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And I'll see you all tomorrow and look forward to answering your questions. Thank you. Thank you.

NOTE: The President spoke at 2:50 p.m. in the Cross Halls on the State Floor at the White House.

The President's News Conference
November 8, 1996

Chief of Staff Transition

The President. Good afternoon. Please be seated. Before I begin I'd like to ask the Vice President and Leon Panetta and Erskine Bowles to join me up here, in no particular order. [*Laughter*]

Let me begin by once again thanking the American people for the honor they have bestowed upon me and the responsibility they have once again placed in my hands. I will work hard over the next 4 years to uphold their trust, to protect our shared values, and to meet our common challenges.

To do that, I want our administration to be able to serve the American people as well in the next 4 years as we have in the past 4. I must, therefore, begin by announcing that Leon Panetta, who has been my Chief of Staff since 1994, will be resigning to return to California.

I understand why he wants to return home after so many long years and long hours, but that doesn't make it any easier for me to see him go. No one in recent memory has better served the administration—any administration—or the American people than Leon Panetta in what is perhaps the most difficult of all the jobs in public service in Washington today.

As a civil rights official, a distinguished Member of Congress, an OMB Director, Leon Panetta brought his sharp mind and his huge heart to bear on every task he ever undertook. He became my Chief of Staff at a difficult time. He leaves with a remarkable record: deep reduction in the deficit, millions of new jobs, a strong defense of programs for those in need, including food stamps. All these bear Leon's stamp.

Just as important as the work he did was the way he did it. He saw our White House staff as a family. They returned his devotion. His easy laugh and his level head kept our priorities straight and our spirits up.

He and I have often had the opportunity to wonder at the miracle of America that took us this far. He is a child of immigrants who came to this country in search of a better life and found it in the walnut groves of California. He has become my great friend, more than my countryman, more than my fellow Democrat, more even than my fellow worker. In the language of his people, he is my *paesan.* [*Laughter*] And I love him very much.

To Sylvia, Christopher, Carmelo, Jim, Elizabeth, Christina, and the grandchildren, Michael and Elizabeth, I know how proud he is of you, and you must be very proud of him.

To succeed Leon Panetta, I wanted someone of stature, intellect, dedication, drive, and the capacity to do this virtually impossible job, both a manager and a leader. I'm proud to announce that I am naming Erskine Bowles as the next White House Chief of Staff. He's combined brilliant business success and dedicated public service. As an investment banker, he recognized that our successes come not just from our big firms but from small and medium-size ones, entrepreneurs with energy and ideas he worked hard to give the opportunity to start new businesses and to expand the ones they were running.

When I became President, I wanted to transform the Small Business Administration from a political backwater to an engine of economic growth. Erskine Bowles did it beyond my wildest expectations. He revitalized the SBA. He doubled the loan volume. He dramatically increased loans to women and minority business owners even as he cut paperwork and trimmed bureaucracy.

I then asked him to serve as the Deputy Chief of Staff. He was one of those most responsible for bringing focus and direction to our efforts. Quietly, behind the scenes, he led our effort to educate the public on what was at stake in last year's budget fight. Through it all, he became my close friend and trusted adviser.

He returned to North Carolina last year to be with his family, to start a new business, and continue his work for the Juvenile Diabetes Foundation, which he had previously served as president.

I know how much Erskine Bowles loves private life. I know that I have asked from him a real sacrifice, and not only from him but also from his wife, Crandall, and his children, Sam, Anne, and Bill. But his country needs him, and I need him. I have absolute faith in his ability to do this job. He will bring discipline, focus, and deep values to the work. He will help us finish the job the American people sent us here to do. In a sense, this is a homecoming for him, for Erskine is a part of our family here, and I'm happy to have him back.

As Leon will tell you, I expect a lot of the Chief of Staff. I kept Leon Panetta up until 6 o'clock in the morning election morning playing hearts. [*Laughter*] Yes, Erskine Bowles can play hearts. [*Laughter*] He also plays golf, but he plays golf better than he plays hearts; I prefer to focus on his hearts playing. [*Laughter*]

It has become more apparent than ever that our country is moving forward with confidence and vigor toward the 21st century. It has become more apparent than ever since the election that the American people want us to fulfill our responsibilities as Democrats, Republicans, and independents second and Americans first, to set aside our differences and join hands to make the most of this moment of possibility.

That's how we achieved so much at the end of the past Congress. Just think of what happened: historic welfare reform, a minimum wage increase, dramatic expansion of pension opportunities for people in small businesses, the adoption tax credit, the extension of the Brady bill to cover incidences of domestic violence, the Kennedy-Kassebaum health care reform bill that lets people keep their health insurance as they change jobs or when someone in the family has been sick, an end to the drive-by pregnancies and deliveries where people are kicked out of the hospital after only 24 hours, help for families with mental health needs, and assistance to Vietnam veterans' children with spina bifida. All this happened and shows you what we can do if we work together to give our people the tools they need to make the most of their own lives.

It's a good sign for America that all parties now say they want to reach common ground. And I want us to forge a partnership to produce results for the American people. On Tuesday our people voted for the ideas of the vital American center. Now let us make that vital center the place for the vigorous actions to move us into the 21st century.

We should begin with our most pressing challenges: balancing the budget, giving our children the world's best education, opening wide the doors of college to everyone willing to work for them, finishing the job of welfare reform, passing real campaign finance reform.

Nothing is more fundamental than balancing the budget. Our progress has already produced lower interest rates, steady growth, expanded homeownership. Now we must keep our economy going steady and strong by finishing the job of balancing the budget in a way that truly reflects our values. I am inviting the bipartisan leadership of Congress to meet with me next week here at the White House to discuss how we can develop a plan together to pass a balanced budget and to keep our economy going. I've asked Leon Panetta and OMB Director Frank Raines to coordinate this effort.

I want these negotiations to cover a broad range of issues involved in balancing the budget, including strengthening the Medicare Trust Fund, cuts in spending, and a tax cut. I believe our highest priority must be education, especially college opportunities. As I told the American people, we should make the 13th and 14th years of education as universal as a high school diploma is today. So I will work to see to it that this balanced budget includes the education tax cuts I outlined during the campaign, which had very broad and overwhelming support among the American people.

I will also discuss with the congressional leadership how we can enact bipartisan campaign finance reform as soon as possible. We clearly have a unique moment of opportunity now, when the public and you in the press are focused on this issue. Now is the time to seize it, before the moment fades. The American people will be watching to see whether our deeds match our words.

The lesson of our history is clear: When we put aside partisanship, embrace the best ideas regardless of where they come from, and work for principled compromise, we can move America not left or right but forward. That is what I am determined to do.

Now, I want to take your questions, but first I'd like to give Mr. Panetta and Mr. Bowles a chance to just say a few words.

[*At this point, Leon Panetta and Erskine Bowles made brief remarks and then left the podium.*]

The President. Thank you. This is an inauspicious beginning; you're leaving me in my hour of need. [*Laughter*]

Go ahead. Sorry.

Trust and Campaign Finance Reform

Q. The election is over; you do have the support of the American people for a second term. But some questions remain. One of them is, how do you explain the obsession with fundraising, especially from dubious Asian sources, and how do you overcome the image created by your opponent that you are a President who cannot be trusted?

The President. Let me answer the second question first. I think the American people, since they've been hearing this for 5 years, took a long, hard look at it, and they measured that against what they saw in terms of the work of this administration, in terms of the people who were laboring hard to make their lives better, and in terms of the President. And I think they made their judgment that I have worked hard for them, I will keep working hard for them, and that that is my motivation for being here. And I think that they gave me their trust, and I'm going to do my best to be worthy of it.

Now, with regard to the contribution issue, the Democratic Party and the Republican Party raised a lot of money under the rules which now exist. The Democratic Party received over a million different contributions in 2 years. They determined two things. One is that a relatively small number of them—I think—I don't know exactly what the number is but quite a small number out of a million—they should not have taken, and they have returned them. They also—the Democratic Party said that they thought they should have a tighter screen on contributions when they come in, and they've implemented improvements so that they won't receive contributions they shouldn't if they can determine it at all. I think that's a good thing. I think the Republican Party should have the same rules.

But the real thing that I would say here is—I'd like to make two other points. First, and far and away the most important point, is that this has shown us once again that our campaigns cost too much, they take too much time, they raise too many questions, and now is the time for bipartisan campaign finance reform legislation.

I supported the McCain-Feingold bill last year. The leaders of the other party did not, and it did not pass. Today I reaffirm my support for McCain-Feingold, and I am prepared to do whatever is necessary to pass it as soon as possible with an amendment that our party has agreed to, saying that we should not have contributions from foreign nationals who are otherwise—who can legally give money now. I am prepared to do that.

I called Senator McCain yesterday and Senator Feingold. I had a good conversation with both of them, and I asked them for their best advice about where to proceed. I assured them that I would support this legislation, that our party would support it, and that we had more than enough votes in our caucus to guarantee it an overwhelming victory. So the question now is basically for the leaders of the Republican majority in Congress, whether they will support it, either right now or as soon as we come into session next year. But I am prepared to go forward, and I think that's the most important thing.

Now, let me just make one final comment. A lot of, I thought—questions had been raised about these contributions, and any questions that had been raised, we should do our best, the Democratic Party should do its best to answer; any questions you ask of us, we should do our best to answer. But there was a—in your question and in a lot of the things that have happened in the aftermath, there is an almost disparaging reference to Asians. And in the last few weeks, a lot of Asian-Americans who have supported our campaign have come up to me and said, "You know, I'm being made to feel like a criminal. All these people are calling me. And I say, 'Why are you calling me?' They say, 'Because you have an Asian last name.'" And I—maybe I don't need to do this, but I would like to remind everybody here and throughout the country that our country has been greatly enriched by the work of Asian-Americans. They are famous for working hard for family values and for giving more than they take. And I, frankly, am grateful for the support that I have received from them.

And so I just want to make that clear. I think that there's been a lot of rather—I don't mean that you did, Helen [Helen Thomas, United Press International], but there has been a lot of rather disparaging comments made about Asian-Americans. And it's—ironically, I found it surprising that our friends on the other side did because historically they have received more votes from Asian-Americans than we have.

Q. May I say as a point of rebuttal, I certainly didn't mean to disparage——

The President. I know you didn't.

Q. No, but also—there was also the question of whether the Indonesian contributions may have affected our policy toward——

The President. Well, now that's a different—the answer to that is, absolutely not. Indeed, look at the difference in my policy and my predecessor's policy. We changed our policy on arms sales because of East Timor, not to sell small arms. And we cosponsored the resolution in the United Nations in favor of greater human rights for East Timor. And I'm proud that we did that. So I can tell you categorically that there was no influence.

By the way, all kinds of people talk to me about policy. Polish-Americans, Hungarian-Americans, Jewish-Americans, Irish-Americans talk to me about policy. Citizens that I—people I meet around the world in the course of my travels on your behalf talk to me about it. But in the end, I always do what I believe is right for the American people.

Terry [Terence Hunt, Associated Press].

Independent Counsel and Attorney General Reno

Q. Mr. President, Attorney General Reno is considering whether to appoint an independent counsel to investigate these allegations of improper fundraising by your campaign. She says that she's——

The President. Wait, wait, wait. There have been no allegations about improper fund——

Q. Well, by the Democratic——

The President. That's correct, by the Democratic Party.

Q. She says that she's caught between a rock——

The President. That was the other campaign that had problems with that, not mine.

Q. General Reno says she's caught between a rock and a hard place and that she'll be criticized no matter what she does. I know that it's her decision, but what do you think? Do you think that these allegations should be investigated by an independent counsel? And secondly, do you think that General—would you like to see General Reno stay on for a second term?

The President. I think, on the first question, I should have no comment on that. On the second question, I should have no comment on any personnel decision until I have had a chance to meet with the Cabinet members in question and work through all the decisions. And I think I should have a uniform policy on that, which I have followed to date and which I will continue to follow.

Wolf [Wolf Blitzer, CNN].

John Huang and James Riady

Q. Getting back to the first question, Mr. President, a lot of questions have been raised, though, about your personal relationship with John Huang, who was the DNC fundraiser who went out to the Asian-American community and raised some of the money that had to be returned, as well as with the Riady family in Jakarta, James Riady in particular, who came to the White House on several occasions. What exactly was your relationship with John Huang and with the Riady family?

The President. I believe the first time I met John Huang—I believe—was several years ago in Taiwan when I was a Governor on a trade mission. I believe that is correct. He might have a better memory than I do, but I think that's right.

I met James Riady when he came to Arkansas to live and work when he was partners—when his family and his family's business group were partners with the Stephens interest in Arkansas, in a bank there. And he and his wife lived there, and I got to know them several years ago.

So I have known both James Riady and his wife and John Huang and his wife for several years. And I knew them primarily in the context of my work as Governor, both inside Arkansas in dealing with the economic issues within the State and then in my work as Governor of Arkansas and going to Taiwan—which parenthetically is one of the biggest purchasers of soybeans, which is a big product in my home State, of any country in the world. So I was there quite often, I think five times during the course

of my governorship. And that's how I knew them.

So I had a personal relationship with them that went back several years and long before there was any politics or even contributions or anything like that involved. I had known them for several years.

Q. Was it a mistake for you to appoint John Huang to a Commerce Department position, Assistant Secretary of Commerce, given the relationship he had with the Lippo conglomerate in Indonesia and his business interests in the past?

The President. Well, I don't believe so. As soon as—I don't think so, not as long as the clearances and the search of all the records and the business disclosures, if they were all appropriate. You know, there are all kinds of standards for that, that anybody who gets an appointment that they have to be confirmed for has to meet. And if they were, I wouldn't say so.

I mean, keep in mind, one of the jobs of the Department of Commerce, and perhaps one of the most important jobs now and one which Ron Brown did very well, is to open new opportunities for American businesses around the world, to open new markets for American businesses, to create jobs by doing that. And one of the great advantages the United States has over virtually every other country in the world is that we have living here in our country citizens who are from everywhere else and who have business ties and contacts and deep understandings of the cultures and the economies of every other country in the world. And so assuming that all the proper disclosures were made and all the proper clearances were had—I mean, the Government has rules for that—I would think that that's the sort of person we would be looking for, someone who did have good contacts and could—and did have a general understanding of international commerce.

Yes.

Bosnia

Q. Yes, Mr. President, thank you. Despite your promises earlier to pull out of Bosnia next month, the Pentagon now says that U.S. troops will remain there at least until the end of March. Is it possible you would keep U.S. troops there beyond March as part of a follow-on peacekeeping force if NATO decides they are needed?

The President. Well, let me explain, first of all, what the March deadline is. We have already begun moving some people out, and the December—we said that the mission, the IFOR mission, would take about a year. But as the Pentagon can explain in greater detail and specificity than I, you can't just up and pull people out in one day. There has to be a phase-down, and people have to be brought in to help move out the people that have been there the whole time. So the March date is just the time the last people who are part of a 3½ month phase-down will leave.

Now, separate and apart from that, NATO has been asked to consider the question of whether—well, let me make one other point. IFOR went there to establish a buffer zone between the ethnic groups and to make sure that during this time elections could be held and basic security could be maintained along the border areas, not to be actually involved in law enforcement. And I think they've done their job very well. I am very pleased with it. I am very pleased with the cooperation between the NATO allies and Russia and the other non-NATO countries. And I think that it has helped the Bosnian peace process to take hold. And we have had elections. A lot has been done.

What NATO has been asked to consider is whether or not, since the economic reconstruction has not taken hold as fast as we had hoped and there is still, obviously, some hard feelings there between the parties, we should consider a smaller, different force that might have a more limited mission than the IFOR mission that NATO would be involved in. I believe the position I have taken on that is the position that the other NATO leaders have taken, the leaders of the other NATO countries, which is, we would like to see the proposed mission; we would like to see what our contribution would be. I want to assess the risks, as I always do, and the possible benefits, and then I will make a judgment.

I took a long look at the IFOR mission. We worked very hard to define it in a way that would guarantee the maximum possibility for success and the minimum possibility of danger to our forces. It has worked very well. Whether we could do this, as I said all along, would depend on what the nature of the mission is.

I'm looking forward to the NATO report; I haven't received it yet. When I do, I will tell you exactly what the recommendations are and

what my best judgment on them is. It is conceivable that we could participate, but it depends upon exactly what the recommendation is.

Yes, sir, and then we'll go back. Go ahead.

Second Term Transition

Q. You're in the process of choosing your team now for the next administration. You were criticized 4 years ago for your failure to go ahead with your stated intentions to choose at least one Republican for a top post. You were criticized for putting too much emphasis on diversity and also for relying too much on friendship. In some cases, friends got into ethical problems. Do you feel you must be more tough-minded this time around?

The President. Well, first of all, I think the Cabinet that I've had has done very well, and on average, I believe their tenure of service far exceeds the average tenure of service in the modern era. And I believe that we have proved that you could have diversity as well as excellence not only in the Cabinet but in the Federal bench, where I've made the most diverse appointments in terms of women and minorities in history and yet they have the highest ratings from the American Bar Association—my appointees do—of any President since the rating system began.

So I don't see a conflict between excellence and diversity. But I would extend that diversity to Republicans as well. I think we ought to try to have a Government that can unify the country. And I did want to put—badly wanted to put a Republican in the Cabinet the last time. I had one in particular in mind who declined for personal reasons who, I think, wanted to serve, and I regret that. So I have not ruled out that; in fact, I have cast a very wide net in looking for people to serve in this administration, and I wouldn't be surprised if we had Republican representation. I certainly hope we will.

Peter [Peter Maer, NBC Mutual Radio]—Rita [Rita Braver, CBS News] was next, and then Peter. I'm sorry.

The First Lady and Former Senator Bob Dole

Q. Speaking of what people will be doing in the next administration, when you ran for your first term you talked a lot about the First Lady's role, but we didn't hear so much about it during this run for the reelection. Can you give us a sense of what she'll be doing in the next term? And also, I wondered whether you have thought about whether you intend to offer Bob Dole any chance to serve.

The President. Well, let me answer the question about Hillary. I think what the First Lady will do is something that—I think it will be consistent with what she's been doing, but we have not—frankly, we've been too tired to talk about it. Yesterday, I'm embarrassed to tell the American people, I actually slept past noon. [*Laughter*] I was tired. And so we hadn't had much chance to talk about it. But I think that my assumption would be that whatever she did, she would be working on the issues that relate to children and families that she's spent most of her life doing. And so that's what I would think. But we have not had a chance to talk about it.

Q. You once mentioned welfare.

The President. Well, but I think—I must not have spoken all that clearly on that. What I meant about welfare is this: The welfare reform legislation is law now. Let me just talk about that just a minute, and then I'll come back to your other question. What the welfare reform bill says is this: It says, from now on, the United States Government will guarantee to poor families medical care and nutrition and, if a person moves from welfare to work, then more for child care than ever before. But that portion of the Federal money that used to go with State money into a monthly welfare check will now go to the States, and they have 2 years to figure out how to turn the welfare check into a paycheck.

Now, I think what is important is to recognize that that's all the bill does. Then all the States and all of the communities of this country have to figure out how to do that. And what I think is important is that we all be aggressive in figuring out how to do that in ways that work for the children, not that there should be a role for the First Lady or anybody else, but children's advocates in particular want to make sure that this is a pro-family transition. That's all I meant. And I believe it will be. I feel good about it.

In terms of anything for Senator Dole to do, I think, to be fair to him, even though I am standing up here on both feet giving this press conference today, after a campaign like this, you need time to decompress, whether you win or whether you lose. And I've been on both sides of this in my life. And he said something I

really appreciated when we had our personal conversation on election evening. He said, "You know, after awhile, after I get rested up and you do and we get—we'll come by—I'll come by, and we'll have a cup of coffee, and we'll talk about—just have a visit." And I said I'd really like that.

And I think that I would just urge all of you to give him and Mrs. Dole a little space here and let them get rested up and think about their lives and what they want to do. And there will be time for that. You know, Thanksgiving's coming up; Christmas is coming up.

But I can attest to the fact that based on the vigorous campaign he ran, not just in the last 96 hours but throughout, that if he so chooses, he's got a lot left to give his country. But I think that should be his decision. We should let a little time go by.

Peter.

Investigations

Q. Thank you, sir. As you reflect on the past 4 years and look ahead to the next 4, what are your thoughts about the emotional, legal, and even financial toll that these investigations over the past 4 years have taken and continue to take on people who are very close to you? Do you see any remedy for it, and do you see any end to it?

The President. Well, I think that nearly every objective observer who's looked at it believes that progressively over the last however many years we have tended to turn our political differences into legal battles in ways that have enormous costs, human costs for the people involved in them and for our democracy.

But I think—frankly, I think at this—given the posture in which some of these things are in, I'm not the person to be making recommendations on the resolution of it. There are others who are writing about it. I noticed there was a woman who worked for both Mr. Fiske and Mr. Starr who wrote an article in one of the legal periodicals in the last month or so arguing for some changes in the way these matters are dealt with. There are a lot of people who are troubled by this and are thinking about it.

But I think that—I think that at least for the time being that it's not for me to be the one who's suggesting what should be done. But a lot of people, I think, in both parties who care about it are concerned about the costs of this as compared with any benefit that comes from it.

Q. What are your thoughts, though, on the toll that it has taken on those closest to you?

The President. Well, I hate—I obviously hate that. And the thing I really hate is that, when people that are completely innocent are basically confronted with a presumption of guilt and told to prove their innocence of charges, they're not quite sure what they're supposed to do. It's difficult.

But, you know, right now—and my heart's full of gratitude—I told you that, as far as I'm concerned for me, it doesn't bother me because—I wouldn't say it doesn't bother me, but it's just part of being in public life today. But we should never be happy when innocent people suffer unnecessarily. That's not good; no one can be possibly for that. So we need to try to seek out people's opinion about what should be done. But I don't think it's for me to be discussing that now.

Campaign Finance Reform

Q. Mr. President, you spoke in your opening remarks about the moment being now for campaign finance reform. In light of the recent controversies in both parties, would you be willing to commit to the idea that campaign fundraising not be done as closed events but be open for news coverage as a means of putting more sunshine on the process?

The President. You know, you're the first person that ever asked me that. Let me just say this: I'll be glad—I'd like to have some chance to think about it. But I've never been asked it before, and I've never thought about it much. But I have—you know, a lot of our fundraisers are open, and most of the smaller events we have are basically round-robin discussions from people who very often come from very different perspectives on issues. But I will think about it; I will give you an answer. I'd like to think about it.

Q. Mr. President——

The President. Go ahead. Sarah [Sarah McClendon, McClendon News Service], I'll come to you next. Go ahead.

Investigations

Q. Getting back to the subject of all these legal investigations, has the First Lady been notified by Kenneth Starr's office that she is either

the subject or a target of any of his investigations?

The President. No.

Yes, Sarah—not to my knowledge.

Clandestine Government Activities

Q. How are you going to keep yourself from secrets that other people try to keep from you in Government? I refer to the secrecy that surrounds the Central Intelligence Agency and the State Department and those people in Government—and the Defense Department—who sometimes try to work and keep secrets from you. How are you going to keep yourself from being insulated?

The President. Well, frankly, the only way to do that—there are only two ways to do that. One is, I have to appoint good people in positions in those departments who are in a position to know what is going on or to find out if I need to know. Or there has to be some external way of knowing, which means that all of you have to find out so that I can either see it or read it or hear it on the news, or we have to have—or some independent commission, if a particular problem or question is hanging out there, should press further.

I think the—let me just say, I think the commission I appointed on Gulf war illnesses has done an exemplary job. And I believe that the Pentagon, in fairness, has also done much better recently. And we have done—as I think all of you know, we have given free medical exams to tens of thousands of people. We have qualified 26,000 people for disability. And we have a lot of various medical tests going on. That all came about, I believe, in large measure because the American people kept demanding a response. And so I put this commission together, and they did their job. And then the Pentagon, as I said—Secretary Perry, having seen the evidence, has moved in an expeditious fashion.

But I think those are the ways—there is never any magic about that. The President has to have good people in those agencies; they have to be able to find out the truth. And then if you do your job, and then if some real big problem arises and a group of citizens can look into it, we normally find a way to make our democracy work.

Ken [Ken Walsh, U.S. News & World Report]. Go ahead, Ken; Ken and then Susan [Susan Page, USA Today]. Go ahead.

Medicare and Budget Negotiations

Q. Mr. President, one of the lingering areas of hard feelings from the campaign is over your and the Democratic Party's attacks on the Republicans over Medicare. Since you're going to meet with the Republican leadership next week, how will you encourage them to be conciliatory and trust you now over Medicare, given the damage they incurred in the campaign over the issue?

The President. Well, first of all, there are always a lot of hard feelings after every campaign. I mean—I believe that what I said about the Medicare provisions of the budget I vetoed was accurate and true and fair, and I cannot retract that. I do not believe the picture they painted of the budget I passed, which sparked America's economic recovery, is fair. By any reasonable standard, it wasn't the biggest tax increase in history. Average people did not pay as much as they said they paid. I mean, there were lots of problems I had with that. But that wouldn't stop me from working with them on the budget.

So we obviously don't always agree with each other's characterization of our positions. I don't agree with a lot of their characterizations, but that wouldn't stop me from working with them. And I would say that—my answer to you is that the way to put this behind us is to reach an agreement. And I'm prepared to reach out and meet them halfway. And if you—I think the way to go forward is to pick up where we left off.

As I said and acknowledged to everyone, including for Senator Dole, when we ended the budget negotiations, when they had to stop, in fairness to him, because he had to begin his Presidential campaign, at the time when they ended, we were actually quite close to an agreement and the differences between us were entirely manageable. And I could see how we could build a bridge between our two positions that would give us a balanced budget plan. So the obvious answer here is just to go forward by picking up where we left off, with the Republican position and with our administration's position, and I think we could have an agreement in next to no time. And that would be my advice on that.

Yes, Susan, go ahead, and then I'll take this.

President's Second Term

Q. Mr. President, we know that you're an avid student of Presidential history, and in modern times second terms for Presidents have been either disappointing or disastrous. I wonder if you've drawn any lessons on why that's so—[*laughter*]—and if there are any pitfalls in particular that you are determined to avoid for yourself.

The President. Actually, I read a book not very long ago on second—there is a book that's just been written on second-term Presidencies. And I was a little nervous about reading it before the election, but along toward the end I read it. And I got to thinking in my own mind about the second terms of, you know, President Truman's second term, President Eisenhower's second term, and President Reagan's second term, and then the others in the 20th century especially I focused upon.

What the record shows is that the things which derail a second term are basically three: One is, some external event intervenes, and the President can't fulfill his dreams or hopes or his agenda. Two is—I mean, apart from the obvious case. The second thing that happens is, sometimes a President thinks he has more of a mandate than he does and tries to do too much in the absence of cooperation. That was the rap on President Roosevelt's second term, that his first and third terms were greater than his second term because of that. And the third is that sometimes a President essentially just runs out of steam. That was the rap that was attempted to be put on President Reagan, although I would remind you that in President Reagan's second term he signed the tax reform legislation and the first big welfare reform overhaul, which was quite a good bill.

So what we have done to try to avoid that is, number one, make it clear that we understand the American people want us to work together with the Republicans and that we have to build a vital center; and number two, to have a driving agenda for the second term that grows out of what we have done for the last 4 years. That's why I went out of my way at the Democratic National Convention, when I was speaking to the convention and the American people, to list a very long list of specific things I wanted to do, because I wanted an agenda to organize the attention, the spirits, and the energies of people. I think when people stay busy, they do good things. And I think that that will very much help.

So we have a big agenda; we have a driving agenda; we know what we have to do. And if we keep good, energetic people involved, I think we'll be able to avoid those pitfalls. But I'm very mindful of history's difficulties, and I'm going to try to beat them.

Yes, Jim [Jim Miklaszewski, NBC News], go ahead.

Congressional Investigations

Q. Speaking of hard feelings, as you did just a moment ago, Senator Alfonse D'Amato only yesterday said that the Senate Whitewater hearings were over. And he said the American people didn't want to see Congress going out on any fishing expeditions. What do you make of what Senator D'Amato said, and do you think it signals that Republicans may ease up a little bit on some of the investigations that were aimed at the White House?

The President. I don't know. All I can tell you is, I imagine they will have debates in their party about what they should do. It's clear to me what the American people said. It's clear to me what the people of New York said. It's clear to me what—but even in the States that I did not carry—you know, we lost Georgia by 10,000 or 15,000 votes or something—this country was divided as to just exactly which way to tilt, but they were collected around the idea that we needed to keep making progress but do it by working together from the center. And I think that's what Senator D'Amato recognized. And if that is the majority view within the Republican caucus in the Senate and the House, the American people will be very well pleased by the work we do together, and we will get a lot done.

Q. And would you expect any relief from the Republican investigations?

The President. What I would respect is if we all spent our time and energy working on balancing the budget, on opening educational opportunities, on advancing health care reform step by step, on continuing the fight against crime; the things that we need to be doing together, that's what I think we ought to do. And I think the American people would be elated if we—both sides seem to be putting our politics down, waiting for the next election, and really working like crazy to get something done for our country; I think they would like it. And

I'm prepared to do it, and I hope that they will be.

And I was very encouraged by my conversation with Senator Lott and with my conversation with Speaker Gingrich. And I was encouraged by what Senator D'Amato said. We'll have to see what happens. I very much hope it will be that way.

Mike [Mike Frisby, Wall Street Journal], and then we'll go over there.

Social Security and Medicare

Q. Mr. President, do you plan on looking at ways to reform the Social Security system in the next 4 years?

The President. Well, I think—that goes back to the Medicare question one of you asked—Ken, I guess. I believe we have to find a bipartisan framework to look at the longer, if you will, the baby boom issues presented in Social Security and Medicare. And as I said, I think there has to be some sort of commission, some sort of functioning bipartisan way of looking at that. But that must not be an excuse for any of us, including me, to avoid doing what it takes right now to put a decade of life on the Medicare Trust Fund. In other words, we need to fix Medicare for a decade right now. And we have agreed upon savings that will do that.

And we lost a year last year. Thank goodness it didn't hurt us too bad because the inflation rate dropped so much in medical costs. But we don't need to lose another year. We ought to make an agreement now, put a decade of life on the Medicare Trust Fund, and then agree upon a bipartisan mechanism that could look at what things can be done which wouldn't be particularly dramatic if we move now, to deal with the problems that Social Security will encounter in the third decade of the next century and the problems that Medicare will encounter when all the baby boomers go on it. But those things can be salvaged and resolved with modest changes if we move now because it's so far into the future. But that kind of a bipartisan mechanism cannot and must not be used to avoid dealing with the Medicare Trust Fund problem that exists right now.

John [John Broder, Los Angeles Times], and then we'll go to—yes, go ahead, follow up, and then we'll do this one, and then I'll go over here.

Q. The last time there was a bipartisan commission to look into the long-term reform of Social Security in 1983, among the reforms that came out was the raising of taxes and the raising of the retirement age, eligibility. Would you be open to those possibilities if that became the recommendation of a new commission?

The President. I think it would be—well, the reason you have a commission is so you don't have to jump the gun on trying to make decisions. But let me mention—let's just—my view is it would be unwise to raise the payroll tax any more. It is already quite high, and it is a regressive tax. Most of our new jobs are coming from small businesses. If you start a small business, you have to pay the payroll tax whether you make any money or not. You don't have to pay income tax unless you're actually making money. And if you look at the job machine in America and where most of these jobs are coming and you look at the fact that the payroll tax is quite high, I think it would be difficult for us to do it. And I also believe if we start now, it will not be necessary.

In terms of the age, keep in mind, we have already—the '83 commission got an agreement to raise the age from 65 to 67 because when Social Security was instituted the average life expectancy was less than 65. You didn't even have a 50–50 chance to draw Social Security when it started. Now if you get to be 65 in America, you're living in the group of seniors with the highest life expectancy in the world. So we're going up to 67.

I think I would—to go beyond that, the question would be—there are two issues there. One is, could you accelerate the ladder? You know, it's like a month a year now; could it go to 2 months a year? That's one question. The other question would be, if you went beyond that, it might be fine for somebody like me who has always had a desk job, but what about people who have laboring jobs? What about people who really work with their hands and their backs, and would that be too burdensome for them? That would be my concern there.

Go ahead, John, and then we'll come over here. Yes.

Campaign Financing

Q. Yes, Mr. President. When questions came up earlier this afternoon about questionable campaign finance contributions, you took pains to say these were Democratic National Committee matters. But with all due respect, you named the cochairmen of the Democratic National

Committee. Much of what they did this year was in furtherance of your reelection and that of other Democrats. Don't you feel some responsibility or accountability for what was done in your name?

The President. Well, first of all, we are doing—I believe that the Democratic Committee is doing the right thing by returning any contributions that were improperly tendered to it. And I certainly feel responsible to do that, and I would not tolerate their not doing it.

Furthermore, I think Senator Dodd and Chairman Fowler did the right thing in trying to, if you will, develop a tighter screen for evaluating it. They acknowledged that they should have had a better screen, that they were—you know, as I said, they took in over a million contributions over 2 years from different people and that they found these relatively small number that were wrong and they should do it. And had that not been done, I would absolutely feel responsible for it, because I am a Democrat and I'm the titular head of the Democratic Party.

So I'm not trying to disclaim responsibility, but I am trying to point out that there is—there's a difference between what the party does and what the campaign does. I'm also responsible for what the campaign does in that sense, but there is a difference. And the party should do the right thing and give any money back but—and I also pointed out again, the Republicans have their own problems here and have had some in both campaign and in party-raising—in Presidential campaigns and in party-raising. But all of them, when you add them up, it's—I'll say something in behalf of the Republicans—if they raise money from a million people over 2 years, it would not surprise me if 10 to 20 of those contributions did not meet the requirements of the law, or 30, and it would be a small percentage. And that doesn't mean that we ought to run them out of town on a rail.

But what I do know is that if you have to raise this kind of money—and they raised—what did they raise, $150 million more than we did; they raised $3 for every $2 we did—if you raise this kind of money, questions will be raised about it. And the only way to ever put this to rest is to pass campaign finance reform.

We have a vehicle that I think is as good as any. There is no perfect solution to this, because of two Supreme Court decisions, one of which says nobody can limit how much money you spend on the campaign or how much of your money you spend; the other one appears to give a wide berth to these third-party expenditure committees. But still, the McCain-Feingold bill, with a modification to deal with the foreign contribution issue, would dramatically improve things.

Now, I am for it; the Democratic Party is on record for it; the chairman of the Democratic Committee has challenged the chairman of the Republican Committee to endorse it. Senator McCain was very active in Senator Dole's campaign. It is completely bipartisan, and we have enough votes in our caucus in the Senate and the House to contribute to an overwhelming victory. So now the real question is, whether we get McCain-Feingold is solely within the purview of the leaders of the House and the Senate on the Republican side. If they'll go with it, we will do it lickety-split, and then we'll be able to talk about some other things down the road.

Yes.

Q. Mr. President, first of all, congratulations.

The President. Thank you.

Q. President Arafat called on you——

The President. You had to remind me that it was congratulations instead of condolences after this crowd. [*Laughter*]

Middle East Peace Process

Q. President Arafat called on you, Mr. President, to help him move the peace process between the Palestinians and the Israelis, and Mr. Arafat considers the whole situation as very urgent and serious, due to the fact that there are many settlements which are brewing and Mr. Sharon is threatening to build more settlements in the West Bank before the final settlements with the Palestinians. In light of this and the choking closure on the Palestinians that you are very concerned about—several times you have expressed your opinion and desire to see the Palestinians working and getting everything—what are your immediate plans, Mr. President, to bring about implementation of the Oslo accords, as well as the Israeli-Palestinian agreement, and all of the signatures that we have done here in Washington, in the near future, sir? Thank you.

The President. I think the first and most important thing we can do is to nail the agreement on Hebron. You know, we were getting very,

very close to an agreement on Hebron before Chairman Arafat had to leave to go to his trip to Europe. And I did what I could by bringing Prime Minister Netanyahu and Chairman Arafat here to meet with King Hussein and me. They began to establish at least the beginnings of a relationship of trust and interchange so that an agreement could be made on Hebron.

If we can clear the Hebron hurdle—it has such emotional significance to both sides as well as such practical significance—I believe that will open the door to go on and fulfill all the other challenges that are there before us. That's what I believe.

Yes, sir, in the back.

Social Security and Medicare

Q. Mr. President, on the Social Security-Medicare problem, could you give us a timeline on when you plan to call for organization of a bipartisan commission and who you would like to see serve on that commission?

The President. I can't, simply because I—it's one of the—how we're going to deal with this is one of literally a hundred items that are on my agenda in this period after the election. All I can tell you is, I think that to deal with the baby boom issues of Social Security and Medicare, we need a bipartisan commission, and we need the longest possible timelines so we have to make the least painful possible changes.

But that must not be—let me reiterate—that is not a reason not to go on and balance this budget and put 10 years on the Medicare Trust Fund. We need to do that now. Losing a year last year I think was an error. It may have been unavoidable, but it complicates all of our other balanced budget calculations. We need to go on and do it and start ratcheting down this spending issue.

Go ahead, Karen [Karen Ball, New York Daily News].

Election Results

Q. Mr. President, this is twice now you've been elected with less than 50 percent of the vote. How big of a disappointment was that to you, and is that going to hamstring you now?

The President. Not much. The 379 electoral votes was an enormous consolation prize. [*Laughter*] And after all, in many of the States that were battleground States, including two that were especially important to me, there were four candidates on the ballot that got substantial numbers of votes, in California and Oregon particularly. And I made a decision the last week that I wanted to go to some of the smaller States where we had some elections in play. And my advisers said, "Now, if you do this, it will cost you a couple of points on your popular margin." I said, "You know, it's the right thing to do, we ought to go out there." People were asking me to come and campaign, they thought it would make a difference, and I agreed to do it. I don't have any regret at all.

I never met a person in public life that didn't wish that he or she had gotten all the votes. So would I have liked a few more? Of course. But I'm very gratified by what happened.

Yes, go ahead.

Australia and New Zealand

Q. You'll be going to Australia in about a week or so. What do you hope to accomplish there? And you're not going to visit its neighbor New Zealand at this time, but will you be reaching out to them to increase the contacts with New Zealand and perhaps invite their ambassador here when they sort out—their Prime Minister—when they sort out their election?

The President. Let me just say, we have a good partnership with Australia. I have not had a chance—it is vital to our security interests in the area. I have not had a chance to meet with the new Prime Minister. And I'm looking forward to going down there, and it will be a nice thing for Hillary and for me. We have never been to Australia before.

And we've also had a good relationship with New Zealand. And Prime Minister Bolger and I work quite well together. And we'll just have to cross that bridge when we come to it about where we go from there. But I'm feeling—I'm anxious to go down there and do that because our relationships with Australia are a big part of our future in the whole Asian-Pacific region.

Yes, go ahead.

Iraq and Kuwait

Q. [*Inaudible*]—from Kuwait TV. Congratulations, again. My question is, what would be your administration's policy towards Iraq in order to guarantee and maintain the security of the Gulf area in general and the state of Kuwait in particular? Thank you.

The President. Well, the first thing we will do is maintain our firm policy that we have all along to let the Iraqis know that no action

can be taken against Kuwait without dire consequences. When the Iraqi troops were massed, remember, down toward the Kuwait border during my first term, we immediately moved military assets into the area and activated a plan for reaction. And I think that they can be under no illusion that any aggressive action could be taken against Kuwait without a stern response by the United States.

The other thing that I think we're focused on with Iraq, and we must continue to be, is just getting them to comply with the United Nations resolutions. I think that is also very important. I do not relish the suffering of the people of Iraq. The United States was one of the sponsors of the resolution which would allow them to sell oil in return for food and medicine. And when the U.N. can work out the mechanism for doing that in the aftermath of the unfortunate events involving the Kurds, I think that will go forward. But our policy will be the same. We must contain the ability of Iraq to threaten its neighbors.

Yes, Mara [Mara Liasson, National Public Radio].

Voter Turnout

Q. Mr. President, we just finished an election where turnout was at a record low. I'm wondering why you think that was and what you might have done to make it more interesting or compelling so that more people would have voted.

The President. I could have made it closer, maybe. [*Laughter*] I don't know. I'm concerned about it, you know, and there are all kinds of—there are explanations you read which may be reassuring, like, "Well, when times are pretty good people maybe not vote;" and explanations you read which are discouraging, "The more the negative ads are, the lower the turnout is." And I saw a very disturbing—one of you on the television—I saw a series the other night about how local campaigns were now becoming also dominated by negative ads.

Let me make a suggestion and say that I do not know the answer to it. I was elated at the enormous turnout in 1992. I felt good about it. But we had signals that this election would be a lower turnout election quite a long while before we had the turnout. And the first indication I had for sure was when the viewership of the debates was so much lower than it was the year before. And you know, we got all our folks together and I said, "We're going to have a hard time getting our folks to the polls, and we need to really work on this."

So let me just throw it back to you and say that I would welcome any analysis anyone has about what we can do to get voting up. I strongly supported motor voter and other attempts to increase the registration base, thinking that that would increase the turnout. We have dramatically increased the number of people who are registered; there's been a huge increase in registration in the last 4 years. And I'm disappointed it wasn't accompanied by an increase in voting.

If you've got any more ideas—I saw Senator Feinstein on television saying that if we had a uniform poll closing, that that would increase turnout in the Western States. I wish I had a good opinion on it, but I'm open to doing something that will increase it if you all have any good ideas.

Yes.

Press Secretary Mike McCurry. Last question, please.

The President. No, I'll take both of them. Go ahead.

Northern Ireland Peace Process

Q. You took some heat during the campaign concerning the troubles in Northern Ireland, particularly from former Secretary of State Jim Baker, who called your trip to Ireland last year "Gullible's Travels." [*Laughter*]

The President. Did he say that? That's pretty good.

Q. Will you continue to try and assist in finding a solution to Northern Ireland, or do you find that there's just no solution to be had and no assistance the U.S. can provide?

The President. Well, the answer is I will continue to do whatever I can to be of assistance to the Irish and the British Governments as long as they work for peace in Northern Ireland and to the other parties who are committed to peace. I have supported the process which is now underway there. I don't think America could make a greater contribution than to have a man of George Mitchell's caliber there doing what he's doing.

And so I do not think that I have been in error in trying to help the Irish people come to grips with their hundreds of years of demons and put them aside and make peace. I think that we should continue to try. But it's obvious that there has to be a genuine cessation of vio-

lence and that all the parties have to be able to rely on one another not to start killing again, either in Northern Ireland or in Great Britain, in order for this peace process to go forward.

But I—yes, I intend to continue to do what I can to encourage it. I stay in close touch with Prime Minister Bruton and with Prime Minister Major and we talk—obviously, our people talk to the parties involved from time to time. And of course Senator Mitchell keeps us informed. And I would like to—I very much hope in the next 4 years that we can make some contribution to the ultimate resolution of this.

Yes.

Secretary of State

Q. Thank you, sir. Mr. President, the Israeli-Palestinian peace agreement was the foreign policy pinnacle of your first term. As you seek a Secretary of State, will the first and foremost quality you look for in someone be the person who can get that process back on track?

The President. Well, the short answer to your question is, that will be one thing I look for. And that is one of the most important things that happened in the last 4 years. Continued reduction of our nuclear arsenals, the Comprehensive Nuclear Test Ban Treaty, the indefinite extension of the Non-Proliferation Treaty, the end of—stopping the North Korean nuclear program, all those things amount—they count for a lot as well.

But if you look ahead, here's what I want a Secretary of State who can do—to do: number one, to continue our efforts to build the first undivided democratic Europe in history, which means to effect the NATO expansion, working with the Secretary of Defense, in a way that solidifies our partnership with a democratic Russia instead of undermining it; number two, to continue to be a force for peace in the Middle East and Northern Ireland, working through the process in Bosnia, and elsewhere; number three, to meet the new security threats of terrorism and organized crime and drug running and the proliferation of weapons of mass destruction and sophisticated traditional weapons; and then to take advantage of the extraordinary economic opportunities for the United States in building a global economic structure that is increasingly more open and fair. That will stabilize the rest of the world and help America's prosperity to continue.

I don't think there is any way to—we don't have any scientific studies of this, but there is no way to calculate the enormous positive impact that the dramatic expansion of trade in the last 4 years has had on the changing mix of the new jobs in America. Over half of the new jobs, our 10½ million—10.7 million new jobs have come in high-wage areas. There is no question that one big reason is the disciplined, organized, integrated efforts that have been made in the private and public sectors to expand trade. So I want a Secretary of State that can do all that. I guess that means I want a magician.

One other thing I would say that we've learned from Warren Christopher—I made a reference to this yesterday—he is—his sheer physical capacities are those of a person half his age. You cannot be an American Secretary of State today unless you are capable of withstanding the rigors of intense travel, followed by intense meetings, followed by more intense travel. So it's almost like you've got to be practically athletic to do as well as you need to do. But those are the things that I want.

Thank you very much.

NOTE: The President's 130th news conference began at 3 p.m. in the East Room at the White House. During the news conference, the following persons were referred to: former Secretary of Commerce Ronald H. Brown; Robert B. Fiske, Jr., former Independent Counsel, and Kenneth Starr, Independent Counsel, in the investigation of Madison Guaranty Savings & Loan Association; Senator Christopher J. Dodd, general chairman, and Donald L. Fowler, national chairman, Democratic National Committee; Chairman Yasser Arafat of the Palestinian Authority; Ariel Sharon, Minister of Infrastructure, and Prime Minister Binyamin Netanyahu of Israel; King Hussein I of Jordan; Prime Minister John Howard of Australia; Prime Minister James Bolger of New Zealand; George J. Mitchell, Special Adviser to the President and Secretary of State on Economic Initiatives for Ireland; Prime Minister John Bruton of Ireland; and Prime Minister John Major of the United Kingdom.