I can only say what I have said before. Chuck Ruff, whom I believe has a reputation as a lawyer of impeccable integrity and who is an expert in these kinds of processes, came to me and said that the effect of the decision would be not confined to the President, the First Lady, the Chief of Staff at the White House—any group of people, that the position that the Special Counsel was arguing for would, in effect, abolish the lawyer-client privilege between a Federal Government lawyer and a Federal employee at any level under any circumstances.

Now, the law firms in America might be ecstatic about that because it would certainly make a lot more private business for lawyers. But he came to me and said, ''I cannot tell you how emphatically I believe that this case must be appealed.'' He said, ''I'm your lawyer; I know you haven't done anything wrong, I know you've made all the evidence available to them. This is a major constitutional question, and Mr. President, you do not have the right to go along with saying that every Federal employee in America should lose the attorney-client privilege under these circumstances if the Federal employee has a lawyer in the Federal Government.'' Now, that's what he said to me. I cannot enlighten you any more. If you want to know any more about it, you've got to ask him.

NOTE: The President's 145th news conference began at 1:33 p.m. at the Prime Minister's residence, following the signing of the Bridgetown Declaration of Principles. The Caribbean leaders were Prime Minister Owen Arthur of Barbados and Prime Minister Percival James (P.J.) Patterson of Jamaica. In his remarks, the President referred to Counsel to the President Charles F. Ruff and President Rene Preval of Haiti. Prime Minister Patterson referred to former President Oscar Arias of Costa Rica.

Statement on House Passage of the Individuals With Disabilities Education Act Amendments of 1997

May 13, 1997

I am pleased that the House today took a major step toward ensuring high quality educational opportunities for all students with disabilities by voting to reauthorize the Individuals with Disabilities Education Act (IDEA). I am hopeful that the Senate will do the same shortly.

Over the last 20 years, the IDEA has made it possible for young people with disabilities to reach their full potential. This legislation strengthens and reaffirms our commitment to these children and their parents, and I look forward to signing it into law.

This legislation is the result of a bipartisan process that involved hard work not only by both Democrats and Republicans in the Congress but also by the Department of Education and representatives of the education and disability communities. I hope that we can continue in this bipartisan spirit and move forward on the rest of our agenda to improve education and prepare America for the 21st century.

Message to the Congress on Iran

May 13, 1997

To the Congress of the United States:

I hereby report to the Congress on developments since the last Presidential report of November 14, 1996, concerning the national emergency with respect to Iran that was declared in Executive Order 12170 of November 14, 1979. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) (IEEPA). This report covers events through March 31, 1997. My last report, dated November 14, 1996, covered events through September 16, 1996.

1. The Iranian Assets Control Regulations, 31 CFR Part 535 (IACR), were amended on October 21, 1996 (61 Fed. Reg. 54936, October 23, 1996), to implement section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996, by adjusting for inflation the amount of the civil monetary penalties that may be assessed under the Regulations. The amendment increases the maximum civil monetary penalty provided in the Regulations from $10,000 to $11,000 per violation.

The amended Regulations also reflect an amendment to 18 U.S.C. 1001 contained in section 330016(1)(L) of Public Law 103–322,

September 13, 1994, 108 Stat. 2147. Finally, the amendment notes the availability of higher criminal fines for violations of IEEPA pursuant to the formulas set forth in 18 U.S.C. 3571. A copy of the amendment is attached.

2. The Iran-United States Claims Tribunal (the "Tribunal"), established at The Hague pursuant to the Algiers Accords, continues to make progress in arbitrating the claims before it. Since the period covered in my last report, the Tribual has rendered eight awards. This brings the total number of awards rendered to 579, the majority of which have been in favor of U.S. claimants. As of March 24, 1997, the value of awards to successful U.S. claimants from the Security Account held by the NV Settlement Bank was $2,424,959,689.37.

Since my last report, Iran has failed to replenish the Security Account established by the Algiers Accords to ensure payment of awards to successful U.S. claimants. Thus, since November 5, 1992, the Security Account has continuously remained below the $500 million balance required by the Algiers Accords. As of March 24, 1997, the total amount in the Security Account was $183,818,133.20, and the total amount in the Interest Account was $12,053,880.39. Therefore, the United States continues to pursue Case A/28, filed in September 1993, to require Iran to meet its obligation under the Algiers Accords to replenish the Security Account. Iran filed its Rejoinder on April 8, 1997.

The United States also continues to pursue Case A/29 to require Iran to meets its obligation of timely payment of its equal share of advances for Tribunal expenses when directed to do so by the Tribunal. The United States filed its Reply to the Iranian Statement of Defense on October 11, 1996.

Also since my last report, the United States appointed Richard Mosk as one of the three U.S. arbitrators on the Tribunal. Judge Mosk, who has previously served on the Tribunal and will be joining the Tribunal officially in May of this year, will replace Judge Richard Allison, who has served on the Tribunal since 1988.

3. The Department of State continues to pursue other United States Government claims against Iran and to respond to claims brought against the United States by Iran, in coordination with concerned government agencies.

On December 3, 1996, the Tribunal issued its award in Case B/36, the U.S. claim for amounts due from Iran under two World War II military surplus property sales agreements. While the Tribunal dismissed the U.S. claim as to one of the agreements on jurisdictional grounds, it found Iran liable for breach of the second (and larger) agreement and ordered Iran to pay the United States principal and interest in the amount of $43,843,826.89. Following payment of the award, Iran requested the Tribunal to reconsider both the merits of the case and the calculation of interest; Iran's request was denied by the Tribunal on March 17, 1997.

Under the February 22, 1996, agreement that settled the Iran Air case before the International Court of Justice and Iran's bank-related claims against the United States before the Tribunal (reported in my report of May 17, 1996), the United States agreed to make *ex gratia* payments to the families of Iranian victims of the 1988 Iran Air 655 shootdown and a fund was established to pay Iranian bank debt owed to U.S. nationals. As of March 17, 1997, payments were authorized to be made to surviving family members of 125 Iranian victims of the aerial incident, totaling $29,100,000.00. In addition, payment of 28 claims by U.S. nationals against Iranian banks, totaling $9,002,738.45 was authorized.

On December 12, 1996, the Department of State filed the U.S. Hearing Memorial and Evidence on Liability in Case A/11. In this case, Iran alleges that the United States failed to perform its obligations under Paragraphs 12–14 of the Algiers Accords, relating to the return to Iran of assets of the late Shah and his close relatives. A hearing date has yet to be scheduled.

On October 9, 1996, the Tribunal dismissed Case B/58, Iran's claim for damages arising out of the U.S. operation of Iran's southern railways during the Second World War. The Tribunal held that it lacked jurisdiction over the claim under Article II, paragraph two, of the Claims Settlement Declaration.

4. Since my last report, the Tribunal conducted two hearings and issued awards in six private claims. On February 24–25, 1997, Chamber One held a hearing in a dual national claim, *G.E. Davidson* v. *The Islamic Republic of Iran,* Claim No. 457. The claimant is requesting compensation for real property that he claims was expropriated by the Government of Iran. On October 24, 1996, Chamber Two held a hearing in Case 274, *Monemi* v. *The Islamic Republic of Iran,* also concerning the claim of a dual national.

On December 2, 1996, Chamber Three issued a decision in *Johangir & Jila Mohtadi* v. *The Islamic Republic of Iran* (AWD 573–271–3), awarding the claimants $510,000 plus interest for Iran's interference with the claimants' property rights in real property in Velenjak. The claimants also were awarded $15,000 in costs. On December 10, 1996, Chamber Three issued a decision in *Reza Nemazee* v. *The Islamic Republic of Iran* (AWD 575–4–3), dismissing the expropriation claim for lack of proof. On February 25, 1997, Chamber Three issued a decision in *Dadras Int'l* v. *The Islamic Republic of Iran* (AWD 578–214–3), dismissing the claim against Kan Residential Corp. for failure to prove that it is an "agency, instrumentality, or entity controlled by the Government of Iran" and dismissing the claim against Iran for failure to prove expropriation or other measures affecting property rights. Dadras had previously received a substantial recovery pursuant to a partial award. On March 26, 1997, Chamber Two issued a final award in Case 389, *Westinghouse Electric Corp.* v. *The Islamic Republic of Iran Air Force* (AWD 579–389–2), awarding Westinghouse $2,553,930.25 plus interest in damages arising from the Iranian Air Force's breach of contract with Westinghouse.

Finally, there were two settlements of claims of dual nationals, which resulted in awards on agreed terms. They are *Dora Elghanayan, et al.* v. *The Islamic Republic of Iran* (AAT 576–800/801/802/803/804–3), in which Iran agreed to pay the claimants $3,150,000, and *Lilly Mythra Fallah Lawrence* v. *The Islamic Republic of Iran* (AAT 577–390/391–1), in which Iran agreed to pay the claimant $1,000,000.

5. The situation reviewed above continues to implicate important diplomatic, financial, and legal interests of the United States and its nationals and presents an unusual challenge to the national security and foreign policy of the United States. The Iranian Assets Control Regulations issued pursuant to Executive Order 12170 continue to play an important role in structuring our relationship with Iran and in enabling the United States to implement properly the Algiers Accords. I shall continue to exercise the powers at my disposal to deal with these problems and will continue to report periodically to the Congress on significant developments.

William J. Clinton

The White House,
May 13, 1997.

NOTE: This message was released by the Office of the Press Secretary on May 14.

Remarks on the NATO-Russia Founding Act and an Exchange With Reporters

May 14, 1997

The President. Good afternoon. Today in Moscow, we have taken an historic step closer to a peaceful, undivided, democratic Europe for the first time in history. The agreement that NATO Secretary General Solana and Russian Foreign Minister Primakov have reached and which we expect to be approved by NATO's governing council this week, forms a practical partnership between NATO and Russia that will make America, Europe, and Russia stronger and more secure. The agreement builds on the understandings that I reached with President Yeltsin in Helsinki. It helps to pave the way for NATO, as it enlarges to take in new members, to build a new relationship with Russia that benefits all of us.

In this century, Europe has suffered through two cold wars—through two World Wars and a cold war. And America has also paid a heavy price. Three years ago at the NATO summit in Brussels, I laid out a vision for a new, different Europe in the 21st century, an undivided Continent where our values of democracy and human rights, free