

BY MR. GRAHAM:

Q. There were letters written to Ms. Willey to the President that were released to the media. Is that correct?

A. Yes.

Q. Do you know who gathered those letters up and how they were gathered up?

MR. BREUER: Objection.

SENATOR SPECTER: Senator Edwards and I agree that the Congressman may ask the question. Overruled.

THE WITNESS: No.

BY MR. GRAHAM:

Q. Would it be fair to say, using common sense, that somebody was planning to answer Ms. Willey by having those letters to offer to the press?

MR. BREUER: Objection.

MR. McDANIEL: It's argumentative.

MR. BREUER: It certainly is.

SENATOR SPECTER: Would you repeat that question?

BY MR. GRAHAM:

Q. The question is: Mr. Blumenthal, do you believe it's a fair assumption to make that somebody in the White House made a conscious effort to go seek out the letters between the President and Ms. Willey and use in response to her allegations?

[Senators Specter and Edwards conferring.]

THE WITNESS: Well, that's an opin—

MS. MARSH: Wait, wait, wait.

MR. McDANIEL: Please, Mr. Blumenthal.

THE WITNESS: Yes.

SENATOR SPECTER: Senator Edwards says, and I agree with him, that you ought to direct it to somebody with specific knowledge so you don't—

BY MR. GRAHAM:

Q. Do you have any knowledge—

SENATOR SPECTER: —deal totally with speculation.

BY MR. GRAHAM:

Q. Do you have any specific knowledge of that event occurring, somebody gathering the letters up, having them ready to be able to respond to Ms. Willey if she ever said anything?

A. No.

Q. You have no knowledge whatsoever of how those letters came into the possession of the White House to be released to the press?

A. No, I don't. I don't know—

MR. GRAHAM: Thank you. I—

THE WITNESS: —who had them—

MR. GRAHAM: —don't have any—

THE WITNESS: —in the White House.

MR. GRAHAM: —further questions.

#### PROGRAM

Mr. LOTT. Under the order just granted, the Senate will meet again as the Court of Impeachment on Saturday. On Saturday, the Senate will hear presentations from the House managers and the White House counsel for not to exceed 6 hours. After those presentations, the Senate will resume its business on Monday for 6 hours, beginning at 1 p.m.

ADJOURNMENT UNTIL 10 A.M.,  
SATURDAY, FEBRUARY 6, 1999

Mr. LOTT. Mr. Chief Justice, I now ask the Senate stand in adjournment under the previous order, and ask that all Senators remain at their desks until the Chief Justice departs the Chamber.

There being no objection, at 4:31 p.m., the Senate, sitting as a Court of Impeachment, adjourned until Saturday, February 6, 1999, at 10 a.m.

(Pursuant to an order of January 26, 1999, the following material was submitted at the desk during today's session:)

#### MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

#### EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting one nomination which was referred to the Committee on Agriculture, Nutrition, and Forestry.

(The nomination received today is printed at the end of the Senate proceedings.)

#### 1998 ANNUAL REPORT OF THE COUNCIL OF ECONOMIC ADVISERS—MESSAGE FROM THE PRESIDENT—PM 3

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Joint Economic Committee.

#### ECONOMIC REPORT OF THE PRESIDENT *To the Congress of the United States:*

I am pleased to report that the American economy today is healthy and strong. Our Nation is enjoying the longest peacetime economic expansion in its history, with almost 18 million new jobs since 1993, wages rising at twice the rate of inflation, the highest home ownership ever, the smallest welfare rolls in 30 years, and unemployment and inflation at their lowest levels in three decades.

This expansion, unlike recent previous ones, is both wide and deep. All income groups, from the richest to the poorest, have seen their incomes rise since 1993. The typical family income is up more than \$3,500, adjusted for inflation. African-American and Hispanic households, who were left behind during the last expansion, have also seen substantial increases in income.

Our Nation's budget is balanced, for the first time in a generation, and we are entering the second year of an era of surpluses: our projections show that we will close out the 1999 fiscal year with a surplus of \$79 billion, the largest in the history of the United States. We are on course for budget surpluses for many years to come.

These economic successes are not accidental. They are the result of an economic strategy that we have pursued since 1993. It is a strategy that rests on three pillars: fiscal discipline, investments in education and technology, and expanding exports to the growing world market. Continuing with this proven strategy is the best way to maintain our prosperity and meet the challenges of the 21st century.

#### THE ADMINISTRATION'S ECONOMIC AGENDA

Our new economic strategy was rooted first and foremost in fiscal discipline. We made hard fiscal choices in 1993, sending signals to the market that we were serious about dealing with the budget deficits we had inherited. The market responded by lowering long-term interest rates. Lower interest rates in turn helped more people buy homes and borrow for college, helped more entrepreneurs to start businesses, and helped more existing businesses to invest in new technology and equipment. America's economic success has been fueled by the biggest boom in private sector investment in decades—more than \$1 trillion in capital was freed for private sector investment. In past expansions, government bought more and spent more to drive the economy. During this expansion, government spending as a share of the economy has fallen.

The second part of our strategy has been to invest in our people. A global economy driven by information and fast-paced technological change creates ever greater demand for skilled workers. That is why, even as we balanced the budget, we substantially increased our annual investment in education and training. We have opened the doors of college to all Americans, with tax credits and more affordable student loans, with more work-study grants and more Pell grants, with education IRAs and the new HOPE Scholarship tax credit that more than 5 million Americans will receive this year. Even as we closed the budget gap, we have expanded the earned income tax credit for almost 20 million low-income working families, giving them hope and helping lift them out of poverty. Even as we cut government spending, we have raised investments in a welfare-to-work jobs initiative and invested \$24 billion in our children's health initiative.

Third, to build the American economy, we have focused on opening foreign markets and expanding exports to our trading partners around the world. Until recently, fully one-third of the strong economic growth America has enjoyed in the 1990s has come from exports. That trade has been aided by 270 trade agreements we have signed in the past 6 years.

#### ADDRESSING OUR NATION'S ECONOMIC CHALLENGES

We have created a strong, healthy, and truly global economy—an economy that is a leader for growth in the world. But common sense, experience, and the example of our competitors abroad show us that we cannot afford to be complacent. Now, at this moment of great plenty, is precisely the time to face the challenges of the next century.

We must maintain our fiscal discipline by saving Social Security for the 21st century—thereby laying the foundations for future economic growth.

By 2030, the number of elderly Americans will double. This is a seismic demographic shift with great consequences for our Nation. We must keep Social Security a rock-solid guarantee. That is why I proposed in my State of the Union address that we invest the surplus to save Social Security. I proposed that we commit 62 percent of the budget surplus for the next 15 years to Social Security. I also proposed investing a small portion in the private sector. This will allow the trust fund to earn a higher return and keep Social Security sound until 2055.

But we must aim higher. We should put Social Security on a sound footing for the next 75 years. We should reduce poverty among elderly women, who are nearly twice as likely to be poor as other seniors. And we should eliminate the limits on what seniors on Social Security can earn. These changes will require difficult but fully achievable choices over and above the dedication of the surplus.

Once we have saved Social Security, we must fulfill our obligation to save and improve Medicare and invest in long-term health care. That is why I have called for broader, bipartisan reforms that keep Medicare secure until 2020 through additional savings and modernizing the program with market-oriented purchasing tools, while also providing a long-overdue prescription drug benefit.

By saving the money we will need to save Social Security and Medicare, over the next 15 years we will achieve the lowest ratio of publicly held debt to gross domestic product since 1917. This debt reduction will help keep future interest rates low or drive them even lower, fueling economic growth well into the 21st century.

To spur future growth, we must also encourage private retirement saving. In my State of the Union address I proposed that we use about 12 percent of the surplus to establish new Universal Savings Accounts—USA accounts. These will ensure that all Americans have the means to save. Americans could receive a flat tax credit to contribute to their USA accounts and additional tax credits to match a portion of their savings—with more help for lower income Americans. This is the right way to provide tax relief to the American people.

Education is also key to our Nation's future prosperity. That is why I proposed in my State of the Union address a plan to create 21st-century schools through greater investment and more accountability. Under my plan, States and school districts that accept Federal resources will be required to end social promotion, turn around or close failing schools, support high-quality teachers, and promote innovation, competition, and discipline. My plan also proposes increasing Federal investments to help States and school districts take responsibility for failing schools, to recruit and train new teachers, to expand after school and summer

school programs, and to build or fix 5,000 schools.

At this time of continued turmoil in the international economy, we must do more to help create stability and open markets around the world. We must press forward with open trade. It would be a terrible mistake, at this time of economic fragility in so many regions, for the United States to build new walls of protectionism that could set off a chain reaction around the world, imperiling the growth upon which we depend. At the same time, we must do more to make sure that working people are lifted up by trade. We must do more to ensure that spirited economic competition among nations never becomes a race to the bottom in the area of environmental protections or labor standards.

Strengthening the foundations of trade means strengthening the architecture of international finance. The United States must continue to lead in stabilizing the world financial system. When nations around the world descend into economic disruption, consigning populations to poverty, it hurts them and it hurts us. These nations are our trading partners; they buy our products and can ship low-cost products to American consumers.

The U.S. proposal for containing financial contagion has been taken up around the world: interest rates are being cut here and abroad, America is meeting its obligations to the International Monetary Fund, and a new facility has been created at the World Bank to strengthen the social safety net in Asia. And agreement has been reached to establish a new precautionary line of credit, so nations with strong economic policies can quickly get the help they need before financial problems mushroom from concerns to crises.

We must do more to renew our cities and distressed rural areas. My Administration has pursued a new strategy, based on empowerment and investment, and we have seen its success. With the critical assistance of Empowerment Zones, unemployment rates in cities across the country have dropped dramatically. But we have more work to do to bring the spark of private enterprise to neighborhoods that have too long been without hope. That is why my budget includes an innovative "New Markets" initiative to spur \$15 billion in new private sector capital investment in businesses in underserved areas through a package of tax credits and guarantees.

#### GOING FORWARD TOGETHER IN THE 21ST CENTURY

Now, on the verge of another American Century, our economy is at the pinnacle of power and success, but challenges remain. Technology and trade and the spread of information have transformed our economy, offering great opportunities but also posing great challenges. All Americans must be equipped with the skills to succeed and prosper in the new economy. Amer-

ica must have the courage to move forward and renew its ideas and institutions to meet new challenges. There are no limits to the world we can create, together, in the century to come.

WILLIAM J. CLINTON.

THE WHITE HOUSE, February 4, 1999.

#### MESSAGES FROM THE HOUSE

At 1:00 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 68. An act to amend section 20 of the Small Business Act and make technical corrections in title III of the Small Business Investment Act.

H.R. 98. An act to amend chapter 443 of title 49, United States Code, to extend the aviation war risk insurance program and to amend the Centennial of Flight Commemoration Act to make technical and other corrections.

H.R. 99. An act to amend title 49, United States Code, to extend Federal Aviation Administration programs through September 30, 1999, and for other purposes.

H.R. 432. An act to designate the North/South Center as the Dante B. Fascell North-South Center.

The message also announced that the House agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 19. Concurrent resolution permitting the use of the Rotunda of the Capitol for a ceremony as part of the commemoration of the days of remembrance of victims of the Holocaust.

The message further announced that pursuant to section 8002 of the Internal Revenue code of 1986, the Committee on Ways and Means designated the following Members of the House to serve on the Joint Committee on Taxation for the 106th Congress: Mr. ARCHER, Mr. CRANE, Mr. THOMAS, Mr. RANGEL, and Mr. STARK.

The message also announced that pursuant to the provisions of 15 U.S.C. 1024(a), the Speaker appoints the following Member of the House of the Joint Economic Committee: Mr. SAXTON of New Jersey.

#### EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1374. A communication from the President of the United States, transmitting, pursuant to law, a report on three rescissions of budget authority dated February 1, 1999; transmitted jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, to the Committee on Appropriations, to the Committee on the Budget, to the Committee on Energy and Natural Resources, and to the Committee on Foreign Relations.

EC-1375. A communication from the Director of the Defense Security Cooperation Agency, transmitting, pursuant to law, a report on loans and guarantees issued under