encourage economic growth. It is also fiscally responsible: the costs of these tax cuts are fully offset in accordance with the balanced budget agreement.

I am especially pleased that the legislation includes, with certain modifications, the key features of my Middle Class Bill of Rights designed to give middle-income families the tax relief they need to help them raise their children, save for the future, and pay for postsecondary education.

Education

I have long believed that the tax system should better encourage investment in college education and job training. This legislation incorporates the key aspects of my proposals for a \$1,500 HOPE Scholarship to make 2 years of college universally available and a 20 percent tuition credit to make the third and fourth years of college more affordable and to promote lifelong learning.

The legislation also contains a number of other education initiatives that my Administration has strongly supported. These include tax incentives for public school repair, renovation, and educational enhancement in poor neighborhoods through Education Zone Academy Bonds; student-loan forgiveness ex-

emptions similar to those that I have previously proposed; tax incentives to help public elementary and secondary schools obtain up-to-date computer technology; increased availability of tax-exempt financing for new capital expenditures by private colleges and universities; and a special tax-favored savings vehicle to help families save for higher education.

The bill also includes a 3-year extension of the exclusion of employer-provided educational assistance from taxable income. While I am disappointed that the Congress did not adopt my proposal to extend this exclusion permanently or to include graduate education, I intend to continue to work with the Congress to achieve these important goals.

Child Credit

I have long advocated a child tax credit for tax-paying working families. Consistent with my proposal, H.R. 2014 will provide \$500 per child tax credits (\$400 in 1998) for families with children under 17. In working with the Congress to develop this legislation, I have insisted that the group that can benefit from the child credit include working families with incomes between \$15,000 and \$30,000. I am pleased that the child credit as contained in H.R. 2014 meets this requirement so that these families receive relief from both income and payroll taxes.

IRAs and Other Savings Incentives

Since 1994, my budget has contained proposals to provide greater tax incentives for long-term savings for retirement and other important purposes. I am pleased that, consistent with my budget proposals, H.R. 2014 permits penalty-free withdrawals from existing IRAs to finance higher education expenses and for first-time home purchases, makes deductible IRAs more widely available, and gives taxpayers the choice of a new backloaded IRA. I am pleased that the Congress moved from its original position so that the IRAs contained in H.R. 2014 are more targeted to lower- and middle-income families. I am concerned, however, that the Congress did not move far enough, and that the bill contains other features that will provide a windfall to high-income individuals who

will merely shift savings from taxable vehicles into IRAs, rather than create new savings.

Distressed Areas and Urban Tax Initiatives

Revitalizing distressed urban and rural areas throughout the country is a high priority of my Administration. I have proposed a number of initiatives to increase investment in disadvantaged areas. I am pleased that H.R. 2014 includes versions of most of these initiatives. As I have earlier proposed, the bill would encourage the cleanup of polluted urban and rural areas, known as brownfields, by allowing a current deduction for certain costs incurred by businesses to remediate environmentally contaminated land in certain areas. I am disappointed, however, that this provision is scheduled to sunset after 3 years.

My 1993 tax plan included certain tax incentives for nine empowerment zones and 95 enterprise communities. Over 500 communities submitted applications for these 104 designations. The final designations were announced in December 1994. To build upon the success of this program, and to mobilize more communities to promote business development and to create jobs, I proposed two additional urban empowerment zones as defined by the 1993 legislation, and proposed a second round of competition to designate 20 additional empowerment zones, with a different mix of tax incentives, and 80 additional enterprise communities. I am pleased that H.R. 2014 provides for the designation of the additional empowerment zones, but disappointed that it does not make provision for the new enterprise communities.

It has been an important goal of my Administration to encourage employment of disadvantaged residents of the District of Columbia and to revitalize those areas of the District where development has lagged. I am pleased that H.R. 2014 includes tax incentives for the District of Columbia. I am disappointed, however, that it does not include my proposals to create an Economic Development Corporation for the District, stimulate investments in Community Development Financial Institutions, or facilitate the restructuring of our Nation's affordable housing portfolio.

Welfare-to-Work

I am pleased that H.R. 2014 includes a modified version of my welfare-to-work tax credit proposal, which is designed to generate new job opportunities for long-term welfare recipients. I am also pleased that the bill extends the Work Opportunity Tax Credit (WOTC), but I am disappointed that it modifies the structure to allow employers to claim the WOTC for hiring workers for a very short period of time and does not expand the program to cover childless, able-bodied adults ages 18–50 who are subject to the Food Stamp time limit and work requirements.

Small Business Tax Cuts

I am pleased that H.R. 2014 enacts many of the recommendations of the 1995 White House Conference on Small Business. For example, it includes my proposal to exempt from the alternative minimum tax (AMT) corporations with gross receipts of less than \$5 million. Under this proposal, roughly 95 percent of all corporations (more than two million) would be spared the complication of calculating the AMT.

Earlier this year, my Administration announced its support for expansion of the home office deduction and the small business capital gains incentive. These proposals were intended to help high-tech and bio-tech entrepreneurs, start-up companies, parents who work out of their homes, and other Americans who are seizing the opportunities of the new economy. I am pleased that H.R. 2014 expands the home office deduction, but disappointed that it contains only limited modification of the small business capital gains incentive.

Capital Gains Relief

I am pleased that H.R. 2014 includes my proposal to exempt up to \$500,000 in capital gains on the sale of a home from all capital gains taxes. This encompasses over 99 percent of homes sold in the U.S. and will dramatically simplify taxes and record keeping for over 60 million homeowners.

I had also proposed a 30 percent exclusion for capital gains. I continue to have concerns that the across-the-board capital gains relief in H.R. 2014 is too complex and will dis-

proportionately benefit the wealthy over lower- and middle-income wage earners. I am pleased, however, that H.R. 2014 does not contain the House provision to index capital gains, which would have caused even greater complexity and would have contributed to an explosive revenue cost after 2007.

Estate Tax Relief

I am pleased that, consistent with my proposal, H.R. 2014 contains a special exemption for interests in qualified farms or small businesses that, when combined with the unified credit, will exempt up to \$1.3 million in value. I am also pleased that the bill includes a version of my proposal to provide liquidity relief for estates containing small businesses and farms. The bill also increases the unified estate and gift tax credit on a phased-in basis to reach \$1 million in 2006. I continue to have concerns that this provision is too expensive and will be of no benefit to the vast majority of American families.

Tobacco Taxes

Earlier this year I proposed an increase in tobacco taxes that would be separated into a trust fund and dedicated entirely to expanding health coverage for children, addressing other children's development issues, and improving the overall public health. I am pleased that such a provision has been included in H.R. 2015. I am seriously concerned, however, that H.R. 2014 provides that the increase in tobacco taxes collected is to be credited against the total payments made by parties pursuant to the tobacco industry settlement agreement of June 20, 1997.

Simplification

I am pleased that H.R. 2014 includes many of the items previously contained in my April package of some 60 measures designed to simplify the tax laws and enhance taxpayers' rights. I am concerned, however, that the sheer multitude of miscellaneous tax code amendments contained in H.R. 2014, will contribute significantly to complexity for taxpayers and tax planners. I am also concerned that some of the provisions that will affect many taxpayers, such as the capital gains provision, are unduly complex. I continue to sup-

port revenue-neutral initiatives to simplify the tax laws and to promote sensible and equitable administration of the tax laws. I urge the Congress to continue to work with me to achieve these goals. In addition to supporting legislative initiatives, my Administration is committed to taking appropriate administrative action to implement this tax legislation in a manner that minimizes taxpayer burdens, and further, that simplifies the tax laws and enhances procedural safeguards for taxpayers.

Other Presidential Initiatives

My tax plan included extensions of the research tax credit, the orphan drug credit, and the tax incentive for contributions of appreciated stock to private foundations. I am pleased that H.R. 2014 includes such extensions. I am also pleased that H.R. 2014 includes my proposal to extend the foreign sales corporation benefit, which exempts a portion of income for tax purposes, to include computer software licensed for reproduction abroad.

I am disappointed, however, that H.R. 2014 omits a number of my important initiatives, including my proposal to protect the rights of disabled persons by extending the time such people are allowed to claim a tax refund to include the period during which they are mentally or physically impaired.

The bill also omits my proposal to restore the wage-based tax incentive for new investments in Puerto Rico. While I agreed last year to ending the credit not directly based on economic activity, I opposed phasing out the wage-based incentive. It is a mistake not to continue this credit and open it to new investments in Puerto Rico, which has a jobless rate three times the national rate.

I am also very disappointed that the tax incentives for renewable fuels were not extended in this budget. Earlier this year, I proposed extension of the excise tax exemption for ethanol in our surface transportation reauthorization proposal. I urge the Congress to extend the ethanol subsidy when it considers the reauthorization bill later this year.

Other Issues of Concern

The bill extends the Airport and Airways Trust Fund taxes and sets new fee structures

without the benefit of the pending study by the National Civil Aviation Review Commission. The Administration may propose changes to these provisions after it reviews the Commission's recommendations.

The bill also transfers the 4.3 cents per gallon in fuel taxes currently dedicated to deficit reduction from the General Fund to transportation trust funds. While the transfer provision itself has no revenue or spending effect, I am concerned that transferring the revenue may spur efforts to move the trust funds off-budget and create pressure to increase ground transportation spending to levels significantly higher than contemplated by the bipartisan budget agreement.

Finally, H.R. 2014 contains a provision that is intended to address the capital needs of Amtrak. The provision is contingent on the enactment of subsequent Amtrak reform legislation. Although the provision is highly problematic in terms of tax policy, my Administration looks forward to working with the Congress to secure the enactment of Amtrak reform legislation that is fair to all parties.

Conclusion

Despite my reservations, H.R. 2014 meets the basic tests established by my Administration and provides needed tax relief for working Americans. I am grateful for the bipartisan support that this measure received in the Congress, and I am pleased to have signed it into law.

William J. Clinton

The White House,
August 5, 1997.

NOTE: H.R. 2014, approved August 5, was assigned Public Law No. 105-34.

Statement on Signing the Taxpayer Browsing Protection Act

August 5, 1997

Today I have signed into law H.R. 1226, the "Taxpayer Browsing Protection Act," to provide additional criminal penalties and civil remedies to help ensure that taxpayers' returns and return information remain confidential.

Our system of taxation relies heavily on taxpayers' voluntary compliance with their tax reporting obligations. Maintaining the confidentiality of the information submitted by taxpayers is critical to the operation of this system. If taxpayers do not believe that the Government is adequately safeguarding their personal financial information they may be less willing to supply that information in the future.

Taxpayers have the right to expect that their returns and return information are, and will remain, confidential. Such information should be inspected or reviewed only for proper purposes, including tax administration, in accordance with the criteria established by law. It is my Administration's clear policy that unauthorized inspection of tax information will not be tolerated. This is a bipartisan issue on which everyone can agree: "browsing" taxpayer information is wrong, and we all condemn it.

Using currently available tools, the Internal Revenue Service (IRS) has stepped up its efforts to end browsing, and my Administration has supported providing the IRS with additional tools. Significant progress was made on this issue last year. The National Information Infrastructure Protection Act of 1996 made it a crime to access intentionally a Federal computer without proper authority and obtain information from any department or agency of the United States Government. Thus, browsing tax records stored in a Federal computer is already punishable as a crime. The bill I have signed today will further strengthen the tools the IRS can employ against unauthorized inspections of taxpayer data.

This legislation will add a separate provision to the Internal Revenue Code specifically prohibiting unauthorized inspection or browsing of tax returns and return information. It will make a misdemeanor of certain activities that are not covered under current law. For example, it will prohibit the unauthorized inspection of noncomputerized tax information, such as "hard copies" of paper returns or return information. It will prohibit unauthorized inspection using computers belonging to State or local governments or contractors when Federal tax information has

been conveyed to them pursuant to existing law. Finally, the new misdemeanor will serve as an additional option for prosecutors even in cases already covered under current law.

I am pleased that the bill provides additional civil remedies to those taxpayers whose privacy has been invaded by unauthorized inspection or disclosure of their tax information. Current law requires an actual disclosure to a third person of taxpayer information before a civil remedy is available. This bill will provide a civil remedy to taxpayers whose tax information has been unlawfully inspected, regardless of whether there has been a subsequent disclosure. Further, H.R. 1226 will require notification to taxpayers whose tax information has been either improperly inspected or disclosed whenever a person is indicted or otherwise charged with a violation of criminal provisions applicable to browsing or unlawful disclosure.

It is entirely appropriate for taxpayers whose tax information has been improperly inspected to have the same remedies as taxpayers whose information has actually been unlawfully disclosed. Further, notification to the taxpayer is appropriate when the Government has sufficient evidence to support a criminal charge. Acknowledging that we believe someone has violated the confidentiality rules, and advising taxpayers that we are vigorously pursuing such individuals with criminal penalties, will ultimately enhance taxpayers' confidence that the Government is vigilant about protecting their privacy.

These actions should deter persons who have access to tax returns and return information from unauthorized browsing, and the number of such instances should decline significantly in the future.

For these reasons, I am pleased to have signed H.R. 1226 into law.

William J. Clinton

The White House,
August 5, 1997.

NOTE: H.R. 1226, approved August 5, was assigned Public Law No. 105-35.

Letter to Congressional Leaders Reporting on Terrorists Who Threaten the Middle East Peace Process

August 5, 1997

Dear Mr. Speaker: (Dear Mr. President:)

I hereby report to the Congress on the developments concerning the national emergency with respect to terrorists who threaten to disrupt the Middle East peace process that was declared in Executive Order 12947 of January 23, 1995. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergencies Economic Powers Act (IEEPA), 50 U.S.C. 1703(c).

On January 23, 1995, I signed Executive Order 12947, "Prohibiting Transactions with Terrorists Who Threaten to Disrupt the Middle East Peace Process" (the "order") (60 *Fed. Reg.* 5079, January 25, 1995). The order blocks all property subject to U.S. jurisdiction in which there is any interest of 12 terrorist organizations that threaten the Middle East peace process as identified in the Annex to the order. The order also blocks the property and interests in property subject to U.S. jurisdiction of persons designated by the Secretary of State, in coordination with the Secretary of the Treasury and the Attorney General, who are found (1) to have committed, or pose a significant risk of committing, acts of violence that have the purpose or effect of disrupting the Middle East peace process, or (2) to assist in, sponsor, or provide financial, material, or technological support for, or services in support of, such acts of violence. In addition, the order blocks all property and interests in property subject to U.S. jurisdiction in which there is any interest of persons determined by the Secretary of the Treasury, in coordination with the Secretary of State and the Attorney General, to be owned or controlled by, or to act for or on behalf of, any other person designated pursuant to the order (collectively "Specially Designated Terrorists" or "SDTs").

The order further prohibits any transaction or dealing by a United States person or within the United States in property or interests in property of SDTs, including the making

or receiving of any contribution of funds, goods, or services to or for the benefit of such persons. This prohibition includes donations that are intended to relieve human suffering.

Designations of persons blocked pursuant to the order are effective upon the date of determination by the Secretary of State or her delegate, or the Director of the Office of Foreign Assets Control (OFAC) acting under authority delegated by the Secretary of the Treasury. Public notice of blocking is effective upon the date of filing with the *Federal Register*, or upon prior actual notice.

Because terrorist activities continue to threaten the Middle East peace process and vital interests of the United States in the Middle East, on January 21, 1997, I continued for another year the national emergency declared on January 23, 1995, and the measures took effect on January 24, 1995, to deal with that emergency. This action was taken in accordance with section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)).

On January 25, 1995, the Department of the Treasury issued a notice listing persons blocked pursuant to Executive Order 12947 who have been designated by the President as terrorist organizations threatening the Middle East peace process or who have been found to be owned or controlled by, or to be acting for or on behalf of, these terrorist organizations (60 *Fed. Reg.* 5084, January 25, 1995). The notice identified 31 entities that act for or on behalf of the 12 Middle East terrorist organizations listed in the Annex to Executive Order 12947, as well as 18 individuals who are leaders or representatives of these groups. In addition the notice provides 9 name variations or pseudonyms used by the 18 individuals identified. The list identifies blocked persons who have been found to have committed, or to pose a risk of committing, acts of violence that have the purpose of disrupting the Middle East peace process or to have assisted in, sponsored, or provided financial, material or technological support for, or service in support of, such acts of violence, or are owned or controlled by, or to act for or on behalf of other blocked persons. The Department of the Treasury issued three additional notices adding the names of three individuals, as well as their pseudo-

nyms, to the List of SDTs (60 *Fed. Reg.* 41152, August 11, 1995; 60 *Fed. Reg.* 44932, August 29, 1995; and 60 *Fed. Reg.* 58435, November 27, 1995). The OFAC, in coordination with the Secretary of State and the Attorney General, is continuing to expand the List of (SDTs), including both organizations and individuals as additional information is developed.

On February 2, 1996, OFAC issued the Terrorism Sanctions Regulations (the "TSRs") (61 *Fed. Reg.* 3805, February 2, 1996). The TSRs implement the President's declaration of a national emergency and imposition of sanctions against certain persons whose acts of violence have the purpose or effect of disrupting the Middle East peace process.

The expenses incurred by the Federal Government in the 6-month period from January 23 through July 22, 1997, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the national emergency with respect to organizations that disrupt the Middle East peace process are estimated at approximately \$3.2 million. These data do not reflect certain costs of operations by the intelligence and law enforcement communities.

Executive Order 12947 provides this Administration with a new tool for combating fundraising in this country on behalf of organizations that use terror to undermine the Middle East peace process. The order makes it harder for such groups to finance these criminal activities by cutting off their access to sources of support in the United States and to U.S. financial facilities. It is also intended to reach charitable contributions to designated organizations and individuals to preclude diversion of such donations to terrorist activities.

In addition, comprehensive counterterrorism legislation was enacted on April 24, 1996, that would strengthen our ability to prevent terrorist acts, identify those who carry them out, and bring them to justice. The combination of Executive Order 12947 and the Antiterrorism and Effective Death Penalty Act of 1996 demonstrates the United States determination to confront and combat those who would seek to destroy the Middle

East peace process and our commitment to the global fight against terrorism.

I shall continue to exercise the powers at my disposal to apply economic sanctions against extremists seeking to destroy the hopes of peaceful coexistence between Arabs and Israelis as long as these measures are appropriate and will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).

Sincerely,

William J. Clinton

NOTE: Identical letters were sent to Newt Gingrich, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate. This letter was released by the Office of the Press Secretary on August 6.

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 matter 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 bal-

anced 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 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 evenhanded 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 the 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 in 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"—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 out-raised and out-spent 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.

Entitlement Programs

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 non-election 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. If—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 intergenerational 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

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].

White House Openness and Personal Privacy

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 an-

swer 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 trader 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 imminent 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, iron-

ically, 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 goodie.

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 McCurry. Tea time. [Laughter]

The President. Are you serving? [Laughter]

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

Campaign Finance Reform

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 regulations 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 pro-

hibit 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 year-long celebration of Indian independence. And also, as you know, at some time there will be some overlap and 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 Ambassador Dennis Ross, Special Middle East Coordinator; Prime Minister Binyamin Netanyahu of Israel; Yasser Arafat, Chairman, Palestinian Authority; attorney William Bennett; Deputy Counsel to the President Bruce Lindsey; and Mayor Marion Barry of the District of Columbia.

Memorandum on Creation of a Middle East Peace and Stability Fund

August 7, 1997

Presidential Determination No. 97-30

Memorandum for the Secretary of State

Subject: Creation of a Middle East Peace and Stability Fund Using Current- and Prior-Year Economic Support Funds Appropriated for Egypt

Pursuant to the authority vested in me by section 614(a)(1) of the Foreign Assistance Act of 1961, as amended, 22 U.S.C. 2364(a)(1) (the "Act"), I hereby determine that it is important to the security interests of the United States to furnish up to \$50 million in current- and prior-year funds to Jordan under chapter 4 of part II of the Act without regard to any provision of the law within the scope of section 614(a)(1). I hereby authorize the furnishing of such assistance.

You are hereby authorized and directed to transmit this determination to the Congress

and to arrange for its publication in the *Federal Register*.

William J. Clinton

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 decisionmaking—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!

I'd like to talk to you a little bit about how I think you fit into all this and what we've been trying to do and where we're going. When I ran for President, first, beginning in 1991, I was obsessed with the idea that we had to prepare this country for a new century and a completely different economy and a whole different way of living and relating to each other and the rest of the world and that we didn't have any strategy to do it. And I believed that if we were going to succeed we had to create a country where, as you've heard me say a thousand times, there was opportunity for everyone responsible enough to work for it, where we were coming together instead of being driven apart, and where we maintained our world leadership for peace and prosperity and freedom.

I thought to do that it would be necessary to save progressive Government and to save the progressive political party, to be vital forces as part of that future. I thought it was necessary to break through a lot of these dichotomies that seem to me to be false: that you were either for growing the economy or preserving the environment—if you have to choose, we're in trouble—that you couldn't be pro-business and pro-labor—if you have to choose, I think in the end the country loses—that you couldn't be tough on crime where it was appropriate and still be smart and compassionate where it made sense and where it was the right thing to do; that you

couldn't be for respecting our diversity and still believe the most important thing is that we wind up being one America. I just think a lot of these dichotomies that have always been set up for us to argue about and take sides over are choices that we would never make in our own lives and that we should not make in the life of our Nation.

And you heard Tom talking about a little of it and Roy talking about a little of it. It seemed to me that the right thing to do for our country also in the end would wind up being the right thing to do for the progressive cause in America and for the Democratic Party, the progressive party in America. We almost had to save ourselves from a legacy in some ways that was not entirely of the Democrats own making. It was obvious to me that if we didn't do something about the deficit there would be no more progressives in America because the middle class would always be completely insecure.

We had a meeting today at the White House and my distinguished Treasury Secretary from New York City, Mr. Rubin, was making a comment about how people viewed a certain economic situation. And Erskine Bowles said—did I say North Carolina? I meant New York. Erskine Bowles is from North Carolina. So Erskine Bowles says, "Mr. President, tell Bob that that's like the farmer in Louisiana with three hogs." And Bob Rubin doesn't know many farmers from Louisiana. *[Laughter]* So I told him—some of you may have heard me tell this story before, but when Huey Long was Governor of Louisiana in the middle of the Depression, he was out on a country crossroads one day making a speech to all of these farmers. And he was railing against people that had too much and how it ought to be spread around. And he saw a farmer in overalls and he said, "Now, Farmer Jones, if you had a million dollars, wouldn't you give up about a third of it and go out here on these crossroads and spread that money around so all the little kids could have plenty to eat and people would have a roof over their heads at night?" He said, "Of course, I would." And he said, "If you had a brand-new Cadillac car, wouldn't you ride up and down these roads and take the old folks to the hospital and the young people to school that couldn't afford to get

there themselves?" He said, "You bet I would." He said, "And farmer, if you had three hogs—" And he said, "Now, wait a minute, Governor. I've got three hogs." *[Laughter]*

It seemed to me that we had to restore some economic discipline to this country so that people would know that their three hogs would be all right. So that people would know that at least they would not be robbed of the benefits of their own labor by the defects of the system in which they lived.

And so I proposed what, at the time, was a controversial and very difficult budget in 1993, that only members of our party voted for, that was predicted to drive us into a recession. And instead in 4½ years it cut the deficit by 80 percent—before this last budget even passed. And I'm proud of that. But no one doubts the ability of Democrats to manage the economy now.

I fought for expanded trade, and we had 200 trade agreements, and a lot of it was controversial, even within our own party. But it is clear from all the economic analysis that 25 percent of the growth that we have enjoyed in the United States in the last 4½ years has come from expanded trade, selling more American products and services around the world. It is also clear that we have, on matters of principle, always kept a more open market so we don't continue to open other people's markets who are just going to take advantage of us.

It was clear to me that if people felt insecure on their streets, in their homes and their schools, that we would never feel fully free and prosperous even if the economy returned. So we tried to join what was already a developing movement toward community policing and other proven strategies to fight crime. And I determined that ours would be the first administration that would ever take on the issue of the irresponsible use of handguns in this country. And I come from a State where more than half the people have a hunting or a fishing license or both, and I figured if I can't take this one and talk to people and talk sense to people, who can?

And so we did the Brady bill, we did the assault weapons ban. I still want trigger locks on these guns that children can get their hands on. I think that these are responsible

things. But we've had a drop in serious crime in every single year, and last year we had the biggest drop in violent crime in 35 years. And the American people are safer, and they know it. And no one seriously doubts the ability of our party to be a responsible partner in keeping our streets safer and giving our children a more secure future. And I think that's important.

I had to fight a very difficult battle on welfare. I did not want the welfare reform bill to be an excuse to hurt children, and I vetoed two bills that I thought were. But it seemed to me that since there was already no uniform national benefit, that the States were already in effective control over what the size of a welfare check was, but they didn't have any real responsibility because the authority was divided between the States and the Federal Government. And it seemed to me the responsible thing to do was to set up a uniform set of standards about how we thought the welfare program ought to work, to put guidelines and limits on people who could go to work if there were jobs available and required them to do so or to be in education and training programs, but to take better care of the children with adequate child care and other supports and nutrition and medical care.

And that's what the welfare reform bill was all about. There were a lot of things in it I didn't like—cutting benefits to legal immigrants—but as you see, we've largely restored all the things that we didn't like. And we now have a bill that is contributing to by far the largest drop in the welfare rolls this country has ever seen. And we now have the smallest percentage of Americans receiving public assistance since 1970—smallest percentage since 1970. Now, I thought that was important. I thought it was important that we prove that we can conduct the defense and the foreign policy operations of this country. I no longer think that's open to serious doubt. This country is stronger, more secure, and is helping to build the world of the 21st century in the aftermath of the cold war. And I feel good about that.

I also wanted to do things to increase people's sense of obligation to serve. That's what the AmeriCorps program was about. That's

what the Presidents' Service Summit was all about.

And finally, let me say, in the Democratic Party, what I tried to do is to bring in people who had previously not been active before. And the most important things we've done in our party are the Women's Leadership Forum, the Saxophone Club, and your group—your group, because we want people in this party to feel that they have a home, they have a role, and they have a contribution to make, and that their voices will be heard.

Now, we've had a very good first 7 months of this year. The budget is a good budget, and it is a progressive one. The tax cuts are confined. Some of us have received some criticism from people who believe that I should not have signed the tax bill because it had a capital gains tax cut, an increase in the estate tax. But let me just remind you that Republicans are still in the majority in the Congress. I hope it won't be so after '98, but they are now. But 80 percent of that tax bill went to the children's tax credit, to education, and to a whole array of urban and poor rural redevelopment initiatives designed to bring the areas that are still isolated from our prosperity into the mainstream—80 percent.

Secondly, there are strict caps on how much money can be spent in the first 5 years and in the second 5 years of this tax program. And even with the little we added on to the size of the tax package, it's still about one-eighth—one-eighth—the size of the tax bill adopted in 1981, which led to these permanent deficits. We did not go off in some sort of tax-cutting binge designed to erode the future stability of this country. And we now estimate with conservative estimates that this budget will produce a surplus by 2002 at the latest and a surplus for several years thereafter.

So we are doing the right things, and we've had a good fall. We've also invited the first new members to join NATO. We've established alliance with Russia and Ukraine. We have worked very hard to get the country, for the very first time, to embrace national education standards. And I hope all of you will help us get every State in the country to do that.

We had the Summit of Service that I mentioned, and I launched a very important initiative on race relations which will last for at least a year, as we examine for the first time in a noncrisis way not only what the unfinished business is in America between the white majority and African-Americans or Hispanic-Americans but an equally, perhaps even more important question over the long run, which is what are we going to be like as a nation in 30 years when, unless something happens, there will be no majority race in America. And we will become the world's first truly great multiracial, multiethnic democracy.

And unlike—there are many ethnic groups, for example, in a nation like Russia, but most of them live in discreet parts of the country. In our country, we're going to have 150—actually, more than 150 different racial and ethnic groups largely sharing the future together.

So it's been an exciting time. In the fall, we have a lot of other agendas coming up. And let me just mention some of the things that I hope to get done in the remainder of this year. I think it's important that we continue our work to expand trade. This year we have already concluded an agreement on information technology and telecommunications services that will amount to a \$5 billion tax reduction on American products in these areas sold around the world, that will open up 90 percent of the world markets to American products in an area where we lead the world and we are creating very good jobs. We need more of this.

I know there's going to be a great controversy over this trade debate, but let me put it to you this way: We have 4 percent of the world's population. We have 20 percent of the world's wealth. The rest of the world's economy, even though it's on a lower base, is growing at 3 times the rate of the American economy—even under the astute management of our administration—[*laughter*]—because if you start from a lower base, you grow faster.

Now, if you want your children to live in a country that may have even less than 4 percent of the world's population and still around 20 percent of the world's wealth because of how hard we work and our skills

and our ability, there are only two things we can do. The first is to go into our cities and our isolated rural areas and make markets and taxpayers and successful employers and employees and business people out of the people that haven't been reached in our own country, number one. And the second is to sell to the other 96 percent of the people in the world. This is not rocket science. We don't have an option. And the things that we sell by and large are higher value-added products that create good jobs in America.

Are there issues of trade fairness? Of course, there are. We have relatively more open markets than other countries. We have done it for years as a matter of responsibility to try to help poor countries lift themselves up; also keeps us on our toes more and makes us more competitive, and that's one reason we're in the shape we're in today.

Should we fight for a fair deal for our workers? Of course, we should. Should we fight to improve the global environment as we increase trade? Of course, we should. But we can't walk away from this.

I'm going to Latin America in the fall. About a year after I took office, we had this great Summit of the Americas. And all the countries in the Americas said, "We want to have a free trade area that America and that Canada are a part of. We want our future to be with you." There will soon be a billion people in Latin America, second fastest growing area of the world. When I go down there, I want them to believe America is still leading the way toward greater prosperity. The rest of the world economy is on a fast track. The only question is whether we're going to be leading it or dragging up the rear. And I hope we can prevail upon the Congress to work through this in a way that is as satisfactory as possible to the people who have legitimate concerns about the disruptions that the global economy can cause.

The second thing we're going to try to do is pass the McCain-Feingold campaign finance reform bill. Now, the good news from my point of view—it's not such good news for you; we can still have the Democratic Business Council with its price of entry under McCain-Feingold. [*Laughter*] But it will eliminate most of the serious questions people have about the campaign finance sys-

tem at present, and it will put more pressure on both the Democrats and the Republicans to go out and get more people to contribute, to make more people feel like they're a part of the system, and that will be a very good thing. It will require us to involve more and more and more people.

But let me finally say—this is very important—if it's going to work we have to lower the cost of campaigns. And the only way you can lower the cost of modern campaigns is to provide free air time or drastically reduced air time, which is why I have also worked so hard on that.

We're going to try to pass the juvenile justice bill, modeled on what has happened in a number of cities, but especially in Boston where—this may surprise you if you don't live in Boston—it has been almost 2 full years since a single child has lost his or her life to a handgun—almost 2 full years. And again, it's not rocket science. They have good community policing. They have good neighborhood block watch groups. The neighbors and the police work together. The police and the probation officers work together. They make house calls in Boston, just like doctors used to. The kids in trouble, they go to the child's home and they sit on the couch in the living room and they talk to the parents. And unbelievably enough, they have a 70 percent compliance rate with probation orders. There's no city in the country that's even close to that. Why? Old-fashioned, human contact in an organized, disciplined way, doing what is smart as well as being tough. We want to do that everywhere.

We want to begin the work of dealing with entitlement reform. And people say, "Well, there's not an emergency now. Social Security is all right until 2029. You just put another decade on the Medicare Trust Fund." That's true. But when the baby boomers retire, there will be just about two people working for one person in his or her retirement years. A lot of us will work longer—by choice. But the ratio will be awesome.

By making modest changes now, we can avoid imposing severe changes that will have to be made by our children. And for those of us that are part of that baby boom generation, which are basically everybody between the ages of 34 and 50, it seems to me that

we owe it to our children and to the strength and long-term health of our economy and our society to deal with the long-term entitlement issues now, when by making modest changes we can avoid more severe changes later.

We're going to have to deal with the issue of climate change in a responsible way. No one seriously questions anymore that the climate is warming and that it is going to have some adverse consequences. The question is, how do you do that and grow the economy? Is there a way to do it? Of course, there is. If we would change our habits tomorrow, just some of our habits, we could with no extra charge, no cost at all on society, get rid of 20 percent of the greenhouse gases with presently available technology—tomorrow. So what we have to do is to try to find a way to organize ourselves, increase our awareness, and do this in a way that doesn't cripple the economy. I think we can do that.

Finally, the First Lady and I are going to have a conference on child care in late October. It is still the number one concern of many, many, many working people who believe that they cannot afford or find or have access to quality, affordable child care.

Now, those are the things we're going to be doing. In addition to that, Eli Segal, who's here tonight, heads my national organization where we are mobilizing employers who will agree to hire people from welfare to work. Next week we're going to St. Louis to announce several hundred businesses that have joined us in that endeavor. We've still got a long way to go. We only have about 22 percent of the schoolchildren in the country committed, whose leaders have committed to take the national test, fourth-grade reading test, the eighth-grade math test, by 1999. We're going to keep working on that.

But the point I want to make is, every single one of these things is something that I hope you are proud of, that is part of a dynamic mainstream political movement in America, that your contributions and your support have made possible. And this is a better country because of it. It's a better country because we're not out there trying to split everybody all up and divide people every day and keep people full of hot air instead of trying to get people together and

keep working forward and moving forward. And that's what I'm trying to build for the future and what I want you to be a part of.

Let me just say this in closing. Every day I try to imagine what I hope the country will be like 30 years from now. And if that guides a President and you work back from there, you'll be amazed how much easier that makes the decisionmaking process. And when I think of the young people that are here tonight, all these fine young people that are working for the Democratic Party and did all the work to make this possible tonight—what will determine what kind of America they live in?

Number one, will we succeed in being a truly multiracial, multiethnic democracy, where we not only respect but celebrate our diversity and still say the most important thing is we're one America? Number two, will we stop making excuses for ourselves and finally embrace the idea that all children can learn, and we're going to see that they learn at internationally accepted levels of excellence? Number three, will we reach into the areas that have not been touched by our prosperity and figure out a way to hook them into the future? Number four, will we figure out a way to grow the economy while enhancing the environment? And finally, will we continue to do what it takes to lead the world when it comes to peace and freedom and prosperity?

If we do those things, the best days of this country are still ahead. And when we are all much older we can look back on this moment and say, because we were here then and because we did what we did, we did prepare our country for the 21st century. We saved progressive Government for its higher purposes, and we revitalized America's progressive party to make it go on.

Thank you, and God bless you.

NOTE: The President spoke at 8:35 p.m. in the Colonial Room at the Mayflower Hotel. In his remarks, he referred to Gov. Roy Romer of Colorado, general chair, and Alan D. Solomont, national finance chair, Democratic National Committee; C. Thomas Hendrickson, chair, Democratic Business Council; and Eli J. Segal, president and chief executive officer, Welfare to Work Partnership.

Remarks at a Democratic National Committee Dinner

August 7, 1997

Thank you very much. Thank you, Governor. Thank you, Alan. Thank you, ladies and gentlemen, for being here. Mostly what I want to do is have a conversation tonight, but I would like to just briefly comment on the events of the last couple of days, in the context of what's happened for the last 4½ years.

When I came to Washington after our campaign in '92, I had a very clear idea of what I was trying to do. It seemed to me that the country had to make a number of changes if we were going to go into the next century with the American dream alive for everyone, leading the world in all the ways that are so important, and giving our children the future they deserve. And I felt, among other things, that our party, which has historically been the progressive party, had to advocate changes that would move beyond the old divisions between growing the economy, preserving the environment, helping business, helping labor, being tough on crime, being compassionate and smart—all those—what I have always thought were kind of false choices. And that we ought to have a simple strategy that asks, will this create opportunity for people who are responsible enough to work for it? Will this bring us together, rather than drive us apart? Will this preserve our leadership for peace and freedom and prosperity? That's what we've tried to do.

Before I signed the new budget law, we had reduced the deficit by 80 percent, we had a historic drop in welfare rolls, we have the smallest percentage of people on welfare we've had since 1970 now. We had dramatic drops in crime—last year, the biggest drop in crime in 35 years and a number of other very positive things happening.

Now, this budget I believe will be very good for the economy because it will continue the downward trend of the deficit. It will bring us into balance. It will produce a surplus. And it will also sustain itself over the years ahead. There are tax cuts in the budget. We've been criticized in many quar-

ters for them, but I would like to make a couple of points.

Number one, the capital gains and the estate tax relief, which the Republicans wanted, have gotten a lot of publicity. But it's important to note that 80 percent of the tax relief went to the children's tax credit for middle income people, to the education tax credits to open the doors of college education to all who are willing to work for it, and to the initiatives primarily directed at urban America, to the areas which have not participated in our recovery—80 percent.

Number two, perhaps even more importantly in the larger economic sense, in the aggregate, these tax cuts are about one-eighth the size of the tax cuts in 1981 that led to the permanent structural deficits. And it's very important that the American people understand that. We did not just—this Congress did not just sort of take the lid off the Treasury in a kind of a political orgy. This was a very disciplined, limited thing.

Of course, the budget also has the biggest increase in investment for education in over 30 years, the biggest increase in investment for children's health since Medicaid was established in 1965. It is an historic, positive, progressive budget that will be pro-economic growth and good for the people of this country. So I feel good about that.

I feel good about a lot of the things that have happened in foreign policy, our expansion of NATO, our working with Russia in that regard. I feel good about the Presidents' Summit of Service we had in Philadelphia. I'm very committed to this initiative on examining and improving race relations, which I think is absolutely critical to our future. All these things have been started this year.

Perhaps most important over the long run, I'm committed to seeing this effort to establish national educational standards of excellence in our schools for the first time in history. We cannot back up on that, and I hope you will help me get all the people in your respective States on that bandwagon.

We're coming into the fall. There are a lot of other exciting issues that we'll have to deal with, and I'll just mention them very quickly and then sit down and we'll have a conversation. But in the remaining months of this year, I am hoping that we can secure

fast track authority from Congress so I can continue to expand trade for America. Our economic analyses are that one full fourth, 25 percent of the economic growth this country has had in the last 4½ years, which is now 13 million new jobs, a fourth came directly from the efforts to open markets to American products and services. So I think that's important.

I think it's important that we pass the McCain-Feingold campaign finance reform bill. It's finally coming to a vote in the Senate. For some of you, it will save you a lot of money if it passes. It will be a good thing. But it would be a good thing for both parties because we'll have to go out and find more contributors and more people to participate and distribute the responsibility, and that will be a very good thing.

But, finally, let me say this whole campaign finance reform effort will never succeed unless we reduce the cost of campaigns, which will only happen if we get free air time or drastically reduced air time for the candidates. That is an absolutely critical thing. Unless we change the cost environment, no matter how you work with, manipulate, or change the contribution rules, there will still be the costs out there and they will flow somehow, because people will have to communicate with the voters and will have to be able to reach the voters with a message.

The third thing I want to mention is coming up, that I hope all of you will take an interest in, is the climate change debate. In December, in Japan, the advanced nations of the world—and we hope all the others—will be called upon to make commitments to reduce the greenhouse gas emissions of our economy so that we can reduce the rate at which the planet is warming up. This is a big deal. If we have just a few degrees of warming of the planet over the next hundred years, it could lead to rises in the sea levels which could, for example, flood the entire Florida Everglades. It could change the whole economic structure of American agriculture. So we have to find a way to grow the economy and improve the environment.

We are going to begin dealing this fall and over the next year and a few months with the whole question of entitlement reform, which, simply put, is what is the best way

to preserve the integrity of Social Security and Medicare in the 21st century when the baby boomers retire. That's really the issue. Social Security right now is secure through 2029. We just added 10 more years to the Medicare Trust Fund. The issue is, how can we preserve the integrity of these programs and the benefits they bring in a century when people are going to be living longer and when the baby boomers will retire and there will be just barely more than two people working for every person retired. We've never dealt with an issue like this without a crisis before, but the bottom line is, if we make modest changes now, we can avoid imposing drastic changes that our children will have to make later. I think the responsible thing to do is to deal with the modest changes now. So I hope we will do that.

And finally, in October, the First Lady and I are going to have a big conference on child care. I am still—I think “obsessed” is not too strong a word—with the challenges so many Americans face succeeding in raising their children and succeeding at work. And there is still not a systematic network of child care out there.

We have gotten a lot of help from the Congress in establishing child care networks for people who will be moving from welfare to work, and that's good. But there are a lot of people who have never been on welfare who work for modest wages, whose children simply do not have access to quality, affordable child care. And I think that's one of the next big frontiers in our efforts to bring America together.

So I hope you will help us with that, and I hope you will follow it. And I hope you will be proud of the fact that you have supported us and you have made possible the best economy we've had in a generation and progress on all these social issues and progress abroad as well as at home. That's what the political process is supposed to do. And if we can keep going and do this flat out for 3 more years, I think we can watch our country move into a new century and a new millennium, confident that the best days of America are still ahead. And that is our obligation as citizens and as human beings.

Thank you very much.

NOTE: The President spoke at 9:09 p.m. in the East Room at the Mayflower Hotel.

Remarks at Georgetown University Medical Center

August 8, 1997

Thank you very much. I would like to thank Dr. Wiesel and all the people here at the Georgetown Medical Center for hosting us. I want to thank Mary Delaney and Chief Joyce Dugan and Sandra Puczynski for their speeches and for their example. As you might imagine, over the course of my tenure I have had occasion to come to quite a number of ceremonies like this. I don't believe I have ever heard three people back to back speak so powerfully, so clearly, so eloquently about a matter of great national concern. And I think we should give them all another hand. *[Applause]*

I'd like to thank all of the people who are here today, diabetes patients, families, activists, and advocates. Especially, I'd like to acknowledge the people on the platform: Stephen Satalino, the chair of the American Diabetes Association. Joan Beaubaire, the former head of the Juvenile Diabetes Foundation, is also here. Her son works for me at the White House, so I get a little extra prodding on this from time to time. *[Laughter]*

I'd like to say a special word of thanks to Mary Tyler Moore, who has awakened the conscience of our Nation and indeed the entire world about this issue, for her long and tireless and selfless efforts. Thank you, Mary.

I want to thank Dr. Phillip Gorden, the head of diabetes research at NIH. He's here with us today. And the NIH will play a major role in the work that we are discussing here.

None of us could write the history of the century that is about to end without a big chapter on the miracles modern medicine and science have wrought in our lives. Polio, mumps, diphtheria, the diseases that robbed so many families of beloved infants and toddlers for centuries have been virtually eradicated. Premature babies who just a decade ago would not have had a chance at life beyond the intensive care unit are growing into happy and healthy children. Powerful treatments are prolonging the lives and improving

the quality of lives of people with HIV and AIDS all across our country, raising new hopes for people living with the disease.

But there are still frontiers to conquer and still too many among us whose lives and futures are dimmed by disease and illness, as we have heard so powerfully today. Diabetes is the seventh leading cause of death in our country, and perhaps equally profoundly affects the lives of millions and millions of people who have it every day.

The historic balanced budget legislation I signed on Tuesday is about more than balancing the books; it also honors our values, increases our chances of keeping the American dream alive in the 21st century and improves the lives of every American. There are some little-known but very important provisions in this new balanced budget that will take us a tremendous step forward in our fight against diabetes. These investments total more than \$2 billion over the next 5 years. They will strengthen our efforts to find a cure, to help our most vulnerable citizens better manage the disease, to prevent some of its most traumatic, costly, and life-threatening complications.

These investments represented the committed efforts of many Members of Congress and our administration. But I must recognize, especially two: first, Congresswoman Elizabeth Furse, whose daughter is here and who has diabetes, led the Bipartisan Congressional Diabetes Caucus in an absolutely tireless fight to include the Medicare investments that are in this bill. And I thank her. She has done magnificently. Thank you.

And I must tell you, I wish very much that the Speaker of the House, Newt Gingrich, could be with us today. When we have a disagreement, it is normally well publicized. *[Laughter]* And widely understood. *[Laughter]* But I wish the American people could see the numerous private conversations that we have had together in quiet rooms about diabetes.

He watched his mother-in-law live with diabetes and became a great champion for people struggling with it, a tireless advocate for greater investments in research, prevention, and care, and one of the very first people who ever spoke to me not only about the human dimensions of the disease but the

enormous percentage of our public funds in Medicare and, to a lesser extent, in Medicaid, that could be devoted to other purposes were it not for the crushing burden of diabetes-related problems directly resultant from our failure to invest as we begin to invest today. I know we play a leading role in making these new initiatives a part of the budget, and I appreciate both what he and Elizabeth and others have done.

Now, this new legislation will do three things. It expands Medicare benefits for the more than 3 million senior citizens diagnosed with diabetes. Mary talked about that. We all know that early investments in prevention can save us millions in expensive treatments down the line. If left untreated, diabetes can lead to devastating complications such as blindness, amputations, and kidney disease. This new benefit will make testing strips and other methods of monitoring blood glucose levels, as well as instructions on how best to manage the complicated disease, available to all Medicare beneficiaries with diabetes.

It will empower Medicare patients to take better care of themselves at home and to avoid complications that can lead to costly hospital stays and destroy health.

Second, the new legislation will enable Health and Human Services Secretary, Donna Shalala, to boost funding for Type I or juvenile diabetes research by \$150 million over the next 5 years. Nearly one million Americans have Type I diabetes, and as many as half of them are children. Even when the disease is managed carefully, the patients almost always experience further complications. That's why we cannot rest until we find a cure that will free our children from this disease. And this unprecedented grant will help us to do that.

Third, we will provide a 5-year, \$150-million grant to the Indian Health Service for diabetes prevention, research, and treatment in our Native American communities. And I want to say a special word of thanks to Senator Domenici of New Mexico for his special efforts on this project.

As Chief Dugan has made it clear, Native Americans are 3 times as likely as white Americans to have this disease; far less likely to find adequate treatment for it. Too many Native Americans are suffering from the

grimmest complications of diabetes. This grant will bring public health services, schools, and nutrition programs together to reach children and families living on reservations and to provide them with the information and tools to prevent and manage diabetes.

And I might say, I told Chief Dugan before I came up here that my grandmother's grandmother was a Cherokee who would be very proud that there is a woman chief who is doing such a magnificent job. Thank you.

Next month, our scientists at NIH will be hosting a workshop to bring researchers from all across the country to share ideas and discuss the most promising avenues of diabetes research. And we will establish a new and unprecedented public-private partnership to bring our Nation's leading health care providers, purchasers, and consumers together to develop uniform guidelines for diabetes care. Through the guidelines, we can ensure that all doctors provide their patients with thorough and vigilant care, such as regular eye and foot exams, to stay as healthy as possible.

Taken together, these initiatives can make life-changing differences for millions of Americans. I was very heartened to hear the American Diabetes Association say that these new investments in diabetes are as important for people with diabetes as the discovery of insulin in 1921. Let us pray that it will be so.

Let me finally say that discussing this in rather clinical terms cannot possibly convey the human impact that Sandra did in talking about her child. On the way over here today, I was remembering that 23 years ago plus now, when I began my career in political life, the first chairman of my campaign was only a year older than me and was already a bank president at the age of 28 or 29, but he died a few years ago from complications from diabetes. When I lived in Arkansas, I used to sing in a church choir with a man who had to quit singing because of complications from diabetes, and I have these vivid memories every Sunday of standing there looking at him sitting in the church with the pain on his face of not being able to do it anymore.

This morning I got a note from a friend of mine I'd like to read to you. "For the last

17 years my son has gone to sleep scared, scared that his blood sugar would drop and his body would be ripped apart with a diabetic seizure. Every day for the last 17 years, my son and his family have worried about the opposite effects of having his blood sugar remain at too high a level and thereby causing the early onset of blindness, heart failure, and loss of limb. Until today, there simply wasn't enough money available for scientific research to have a real hope to find a cure. Now there is."

It is easy to say that in the last 50 years we experienced in science the age of physics, the age of space travel and the beginning of genetic research but that in the next 50 years, the 21st century in science will be an age of biology. The important thing is that for people and their families with diabetes, it can be an age of longer, happier, richer lives.

Thank you very much.

NOTE: The President spoke at 11:27 a.m. in the auditorium. In his remarks, he referred to Sam W. Wiesel, executive vice president for health sciences, Georgetown University Medical Center; Mary Delaney, a local resident who suffers from diabetes; Chief Joyce Dugan of the eastern band of Cherokee Indians; Sandra Puczynski of Ohio, mother whose daughter suffers from diabetes; and actress Mary Tyler Moore, international chairman, Juvenile Diabetes Foundation International.

Digest of Other White House Announcements

The following list includes the President's public schedule and other items of general interest announced by the Office of the Press Secretary and not included elsewhere in this issue.

August 5

In the evening, the President met with members of the Black Leadership Forum in the Cabinet Room.

August 6

The President announced his intention to nominate Carolyn Curiel as U.S. Ambassador to Belize.

The President announced his intention to nominate Margaret Ann Hamburg as Assistant Secretary for Planning and Evaluation at

the Department of Health and Human Services.

The President announced his intention to nominate Michael L. Telson to serve as the Chief Financial Officer for the Department of Energy.

The President announced his intention to nominate Sally Thompson to serve as the Chief Financial Officer for the Department of Agriculture.

The President announced his intention to nominate Thomas J. Umberg to serve as Deputy Director for Supply Reduction at the Office of National Drug Control Policy.

The President announced the nomination of Michael K. Powell as a member of the Federal Communications Commission.

The President announced his intention to designate William E. Kennard to be Chair of the Federal Communications Commission upon his confirmation by the Senate as a member of the FCC.

August 7

The President announced the nomination of Jo Ann Jay Howard as Administrator of the Federal Insurance Administration at the Federal Emergency Management Agency.

The President announced his intention to appoint Carol Bonosaro to serve as a member of the National Partnership Council.

Nominations Submitted to the Senate

NOTE: No nominations were submitted to the Senate during the period covered by this issue.

Checklist of White House Press Releases

The following list contains releases of the Office of the Press Secretary that are neither printed as items nor covered by entries in the Digest of Other White House Announcements.

Released August 4

Transcript of a press briefing by Press Secretary Mike McCurry

List of business leaders participating in climate change meeting

Released August 5

Transcript of a press briefing by Press Secretary Mike McCurry

Released August 6

Statement by Press Secretary Mike McCurry announcing National Security Adviser Samuel Berger's upcoming visit to China

List of 1997 Presidential news conferences

Released August 7

Transcript of a press briefing by Press Secretary Mike McCurry

Statement by Press Secretary Mike McCurry on the appointment of Ambassador Joseph C. Wilson IV as Special Assistant to the President and Senior Director for African Affairs at the National Security Council

Released August 8

Transcript of a press briefing by Press Secretary Mike McCurry

Acts Approved by the President

Approved August 5

H.R. 2015 / Public Law 105–33
Balanced Budget Act of 1997

H.R. 2014 / Public Law 105–34
Taxpayer Relief Act of 1997

H.R. 1226 / Public Law 105–35
Taxpayer Browsing Protection Act

H.R. 709 / Public Law 105–36
National Geologic Mapping Reauthorization Act of 1997

Approved August 7

S. 430 / Public Law 105–37
New Mexico Statehood and Enabling Act Amendments of 1997

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