Weekly Compilation of

Presidential Documents

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WEEKLY COMPILATION OF

PRESIDENTIAL DOCUMENTS

Published every Monday by the Office of the Federal Register, National Archives and Records Administration, Washington, DC 20408, the *Weekly Compilation of Presidential Documents* contains statements, messages, and other Presidential materials released by the White House during the preceding week.

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Week Ending Friday, May 28, 1993

Exchange With Reporters Prior to Discussions With President Glafcos Clerides of Cyprus

May 21, 1993

Cyprus

Q. Mr. President, is the United States willing to be a guarantor for Cyprus?

The President. Well, we want to do what we can to promote a good agreement there, and we're going to be actively involved in working toward a peaceful settlement. The talks are just about to start again, and I don't think I should say or do anything which would disrupt them. But I'm glad to have the President here. I really appreciate the attitude he's taken. And I think that we have the best chance we've had in quite a long while to have a peaceful, successful conclusion to these talks.

White House Travel Office

Q. Mr. President, do you think that you have at least the appearance of a problem in firing seven people, five of them apparently without cause, and replacing them with a relative and a major campaign contributor?

The President. Well, I think, first of all, you ought to talk to my staff people who made those decisions. We reviewed the operation of every part of the White House. There was an audit, a review audit by Peat Marwick. It is my understanding that the decision was made based on striving to end inefficiency and mismanagement. And I believe the very first chartered plane flight coming out tomorrow under the new order of things is going to save about 25 percent over the old policy. And we're going to save the taxpayers money and save the press money, something I heard mentioned at the last press dinner.

So I think what they're trying to do is right. If you have any particular questions about what they did, I would refer you to the people who made the decisions.

Q. Mr. President, Senator Bond has written you a letter saying that there's a pattern of firing experienced public servants and replacing them with young political appointees.

The President. I ask that you look at the facts. Is he defending the practices? Are you defending the practices? We now have a report on this. Do you think it's fine to have no-bid plane rides? At the press dinner there was a complaint about the costs of these plane rides to the press. The very first time in the new regime we go to a competitive bidding, modern system, anything that you would expect done in any sort of private company, and there's a 25 percent savings. Look at the facts, evaluate the facts, and draw your own conclusions.

Q. ——on this issue and the haircut issue?

The President. Not for me. That's what we've got a first amendment for. All I know is the taxpayers save money and the press saves money.

[*At this point, one group of reporters left the room and another group entered.*]

Cyprus

Q. Mr. President, do you see any room for a direct U.S. involvement in the Cyprus issue?

The President. The President is just about to start another round of talks, and I don't think I should prejudge the talks. But I have assured him that the United States wants to be active and constructive. And I think we have a reasonable chance to see a successful conclusion of these talks, perhaps the best chance in a long time, not because of me but because of where the parties are and the leadership that will be exercised. And the United States, if we can be helpful, we want to be. But I don't think we should be specific. I think we should let whatever happens come out of these talks and obviously be generated from the parties themselves.

Q. Is your administration prepared to provide some type of guarantee, assurances, resolutions, Mr. President?

The President. Let's see what comes out of the talks and what we're asked to do. Again, I want to be supportive of the process. And I think that if we're supportive of the process, then we're more likely to get a good result. I don't think I should prejudge it or anything we might be asked to do.

NOTE: The exchange began at 5:50 p.m. in the Oval Office at the White House. A tape was not available for verification of the content of this exchange. This item was not received in time for publication in the appropriate issue.

Announcement of Chair and Vice Chair of the United States Holocaust Memorial Council

May 21, 1993

The President today named Holocaust survivor and business man Miles Lerman to be Chair of the United States Holocaust Memorial Council and political scientist Ruth Mandel to be the Vice Chair of the Council.

"I was deeply moved when I participated in the opening of the U.S. Holocaust Memorial Museum last month," said the President. "Miles Lerman and Ruth Mandel are charged with keeping the flame of memory alive. I have faith in their ability to do so."

NOTE: Biographies of the persons named were made available by the Office of the Press Secretary. This item was not received in time for publication in the appropriate issue.

Announcement of Director of the National Park Service

May 21, 1993

The President announced the appointment of Roger Kennedy as the Director of the National Park Service. Kennedy is currently the Director of the Smithsonian Institution's National Museum of American History.

"There are few tasks more serious than the stewardship of our national parks," said the President. "With a record of public service dating back to World War II, Roger Kennedy is more than up to the job of safeguarding these precious resources."

NOTE: A biography of the appointee was made available by the Office of the Press Secretary. This item was not received in time for publication in the appropriate issue.

The President's Radio Address

May 22, 1993

Good morning. For the first time in more than a decade, Washington is changing, and we've begun to break the logjam that has kept our economy from growing. We're moving away from trickle-down special interests, anti-middle-class policies, toward fairness and opportunity for all Americans.

Congress is moving our economic plan, which makes real record cuts in the deficit. After a decade of neglect and decline, it also makes carefully targeted investments to create high-skill, high-wage jobs again and to better educate and train our people to fill those jobs so that we can restore our economy now and leave a prosperous America for our children. Our plan challenges the status quo, and this is always hard to do in Washington, especially when there are tough choices involved.

For starters, we take on Government spending, beginning with a cut in the White House staff of 25 percent, a freeze in Federal pay, a reduction of 150,000 in the size of the Federal work force, and cuts in more than 200 specific spending programs, including huge entitlement programs affecting almost every special interest group. These are tough decisions, but they're the right thing to do because they move America forward.

The plan also raises taxes to bring the deficit down. Seventy-four percent of the new revenue comes from people with incomes over $100,000, just 6 percent of the American people, who got most of the tax cuts in the 1980's. The rest comes from the middle class in the form of an energy tax which

will help to clean up our environment. What will it cost you? If your income is between $30,000 and $100,000, the energy tax will cost you $1 a month next year, $7 a month the year after, and between $14 and $17 a month, depending on how many kids you have, in the years after that. All the money, the cuts, and the taxes will go into a deficit reduction trust fund. There will be no taxes without the cuts.

Is it worth it? You be the judge. Millions of Americans have already refinanced their home mortgages and business loans. Lower interest rates on car loans and student loans are also coming, because the interest rates are down following our clear determination to reduce the deficit. If you're one of the Americans who has already refinanced a home loan or a business loan, if you're getting lower car loans or student loans, the chances are that this year you will save more than you will pay in 4 years under the economic program in the energy tax.

For example, if you have a $100,000 mortgage on your home at 10 percent, due to lower interest rates we're experiencing that mortgage can be refinanced at about 7.5 percent. What does that mean for you? It means $175 a month or $2,100 a year that you save in interest payments, $2,100 a year in interest savings on home loans alone, just because the interest rates have gone down since we've been working to bring the deficit down.

All told, experts estimate that if we can maintain these lower rates, we can pump another $100 billion into our economy. That means more jobs for Americans, $100 billion more spent on our families, spurring investment, raising incomes. It all creates jobs. That's a definition of a plan that will work.

When you put that with all the incentives we've given to lower taxes for families with incomes under $30,000, increases in small business expensing provisions, investment incentives for bigger businesses, real incentives for people who invest in new businesses, this means more jobs.

The plan is also fair because it asks contributions from everyone while asking the most from people who have the most and who have benefited the most from trickle-down policies. It cuts Medicare costs and some retirement benefits. It does include the energy tax. But it requires the wealthy to pay their fair share and the lion's share of the load.

When I presented the plan to Congress I said then that if the interest groups picked the plan apart the whole principle of shared contribution could be lost. Now, just days before the plan will be voted on by Congress, the opponents and the special interests are trying to get their way. Some of my opponents want to cut Social Security and tax credits to working families with incomes of under $30,000 just to get a tax cut for the rich. The big oil lobby is trying to wiggle out of its contribution to deficit reduction and force senior citizens barely above the poverty line to get lower Social Security benefits and senior citizens who are better off, who are already being asked to pay taxes on more of their income, to pay for a second time.

It's simply wrong for a powerful interest to try and opt out of this program by asking the elderly and the working poor to contribute more so they can contribute less. Making middle America pay more may be business as usual in Washington but to the rest of the Nation it must be unjust, unfair, and unacceptable.

I regret that otherwise good and responsible legislators would even consider this proposal, but I will fight it. The principles of fairness in reducing the deficit, the principle of resisting special interests and having uniform contributions from all, these must be protected to make this plan work.

And if we don't pass the package, what will happen? If we don't continue to cut the deficit, our new and carefully won credibility will crumble as a nation and interest rates will start to rise again, squeezing out the investments we need to make to grow new jobs. And if interest rates take off again, it will further increase the deficit, ultimately consuming not only ours but our children's standard of living.

We can't let this happen. We can't. We have to instead bring the deficit down, keep the interest rates down, make available some funds to invest in new technologies and in helping communities and companies and individuals hurt by defense cuts, doing those things to create jobs and make us competitive.

That's why I need you to raise your voices. Ask Congress to turn down the special interests and to preserve this program that asks fair contributions from everyone so that we can reduce the deficit and create more jobs and provide benefits to everyone.

Together we can all win. In just a few months, working together, we've tackled tough problems with new ideas. And we're stronger for it. Congress has passed laws from family leave to motor voter, long stalled by gridlock, proposals from welfare reform to national service to pay for college education to putting more police on our streets or on deck. But we have to get this economy moving.

The spirit of new hope I believe will prevail. Staying together we can make it work until there is a permanent rebirth of hope in every household across this great Nation. I need your help and so does America.

Thank you very much.

NOTE: The address was recorded at 1 p.m. on May 21 in the Oval Office at the White House for broadcast at 10:06 a.m. on May 22.

Remarks at the New Hampshire Technical College Commencement Ceremony in Stratham, New Hampshire

May 22, 1993

Thank you very much, Madam President, members of the faculty and staff, distinguished Members of Congress and other platform guests, and ladies and gentlemen, and most importantly, the members of this graduating class. To answer the president's question, I came here to address this class because you were the people that I ran for President to serve. It was your America that I hope to make better.

I'm proud to come back to the State that 15 months ago made me the "comeback kid" in this country. [*Laughter*] On February 7, 1992, when I came to this college, the people I met here asked me about things that matter to mainstream Americans, about jobs and health care and getting the economy moving again and whether the future for our young people would be better than the present. After I finished speaking, one of your students, Greg Fuller, then asked me to come back and speak at this graduation. Stand up, Greg. And then he wrote me a letter to confirm his request. That itself was miracle enough. In 3 months and 2 weeks we had received more mail at the White House than had come in, in all of 1992. There may be another letter from Greg somewhere we haven't found yet. [*Laughter*] But I'm delighted to be here.

This is the first graduation ceremony I have addressed as President, and I am—[*applause*]. I don't know, but it may be the first time a President has ever addressed a graduation of a technical college. But I will say this: More colleges like yours should have visits from the President because people who work hard and study hard and who have to raise children and go to work while they go to school and who are really on the cutting edge, up and down, of this economy, you are the heart and soul of our present and our future.

The world in which you—[*applause*]—your families are clapping for you. The world in which you live, to be sure, has been full of bad news here in New Hampshire for the last few years, but it's also a very exciting and challenging place. And it will be different from the world in which I grew up in two very important ways. First of all, more than ever before, America will be captured by the reality of the global economy. More and more of our jobs will depend on trade. And more and more of our future will depend on not only how well we are doing but how well our trading partners are doing. One of our problems today is that Europe and Japan's economies are down, so it's hard for ours to go up. More and more, our national security will depend not just on military power but on our renewal of economic strength. More and more, we'll have to find ways to cooperate as well as to compete with other countries. We'll have to find ways to preserve the global environment and still make it possible for the economies of our world to grow. That's the first thing.

The second thing is something you already know, or you wouldn't be here. We are moving very rapidly in all forms of production

and service to a knowledge-based economy in which what you earn depends on what you can learn, not only what you know today but what you're capable of learning tomorrow, and in which every graduate of high school needs at least to go on to 2 years of further education and training. You know that, or you wouldn't be here.

All of you have invested your money, your time, you energy to take personal responsibility for your own lives, developing your own skills and in recognition of this new world reality. Your investment in a way is an act of faith. You know the world is knowledge-based; you know you have to do this. Now having done it, you have to have faith that there will be opportunities for you, that if you have worked hard and played by the rules, you will be rewarded.

As President I share that faith. I believe we can make our system work. I believe we can see our country once again reflect the values with which all of us were raised. I don't think any of us can ever lose sight of that. It's appropriate that I'm at this graduation, because New Hampshire taught me all these things once again. In the fall and winter of 1991 and 1992, when I spent so much time here, I literally, as we say in my part of the country, went to school with you. Two winters ago I came face to face with middle class people who had lost their jobs and their homes and their health care. I met people whose business loans had been canceled, even though they had never missed a payment in their lives. I saw people who went down to the public assistance office and began to draw welfare checks just to make their home payments to keep from putting their kids in the street, middle class people who had had jobs and never thought they would be unemployed.

Every day when I get up in the White House and go to the Oval Office to work, I think about the people I met here and people like them all over America whose quiet courage and determination inspires me to keep fighting to restore the middle class and the fundamental strength and purpose of this country. I'll never forget people like Ron Macos, Jr., who couldn't get a job with health insurance because his little boy had open heart surgery. And when the First Lady's health care task force presents the national health care proposal in the next few weeks to the Congress, if that proposal passes, the Ron Macoses of this world will be able to keep working and raising their children in the future.

I'll never forget a young woman I met named Emily Teabold, who was a senior in high school when I met her. Her father lost his job in New Hampshire, and he spent her entire senior year in North Carolina, because that's the closest place he could find a job.

I met a man here named David Springs, who was a month away from having his pension vested when he was fired from his company because people who owned his company sold it out in one of these leverage deals. And they bailed out with a golden parachute to a happy life and left their employees on the rocks.

I remember some stories of courage, too. I went to Clairmont and met the people who were working in the American Brush Company, trying to help revive that community. And I tried to help them find some customers for their products. I remember going to Manchester and visiting a company called Envirotote that made bags that we wound up buying all during the campaign and giving out with our little Clinton-Gore stickers on, all across the country. I saw people who were trying to make this country work again and trying to make New Hampshire a beacon of opportunity again.

Most of the people I saw, for all their hurts, never lost their hopes. And I'm here today to thank you for not losing yours, for going through this program and believing in it. Your president said something I want to reiterate. For most of the 20th century there's been a big division in our minds about what kind of learning counts and what kind of learning doesn't count as much, the big division between what is vocational and what is academic, between what is practical and what is intellectual. In the last few years really smart people realize that that's a bogus distinction and that we have seen all over the world, and especially here in America, the line drawn down between the vocational and the academic, between the practical and the intellectual. All work requires knowledge,

and it's not so bad if it has a practical application. That is what you have proved here.

So here we are with you. You have done your job. You have done anything that could be asked of you. Many of you have done this at great personal sacrifice. I wonder how many of you have gotten up in the morning wondering about what you were going to do for child care that day, wondering about whether you should keep doing this given the fact that it costs money and the unemployment rate in the State is above the national average, wondering about all kinds of uncertainties. You have done it. You have done your job.

You have now a right to ask what is our job. What can you expect of your country? What can you expect of your Government? What is our job? If you have been responsible, what opportunities should you be able to claim? Our job is to try to put your values and your dreams into law and into facts. It means we have to have a new economic policy that recognizes that for 20 years, through the administrations of Democrats and Republicans alike, most working people have been working harder for lower hourly pay, one that recognizes that for a long time we have been the only advanced industrial country that didn't provide basic health care to all of our citizens, the only one that puts people in the trap of not being able to change jobs if anybody in their family has ever been sick, because they've got a preexisting condition that will cost them their health insurance if they change jobs. That's a huge handicap in a world where the average 18-year-old will change work eight times in a lifetime. And where, because of global competition, most new jobs are created by small businesses that are coming into existence and going out of existence all the time.

And then, for 12 years we have seen our national debt go from $1 trillion to $4 trillion and our national investment in many things that are critical to our future go down. So we're spending less on what we should be spending money on, and costs are exploding.

You have a right to better than that. You have a right to an economic policy that puts our people first, our jobs, policy that brings this deficit down so that we are not crushed and paralyzed with it into your children's children's lifetime with high interest rates and a mortgaged future. You have a right to be treated fairly and to be given a chance to make it. You have a right to live in a country where everybody is given a chance to make it, which is not prejudiced against the wealthy—we don't like to be that way—but gives those who aren't, a fair chance to earn their due.

That is what you have a right to. And that is what you do not have today. We are doing our best in Washington to turn that around, to get control of the deficit, to bring it down, to invest in those things that will create more jobs, and to guarantee over the longrun that we'll have jobs and incomes and health care that will justify the efforts you have made by going through this program. That is our responsibility.

I've asked the United States Congress to adopt a program that begins with spending cuts, starting with a reduction in my own staff, a reduction in the size of the Federal Government by 150,000 over the next 4 years, big cuts in the administrative budgets, and asking the Federal employees to accept a wage freeze and lower increases in later years so that we can bring the deficit down. I have asked also that more than 200 other spending programs be cut, including the entitlements that have so much special-interest support.

Second, it is clear to anyone who studies this problem that we need new revenues also to bring the deficit down. I've asked those who can best afford to pay, whose taxes went down in the 1980's, the wealthiest Americans, to pay most of what we need to raise. Over 74 percent of my tax program comes from the top 6 percent of income earners.

I also have proposed an energy tax which most Americans will pay. It is one that's called a BTU tax which will help promote conservation and the use of the most clean and fuel-efficient fuels. But listen to the way it works: Because we offer income tax cuts to working families with incomes under $30,000, those will offset the impact of the energy tax. And for larger families under $25,000, there will even be a relief in the tax burden. For people with incomes above $30,000, at $40,000 and $50,000 and $60,000, here's what it costs. You're entitled

to know in plain language. Next year it costs a dollar a month per family. The next year after that, $7 a month; and the next year after that, depending on the size of your family, between $14 and $17 a month. You have to decide if it's worth it to bring the deficit down. But let me tell you, all the tax increases and the spending cuts will be put in a trust fund so that they can't be used to do anything but bring the deficit down. And we can't have the taxes without the spending cuts. That's what the budget resolution that was adopted a few weeks ago means. We must cut spending. So we're going to do that, both things.

Now, is it worth it? You have to be the judge. But let me ask you just to consider this. Since November, since we made it clear that we were going to try to attack this deficit and after the announcement had been made after the election that the deficit over the next 4 years would be over $160 billion bigger than we were told before the election. Since November, long-term interest rates have dropped. Millions of Americans have already benefited by refinancing their home mortgages, refinancing business loans. Many others will benefit by lower interest rates on car loans or consumer loans or student loans. If just someone here has refinanced a home loan since November, in all probability, depending on the size of the mortgage, you will save more in 1 year than you will pay in 4 years in the energy tax. I think it is worth it to keep the interest rates down and to drive the deficit down. But you have to decide that.

There's a third way that we're trying to make some fundamental changes. Just as we stop wasting money on things we don't need, I think we do have to invest some in what we do need. A lot of you, just in order to get through this program, had to cut back on some of the things that you would like to have spent money on. A lot of you made meaningful financial sacrifices in your own family life just to get here today so you could wear the cap and gown. I know that. But you've been wise to make that decision.

Because of the investments you've made in education and training, in the years ahead you'll be able to do more of the things that you gave up doing in the last 2 years. You'll be able to provide more opportunities for your children. You'll be able to build a stronger family unit with a stronger family future. That's what we're also trying to do. This program offers dramatic increases in incentives for small businesses to invest money, to become more productive and hire new people, to invest in research and development, to find new products. It offers dramatic incentives to people to try to end the real estate depression that has gripped New England and southern Florida and California and many other places. It offers real incentives for people to invest in new businesses, the biggest in the history of America, for people to try their hand in starting new businesses. It offers an investment in new technologies, in defense conversion for all these people around America who have lost their jobs because of defense cutbacks. And it attempts to establish a transition from school to work so that everybody, by the time we finish this program, who graduates from high school, who doesn't go to a 4-year college, would at least have the clear opportunity to move right into a 2-year program like this one so they don't lose time becoming productive and able to earn the best wages they can earn. I think that is a good investment in our future.

In other words, what I think our Government owes you is to move beyond the two dichotomies that have argued so long in Washington, in what I think is a very stale way. One says, "Well, you're out there on your own and all we've got to do is make sure we don't spend a nickel to see the cow jump over the moon." The other says, "We'll take care of you. We can do things for you. Don't you worry about it." Neither one of those approaches is right. We can't entitle people to something that they won't work for. But neither can we turn our back on the plain responsibility of the United States to provide opportunity for people who will work for it. We have to empower people to seize what they are willing to seize. You have done your part; now we have to do ours.

I want to emphasize again for the majority of people who do not go on to a 4-year college, it is imperative that we join the ranks of the other high-wage countries and provide a system by which 100 percent of them at least know they have the opportunity to move

into a program like the one that you have been a part of. It is imperative. Why? Because just as what you earn depends on what you can learn, what America does in terms of growing jobs depends on how functional all the people in this country are. We don't have a person to waste. There ought to be twice as many people here today as there are at this graduation ceremony. And if there were, the economy of New Hampshire and the United States would be stronger as a result.

I also believe very strongly that the United States ought to make available on terms everybody can afford the funds that people need to borrow to finance their education to 2- or 4-year schools. And we have proposed to change the whole basis of the way the student loan program works: to lower interest rates, number one; and number two, to make available loans and then let people pay them back after they go to work and as a percentage of their income, so that people will not be discouraged from borrowing money today with the fear that they won't be able to pay it back if they get a job, especially if they get a job with a modest wage. You ought to be able to pay it back as a limited percentage of your income. It will make a huge difference.

Now, I believe these policies together will restore the sense of optimism to middle class America that we need. The idea that we can create jobs, that people who work at jobs can raise their incomes over time if they continue to improve their education and their productivity. And if we can do that and deal with the health care issue, we can restore a sense of possibility to America.

I don't pretend that this will be easy, that the progress will be uninterrupted, that nothing bad will happen. As I said at the beginning, some of what happens to us economically here in this country depends on what is happening to all these other countries around the world. A big percentage of the new jobs we've gotten in the last 5 years have come from trade. We won't get many if Europe and Japan are flat on their back.

But a lot of what happens to us depends upon what we do here. And you're entitled, having done your part, to know that your Government has done its part. It may not happen overnight. A lot of these economic trends have been developing for 20 years. The political policies that we seek to change have been developing for a dozen years. And I must say, it is much easier to tell people that I'm going to cut your taxes and spend more money on everything than to say we're going to have to raise some money and spend less money on most things.

A lot of the easy things have been done, but I want you to believe that we can do it. We have made a good beginning. Here's something that can affect you. After years of arguing, we finally passed the family leave bill that says you can get some time off when a baby is born or somebody's sick without losing your job. I signed last week the motor voter bill, which opens up the political process to easier registration, because another young student from New Hampshire got me to sign a card when I was here saying that I'd do my best to pass it if I got elected President.

But changing this economy is a hard job. It requires a lot of discipline, and it requires our patience and concentrated effort, yours and mine, over a long period of time. But we can do it. We can do it. The work of change is never easy. But you have proved you weren't afraid to change.

The average student here is 30 years old. I can remember when I was your age. A lot of people would have been embarrassed to go back to school when they're 30. Now we've got people going back to school when they're 70. And let me tell you something: You must remain unafraid to change. You must remain unafraid to change. Many of you will have to go through retraining programs when you're in your mid- to late fifties. You should look at that as a great opportunity to live a rich and diverse and interesting life. If we can do what we should do at the national level to reward the efforts you are making, then change can be your friend and not your enemy.

The heartbreaking thing I saw in New Hampshire all during the primary season last year and in 1991 was how many people had been victimized by change. I cannot repeal the laws of change. No person can. Our common challenge is to preserve the values of work and family and community and reward

for effort in the midst of all this change. You have done your part. You should be proud of yourselves today, and you should commit yourselves to continue to work to make sure that change is your friend and that you are rewarded for the extraordinary and courageous efforts you have made.

God bless you, and good luck.

NOTE: The President spoke at 11:05 a.m. In his remarks, he referred to college president Jane Power Kilcoyne. A tape was not available for verification of the content of these remarks.

Remarks on Bosnia and an Exchange With Reporters in Manchester, New Hampshire

May 22, 1993

The President. First of all, I'm very pleased by the agreement that has been reached by Secretary Christopher and the foreign ministers from Russia, France, the United Kingdom, and Spain. I think it puts us back together with a common policy. I think that is a very good thing. I think it does some important work in confining the conflict to Bosnia so it doesn't spread into Macedonia and Kosovo or other places. I think that it takes a step toward ending the ethnic cleansing and slaughter by staking out the safe havens without doing what I was opposed to, which is basically agreeing that those folks were going to be in camps there. In other words, we're still pushing for a political settlement that has reasonable land for the Bosnian Muslims. So I think it's a real step forward. I think it has a chance to do some good. I'm glad we're working together again, and I applaud all the foreign ministers for this work.

Q. You were a little skeptical yesterday after the meeting with Foreign Minister Kozyrev. Has something happened in the last 24 hours?

The President. Well, what happened was two things. Number one, the safe havens were defined in a way that was clearly designed to end the slaughter, provide safety and humanitarian aid. And number two, they're willing to use the safe havens to build on, that is to build a reasonable territorial settlement instead of just confining folks to camps forever. And finally, they also agree explicitly to leave stronger measures on the table if these fail. So I feel much better about the position than I did yesterday. I applaud Mr. Kozyrev. He's done a lot of work on this. And I will say this: President Yeltsin said to me that after the elections and after they began work on their own constitutional reform, that Russia would come back in and be a full partner in this. And he has kept his word. So we've worked together, and I feel good about it.

Q. ——the risk of the United States forces being drawn into a Vietnam-type quagmire that you're concerned about?

The President. No, it actually decreases that risk. You can see from the statement where we are on this. We have reaffirmed our previous agreement to protect the forces that are there working for the United Nations if they are attacked. We have said explicitly that we would talk to the government in Macedonia about the United Nations strengthening its presence there and about whether it would be advisable for us to have a small force there. We are clearly not going to get involved there either unilaterally or multilaterally in the conflict on one of the sides of one of the combatants in a civil war. That's what happened to us in those other places. So the American people should be reassured that we have limited the possibility of quagmire and strengthened the possibility of ending the ethnic cleansing and the possibility of limiting the conflict. I think this is a significant step. And we're back in harness again, which is where we ought to be. We're all working together. I'm encouraged by it.

Thank you.

NOTE: The President spoke at 5:25 p.m. at the Manchester Institute of Arts and Sciences. A tape was not available for verification of the content of these remarks.

Remarks to the National Commission to Ensure a Strong Competitive Airline Industry

May 24, 1993

Thank you very much. First of all, I want to just thank all of you for your willingness to serve. I think I should say, because of the coverage that this initial meeting is getting, that the American people should know that this is not an ordinary commission; there's only a 90-day time window. It will require an enormous sacrifice of your personal time and effort to do all the massive work that needs to be done, and I very much appreciate your willingness to do it.

I'd also like to say a special word of appreciation to the Congress because of the bipartisan nature of the support that this Commission had. We all made efforts to appoint people without regard to party and instead based upon their knowledge of this issue and their commitment to doing something about it. And I think there is a real consensus in America that the people who make airplanes and equipment and the people who run our airlines are critical to our economic future. It's a big part of our trade surplus. There are millions of people whose jobs depend upon it.

In his most recent book, "Head to Head," the economist Lester Thurow argues that there are seven major areas of technology which will produce the lion's share of the high-wage, high-growth jobs of the 21st century, at least as far as we can see into that century, that aerospace is one of those areas, and that a nation with a stake in any of these technologies gives it up only at its peril.

We have enjoyed an enormously positive position in aerospace for a long time now. But if you look at our airlines, the airlines alone have lost as much money in the last 4 years as they made in the previous 60. We have got to take a look at what that means for us. If you look at the fabulous manufacturers and suppliers that we built up, there's no question that the partnership that those manufacturers were able to develop, not simply with the private airline companies but also with the Defense Department, made the economics of what they were doing work. As we build down our defense budget at the end of the cold war, that imposes major new challenges for the airline manufacturers and for the major component parts suppliers and producers.

So these are difficult issues. There are also serious questions about international competition. What kind of competition do we face, and how can we face it in a way that is fair to the American workers and all the American people whose livelihoods depend on this?

The point I want to make to you is I think that this is one of the major issues involved in shaping our competitive position in the world. Governor Baliles and I were discussing this whole issue 10 days ago. He noted and I will repeat how remarkable it is that almost every major economic issue we face today ultimately comes down to whether we can compete and win in a global economy. And if so, what do we have to do to enable our people to do that, and what kind of partnerships do we need in the public and private sector?

This is an area, I'll say again, where I think we have a major potential for bipartisan agreement to move forward, to protect and promote an enormously significant sector of our economy. I'm very optimistic about what we can do over the longrun. A lot of you around this table know more personally than do I what great difficulties we have faced in the last few years and understand there are still some tough challenges ahead. But I feel strongly about this. I think we can do it. I think we have to do it.

If you look at the whole range of challenges facing the United States, the things that I've tried to come to grips with in the last 4 months—trying to get the deficit under control, trying to develop a technology policy, trying to develop a more aggressive way of helping people adjust from the defense to a domestic economy and all the cutbacks that that involves—a lot of that work will be substantially undermined unless we have a vibrant aerospace sector in our economy. It is critical to building a high-wage future for America not just in the States that are obviously affected, like Washington State—and we have some Members of Congress from Washington on this Committee—but throughout the United States. There's not a

State, not a community in this country that won't be better off if we have a strong and vibrant aerospace economy.

Now, having said that, I want to introduce formally, for whatever remarks he might wish to make, Governor Baliles. I asked him to chair this Commission for a number of reasons. I've known him for many years; we were colleagues in the Governors' conference together. In my former life, I had the privilege to serve with about 150 Governors in the seventies, the eighties, and the nineties. If you forced me to make a list of the 10 best I served with, Jerry Baliles would certainly be on the list. He's one of the most intelligent public servants I've ever known. He also has the kind of mind that I think we need to bring to this task. He sorts out the wheat from the chaff pretty quickly, gets to the bottom line, and synthesizes issues remarkably well. I think you will enjoy working with him. I think you will be glad you had the opportunity to do it. And I believe, in no small measure because of the leadership he will bring to your work, there's a real chance that we'll all be very proud of the results that come out.

Thank you very much.

NOTE: The President spoke at 10:20 a.m. in the Indian Treaty Room at the Old Executive Office Building. In his remarks, he referred to Gerald L. Baliles, Chair of the Commission and former Governor of Virginia.

Remarks on the Small Business Administration Microloan Program

May 24, 1993

Good morning. Welcome to the White House, and thank you for coming. A year and a half ago, the Small Business Administration issued the first microloan grants. To date, SBA has awarded 47 grants. We now more than double the program with 49 new grants. And we believe that 42,000 jobs will be created as a result. This administration is committed to helping entrepreneurs create profits and jobs, and the microloan program is integral to our strategy to make that happen.

I want to thank Senator Pressler and Senator Bumpers for their attendance here today. And I want to say a special word of praise to my State's senior Senator, Dale Bumpers, who sponsored this legislation to create the microloans, something that he learned about as a result of a community development bank operating in our home State. I am very proud of it. It was modeled on the South Shore Bank in Chicago, and when I was Governor, we worked hard to bring the bank there. We know that this concept works. And I appreciate very much the work that Senator Bumpers has done to bring this concept throughout America.

I also want to say that if the Congress, later this year, adopts our proposal for community development banks, then there will be more banks out there supporting the SBA in the work of making microloans. This is very important because an enormous percentage of the jobs in America are now being created by small business people and by people starting up their own businesses and by people who are self-employed. This is an innovative approach which opens the doors of opportunity to Americans who otherwise would find those doors closed. The program enables community-based lenders to expand their reach and to make very, very small loans to entrepreneurs who otherwise simply couldn't find a way to make their ideas real.

Many potential borrowers simply don't meet the credit standards of traditional lenders. Why? Because of a poor credit history or no track record as a borrower, they may simply not have enough collateral. In fact, SBA analysis indicates that many microloans will be made to individuals who are currently on public assistance. By encouraging entrepreneurial instincts, the program will then give them the help they need to take the first steps toward economic independence, not dependence. And in so doing, this could be a very important part of our overall welfare reform strategy to move more Americans from welfare to work.

By using community-based lenders—and some are with us today, and I want to thank all of you who are here for your commitment to this concept—this program relies on the lenders' understanding of the community and helps to empower the community with

the needed resources to create jobs and growth. SBA looked to these lenders for guidance when this program was being designed. It is the lenders' history of investing in their communities that will ensure the program's success.

Gail Miller from Dumas, Arkansas, started her pottery business, Miller's Mud Mill, 8 years ago, intent on making the money to send her sons to college and give them their shot at the American dream. Gail has had good and bad years, but she's learned that 15-hour days and 7-day weeks can produce a profit. In fact, she's had so many orders that she and her two-person staff can't keep up with the demand. Last year their inability to meet the demand cost her $90,000 in lost sales. How many business people in America would love to have that problem? Gail has found the answer, however. The Arkansas Enterprise Group, a microlender from Arkadelphia, Arkansas, knows a good thing when it sees it. Using funds they borrowed from the SBA through the microloan program, the group has granted Gail a $25,000 loan. She's going to use just under 20 percent of the money to buy a version of the machine used by major china manufacturing companies. This increased capacity for production will finally allow her to take advantage of the demand for her product. She'll use the remaining funds for a revolving line of credit.

Denise Cook used to receive welfare benefits through AFDC, but she understands that we all have a responsibility to work for self-reliance. Denise trained herself as a paralegal and put herself through school, working day and night. Eventually, she graduated with a B.A. in criminal justice. She worked for a number of different firms as a paralegal, but her strong desire for independence and a keen interest in forensic research drove her into starting her own business. Self-Help Ventures Fund in North Carolina has a peer-lending microenterprise program that requires training and business ownership, including peer counseling, as a prerequisite for the loan. After she completed the successful training period, Denise received a $500 loan to get her business off the ground. Today she provides investigative legal research to law firms and other clients.

It is exactly these kinds of creative, hard-working people that the microloan program is designed to help. Since June of 1992, the Small Business Administration had awarded about $16 million to lenders who have already made 330 loans to small businesses. Today's awards represent another $16 million. And the Small Business Administration calculates that 42,000 jobs will result.

Small business is the backbone of our economic strength. In the last 10 to 12 years, small business has created more jobs that were lost during the restructuring of the larger businesses of our country. However, about 3 years ago, the small business job engine started to slow down because of the global recession, the credit crunch here in America which we are trying to deal with, the spiraling cost of health care, and other problems. But a lot of it is simply barriers to entry because of the lack of available capital.

To preserve the vitality of small business, and increase their capacity to expand our work force, we need programs like this one. The best route to the American dream is the same route people have trod for many, many years now: through the small businesses. That's why we're expanding the microloan program today. It creates jobs, it relies on the private sector, it rewards drive and creativity.

I want to say a special word of thanks again to the Congress and especially to Senator Bumpers, the chairman of the Small Business Committee, for making this possible. I want Gail Miller to be able to send her sons to college, and this program will give her the tools, and small business men and women like her, to do exactly that.

Now I'd like to introduce two of the success stories here on the program. And I want to introduce all of them, of course: Erskine Bowles, the SBA Administrator, who has already talked; Denise Cook and Gail Miller who will speak; Geraldine Janes, Chris and Regina Welch are also up here with us, and they may or may not want to say anything. But Denise and Gail have agreed to speak, so I'd like to call first Denise Cook and then Gail Miller. Let's give them a hand. [*Applause*]

[*At this point, Denise Cook and Gail Miller spoke.*]

I want to thank all of you here who are lenders, who have worked on these programs. The folks up here on this platform are the kind of people I ran for President to try to help. And I am deeply moved by what we have seen today. It kind of reinforces my belief that these programs are on the right course and that we can make a huge difference, that there are millions of people our here, literally millions, who could be employed and empowered if we had the systems in place and the people there who felt comfortable making loans and making these kinds of judgments and understood what had to be done.

And I thank all of you for being part of a genuine American experiment. I wish you well. I ask you to redouble your efforts. We'll redouble ours, and I know the Congress will make sure that we get what we need to make these programs succeed. I thank you all. And I thank you, Senator Bumpers, Senator Pressler, for being here. We're adjourned. Thank you very much.

NOTE: The President spoke at 11:05 a.m. in the Rose Garden at the White House. In his remarks, he referred to small business owners Geraldine Janes and Chris and Regina Welch.

Exchange With Reporters Prior to Discussions With President Richard von Weizsäcker of Germany

May 24, 1993

Bosnia

Q. Mr. President, have you been surprised or disappointed by the reaction in Bosnia and Serbia——

The President. You mean, the opposition to it?

Q. The opposition and the initial support from Mr. Karadzic.

The President. No, it's about like I expected it to be.

Q. ——U.N. observers into Serbian territory, how does that complicate things?

The President. I don't want to say any more about it now. I want to talk to the President about it. We'll try to just absorb what has been said and make the appropriate decision. But I'm not particularly surprised by the various responses——

Q. Mr. President, do you hope this week goes better than last week?

The President. We had a good week last week. The Ways and Means Committee voted the bill out—signed the motor voter bill.

NOTE: The exchange began at 4:05 p.m. in the Oval Office at the White House. A tape was not available for verification of the content of this exchange.

Message to the Congress Transmitting the District of Columbia's Budget Requests

May 24, 1993

To the Congress of the United States:

In accordance with the District of Columbia Self-Government and Governmental Reorganization Act, I am transmitting the District of Columbia Government's 1994 budget request and 1993 budget supplemental request.

The District of Columbia Government has submitted a 1994 budget request for $3,389 million in 1994 that includes a Federal payment of $671.5 million, the amount authorized and requested by the Mayor and City Council. The President's recommended 1994 Federal payment level of $653 million is also included in the District's 1994 budget as an alternative level. My transmittal of the District's budget, as required by law, does not represent an endorsement of its contents.

I look forward to working with the Congress throughout the 1994 appropriation process.

William J. Clinton

The White House,
May 24, 1993.

Announcement of Presidential Scholars

May 24, 1993

The President joined Secretary of Education Richard Riley today in naming 141 high school seniors as 1993 Presidential scholars. The scholars, who are recognized for their achievements in academics or the arts, will visit Washington June 19–24 and will be honored at a White House ceremony where each will receive a Presidential scholar medallion.

"These young people represent the best in our country," said the President. "Through hard work and community service they have earned this prestigious award. I look forward to meeting them next month at the White House."

Final selections of the scholars were made by a 32-member Commission on Presidential Scholars chaired by New Jersey Governor Jim Florio. The Commission was appointed by President Clinton earlier this month.

The 141 winners include one young man and one young woman from each State, the District of Columbia, Puerto Rico, and from American families living abroad; 15 at-large scholars and 20 scholars in the arts. Academic scholars were selected on the basis of SAT and ACT scores, essays, school recommendations, and transcripts. Arts scholars were identified through an Arts Recognition and Talent Search program conducted by the National Foundation for Advancement in the Arts.

NOTE: A list of the scholars was made available by the Office of the Press Secretary.

Exchange With Reporters Prior to a Meeting With House Democratic Leaders

May 25, 1993

White House Travel Office

Q. Mr. President, we haven't actually been able to get your view on the dealings the White House had with the FBI on all this travel stuff. Could you tell us what your view of all that is? Was it appropriate? Did you know about it?

The President. The only thing I know is that we made a decision to save the taxpayers and the press money. That's all I know. We saved 25 percent on the first plane ride and saved the taxpayers a bunch of money. Any other questions, I'll just refer you to Mr. McLarty——

Q. Was it your decision to go around the Attorney General and have the FBI issue a very rare statement?

The President. I had nothing to do with any decision, except to try to save the taxpayers and the press money. The press has been complaining for years that they were overcharged by the way the thing was done before. The first trip out we saved 25 percent for the press, and the taxpayers saved a lot of money. That's all I know about it.

NOTE: The exchange began at 8:45 a.m. in the State Dining Room at the White House. A tape was not available for verification of the content of this exchange.

Remarks at the "Drive American Quality" Event

May 25, 1993

Thank you very much, Mr. Bieber, and to all of you who are here. I want to say a special word of thanks to Mr. Smith and Mr. Poling, Mr. Eaton and Secretary Brown and Secretary Reich. I see Mr. Bieber just gave Secretary Reich a nightshirt. I also want to thank all the Members of the Congress who are here and for their support of the auto industry in this country.

I grew up as a boy, starting from the time I was about 6 years old, in the back of a Buick dealership. I have been interested in the automobile business all my life. I watched with sadness when it was down, and I feel great elation now that I see it coming back. These cars are what is best about America: increasing productivity, increasing quality, and gaining market share back. The people who make them are the people who deserve our support, and this administration is determined to give it to them. Last year the auto

industry production was 5.6 percent of our gross national product. In 1992, vehicle and parts manufacturing directly accounted for 4.6 percent of our manufacturing employment. During the first quarter of this year, the Big Three accounted for two out of three auto sales in the United States, with the American cars gaining market share in 1993. This did not happen by accident. It required investment, it required reorganization, it required some reductions in spending. Over the last 3 years, $73 billion have been invested by the Big Three. Since 1981, quality has dramatically improved. The number of customer-reported defects is down by 80 percent. And many of our American cars, by any quality measure, are better than their foreign competitors today. They are also more fuel-efficient and increasingly so.

Our great challenge now is to produce cars of high quality at affordable costs that are environmentally responsible and that preserve good jobs here in America for those who can compete and win. In order to do that, we have to begin by getting our house in order. In the next few days, the United States Congress will have a chance to adopt the biggest deficit-reduction package in the history of this country, one that asks wealthier Americans—who, I might add, have overwhelmingly been supportive of this—to pay most of the burden of the new taxes, which exempts lower middle income Americans from any burden and which asks the Congress to impose unprecedented cuts, including reducing the Federal work force by 150,000 over the next 4 years and cutting over 200 specific Government programs. This is a balanced program. We also invest in jobs, in technology, and education and training. If we can get our house in order, if we can bring our deficit under control, reduce it, make some room for targeted investments in jobs and people, we can turn this country around.

I think that the auto industry has showed us what it takes. You've seen reduction in spending, you've seen painful cuts, you've seen dramatic increases in investment, you've seen American workers not just working harder but smarter, and you have seen years and years and years of disciplined effort rewarded by something 5 years ago or 6 years ago most people would tell you would never happen: American-made cars winning the quality race and regaining market share. That's what we're going to do with our country.

Thank you and bless you all.

NOTE: The President spoke at 1:55 p.m. at the National Air and Space Museum. In his remarks, he referred to Owen Bieber, president, United Auto Workers; John F. Smith, Jr., president, General Motors Corp.; Harold A. Poling, chairman and chief executive officer, Ford Motor Co.; Robert J. Eaton, chairman and chief executive officer, Chrysler Corp.

Exchange With Reporters at the National Air and Space Museum

May 25, 1993

Budget Proposal

Q. Mr. President, is the House going to pass your tax bill?

The President. I think they're going to pass the budget bill, yes, which has a lot of cuts in it, and it also has some good things for these folks, good for manufacturing, good for small business. Good bill.

NOTE: The exchange began at 2 p.m. A tape was not available for verification of the content of this exchange.

Remarks on Signing the Older Americans Month Proclamation

May 25, 1993

Thank you very much, Senator Pryor and Secretary Shalala. Let me also acknowledge in the audience the presence of Senator Bill Cohen from Maine, Congressman Marty Martinez, and Congressman William Hughes. We're glad to see them. And I also want to pay a special word of respect to my good friend, our Vice President's mother, Mrs. Pauline Gore. She's a little too young to be here, but I'm glad to see her here anyway.

You know, Senator Pryor told that story about the 100-year-old man who had been against all the changes he'd seen. One of the things I think that age does for all of us is it gives us the ability to laugh at things that once we would have cried about, something I've needed more and more as I've taken this job. [*Laughter*]

But David told this story. It reminded me, there's a town in Arkansas that has my name, called Clinton, and I was invited there once to a nursing home to celebrate the 107th birthday of this lovely woman. And I showed up, and she had a beautiful pink dress on. And I said, "Gosh, you're pretty today." And she said, "Don't you go flirting with me. I'm not looking for a husband." [*Laughter*] And so I said, "Well, I appreciate that." I said, "You know, I already have one wife. Don't you think that's enough?" And she said, "I guess so, hard as times are." [*Laughter*] Sometimes I think about that.

This is the 30th anniversary of Older Americans Month. And I can't think of anybody I'd rather be up here with than Secretary Shalala or with Senator Pryor. When I was attorney general and David Pryor was Governor, I just reminded him up here, 18 years ago we sponsored our State's first conference on long-term care and how to provide long-term care for senior citizens. Well, we're still chipping away at it, but I just want you to know at least we've got some credentials for being in the vineyards.

We are committed to keeping faith with the senior citizens of this country, and we are trying to fulfill that commitment in two very important ways that are specific to our senior citizens and one that is very important for the responsibility we all seem to feel for the future. The first is the White House Conference on Aging to discuss providing for older Americans and also for making better use of the time and talents of our senior citizens. I feel very strongly that both those things are important. Most people I know who are in their later years want to be challenged to do more, to bring to bear their energy, their experience, their judgment, and their perspective on a lot of the very thorny problems and challenges we face today. And I hope our administration can do that not only here in Washington but all across America.

I am, in that regard, proud that we have for the first time an Assistant Secretary for Aging in the Department of Health and Human Services, and I'm proud of Dr. Fernando Torres-Gil who was introduced and who received such a warm reception from you.

The second thing that we hope to do is to deal with some of the terrific health care challenges facing our senior citizens while keeping faith with the obligations we now have to maintain the integrity of Social Security. The fastest growing group of Americans are people over 80. The largest number of people I met on the campaign trail last year with really heartbreaking stories were elderly people just above the Medicaid eligibility line who had massive drug bills every month. And literally, I met people in State after State after State that made the weekly choice between food and medicine because they were just above that Medicaid eligibility line and had no way in the wide world to pay for medicine that was absolutely necessary to maintain their health.

So in this health program—I know a lot of you have already heard a speech about this from my wife, and she's gotten a whole lot better on this subject than I have—but we are committed to a health care plan which will provide coverage for all Americans, which will lower the cost of health care, which will lower the cost of health care for our country in the years ahead—we're already spotting our competitors 35 percent of every dollar spent on health care—and which, at the same time, will begin to address the problems that I saw out there for a wider range of long-term care services and for dealing with the drug problem that our elderly people have who are not Medicaid-eligible. These are the things that we must have in a comprehensive, long-term care package.

I also want to say to you that I believe any responsible health care plan must encourage and indeed have incentives for health care maintenance and for the prevention of bad things happening. With the fastest growing group of people being people over 80, with more and more senior citizens coming into really dominant positions in our

country, with the Social Security system starting in a few years to raise the retirement eligibility limit by a month a year, as all of you know, as a part of the 1983 resolution to resolve the crisis that then existed, it is absolutely imperative that we not only think about giving health care services but maintaining strong, healthy people. And that has got to be a critical part of our health care plan, and I know all of you will be out there lobbying for that. We so often strain at a gnat and swallow a camel when we don't have enough prevention and maintenance of healthy people in our health care plans and even in our own daily habits. And so I hope you will all support that.

The last thing I'd like to say is that it seems to me that those of you who represent older Americans are in a unique position, being able to have the benefit of memory, to know what is going to happen to us in the years ahead if we do not move now and move aggressively to get control of this Government deficit, to bring down our interest rates, to enable our economy to grow, to give us some more elbow room. Year-in and year-out for the last several years, my heart has gone out to Members of the Congress in both parties who have struggled to find funds for things they think needed to be funded or to just keep things going along as they are, as we become more and more consumed by an ever-growing deficit, going from $1 trillion to $4 trillion in just 12 years.

I believe, as all of you now know, that we need to have both spending cuts and tax increases to close this deficit and to bring it down. We could all argue until the cows come home about whether every last decision has been perfectly right, but it is perfectly clear that if you don't do both, you can't get where we're going. And it is absolutely imperative that we send a clear signal not only to the financial markets but to our children and our grandchildren that we are thinking about their future, that we are not going to saddle them with so much debt that we won't be able to finance education and economic growth and the kinds of things that every generation of Americans must be free to spend money on, both private money and public funds. If we don't take that opportunity now, we will have squandered our responsibilities to those who come behind us.

You know, I think more about it with each succeeding year that my daughter grows older. I think about how it won't be so long before she and her generation will be making decisions that now we're wrestling over. We owe it to those kids and to the ones who will follow behind them to provide the freedom of movement that any great society needs to reach the challenges of that time. We today, and this Congress, every Member will tell you, those people who occupy Washington today are hamstrung by a lack of freedom of movement because we have permitted paralysis to drive this deficit up, because we have refused to deal with the health care crisis, we have refused to deal with automatic explosions and things that we could have dealt with. And the time has come to face it and face it squarely. And I hope and pray, for the sake of our children and grandchildren, we are about to do just that in the next few days in the United States of America.

I want to say one thing finally. On the tax side of this plan, 74 percent of the burden falls on the top 6 percent of income earners in America, and a lot of the rest falls on the top 20 percent of Social Security recipients whom we have asked to subject more of their income to taxation so as to avoid reducing cost of living allowances to all the Social Security recipients in the land who need that.

One of the things I think we have not said enough, and I believe most people in the Congress would admit this: We have heard very little opposition from upper income Americans to paying their fair share of taxes as long as they believe we're going to cut spending, bring the deficit down, and provide for the basic needs of this country. And to me, that's been one of the most rewarding things out there. A lot of the opposition is coming from middle class people who think they're going to pay a lot more than they are. But the people who are really going to pay and who know it, by and large, have been immensely patriotic in this last 2- or 3-month period, knowing that they have to make a contribution to securing the future.

All of you here who represent the elderly people of our country, you can reach out and

embrace this effort in a way that no other generation of Americans can. This is a difficult time for the Congress, a difficult time for the country. The worst thing we can do is to walk away and do nothing and continue the perilous paralysis of the last few years. So I implore you to shoulder this. Think of our kids and grandkids. Let's move this country forward in a bipartisan and open manner.

Thank you. God bless you. And let's get on with the signing.

NOTE: The President spoke at 5:30 p.m. in the East Room at the White House.

Proclamation 6565—Older Americans Month, 1993

May 25, 1993

By the President of the United States of America

A Proclamation

This year marks the 30th anniversary of Older Americans Month—a time when we, as a Nation, honor our elder citizens and recognize the many contributions they have made to our country.

Older Americans, having witnessed many of our Nation's historic milestones, are embodiments of 20th century American history. Many lived through the trying times of the Great War, the Depression, and the Second World War. With younger generations, older Americans shared the anguish of the Cold War and helped their more youthful countrymen get through this difficult period.

Older Americans provide us with the experience, knowledge, and leadership that are needed to help our Nation ply the difficult waters of the present. Through their experience with adversity, older Americans understand the critical need for shared sacrifice in meeting the challenges we face. Their wisdom provides us with a valuable perspective on how we must reorient our society toward investment in the future. Working in a variety of roles, as volunteers and employees, millions of older Americans continue to give their communities the fruits of their labor.

Today's older Americans are the best educated, most well-informed generation of elders our Nation has ever produced. The challenges they have met—and met successfully—have enabled them to make a continuing contribution with wisdom and understanding. We can see this not only in our families, as a new wave of responsible grandparenting helps ensure the future of our children, but also in our communities, which benefit from the experience and leadership of older Americans who volunteer their talent and time in fields ranging from business management to the arts.

While we salute the continuing contribution of older Americans, we also acknowledge our debt and responsibility to them. We renew our commitment to preserving for them the quality of life they deserve. We will safeguard their economic security not only through preserving the Social Security system but also by strengthening our Nation's overall economic performance. We will provide the leadership that will help our elders remain independent members of the community for as long as possible. We will supply that help in the neighborhoods where they live—through the kinds of social and supportive services made possible through the Older Americans Act and other programs. And we can help ease the suffering and worry caused by increased medical expenses through enacting a national program of health care reform.

By helping to preserve the security and independence of older Americans, we are also ensuring that our own futures will be ones of dignity with independence.

Now, Therefore, I, William J. Clinton, President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim the month of May 1993 as Older Americans Month. I call upon the people of the United States to observe this month with appropriate ceremonies and activities in honor of our Nation's senior citizens.

In Witness Whereof, I have hereunto set my hand this twenty-fifth day of May, in the year of our Lord nineteen hundred and ninety-three, and of the Independence of the

United States of America the two hundred and seventeenth.

William J. Clinton

[Filed with the Office of the Federal Register, 3:14 p.m., May 26, 1993]

NOTE: This proclamation was published in the *Federal Register* on May 28.

Exchange With Reporters After Signing the Older Americans Month Proclamation

May 25, 1993

White House Travel Office

Q. Mr. President, are you upset by this whole Travel Office mess? And who's responsible for it, sir?

The President. Well, ultimately, anything that happens in the White House is the responsibility of the President. And whenever you've asked me a question, I've told you all I knew about it. All I knew was there was a plan to cut the size of the office, save tax dollars, save the press money. I talked to Mr. McLarty about it this morning. I said, you know, I keep reading this; I know that there is a feeling at least, based on what I've read, that someone in the White House may have done something that was inappropriate or that wasn't quite handled right or something. Mack and I talked about it today. He said he would spend some real time on and look into it, try to ascertain exactly what happened, make a full report to me, which I think is the appropriate thing to do. I simply can't tell you that I know something I don't. I literally don't know anything other than what I've told you. He's looking into it now. He's worked on it quite a bit today. And he's going to make a report to me, and then we will take appropriate steps, including saying whatever's appropriate to you.

Q. Do you think that the White House approached the FBI improperly in this case?

The President. I don't have any reason to believe that. I mean, for example, there are lots of cases where, historically, as nearly as we can determine, the White House, if something happened within the White House, might ask the FBI to look into it. So I don't know that. I don't know that. And I don't have an opinion yet. I have to wait. Mack agreed that he needed to really make sure that he had all the facts down; he needed to know exactly what had happened; he needed to report to me. I said, "Look, this is just a simple case. Let's just follow the do-right rule here, make up your own mind, get the facts, see what you think happened, let me know, and we'll tell the public." I mean, there's nothing funny going on here. We really were just trying to save money for everybody. That was the only thing I was ever asked about personally. And I don't believe that anybody else had any other motives that I know about. And so I asked him to look into it. When we know more, we'll be glad to say more.

Q. What about Dole saying it has a tinge of Watergate?

The President. There's none of that because, you know, there's nothing like that going on. There's no—no.

Q. Don't you think——

Q. [*Inaudible*]

The President. We're on top of it. We'll——

Q. Don't you think a lot of people were hurt by the way it was handled?

The President. Well, the question is whether the people that were hurt did anything to merit it. We'll just have to see. I mean, I want to get a report, and then I will be glad to tell you whatever I know. But let me find out——

Q. [*Inaudible*]

The President. All those decisions have been made by Mack. We talked yesterday. We talked again this morning. He said, "Look, I just want to get on top of this. I'll tell you exactly what happened. I'll tell you what I think." So I'm waiting for a report. And I don't think I should say anything else until I know more.

NOTE: The exchange began at 5:43 p.m. in the East Room at the White House. A tape was not available for verification of the content of this exchange.

Executive Order 12849—Implementation of Agreement With the European Community on Government Procurement

May 25, 1993

Whereas, the United States and the European Community (EC) have entered into a Memorandum of Understanding on Government Procurement (Agreement) that provides appropriate reciprocal competitive government procurement opportunities;

Whereas, the commitments made in the Agreement are intended to become part of an expanded General Agreement on Tariffs and Trade Agreement on Government Procurement (GATT Code) and are an important step toward an expanded GATT Code;

Whereas, as a result of these commitments, U.S. businesses will obtain increased access to EC member state procurement for U.S. goods and services;

Whereas, I have determined that it is inconsistent with the public interest to apply the restrictions of the Buy American Act, as amended (41 U.S.C. 10a–10d), to procurement covered by the Agreement;

Now, Therefore, by virtue of the authority vested in me as President by the Constitution and the laws of the United States of America, including section 301 of title 3, United States Code, and title III of the Trade Agreements Act of 1979, as amended (19 U.S.C. 2511–2518), and in order to implement the Agreement, it is hereby ordered as follows:

Section 1. In applying the provisions of the Buy American Act, the heads of the agencies listed in Annex 1, Parts A and B, of this order are requested, as of the date of this order, to apply no price differential between articles, materials, or supplies of U.S. origin and those originating in the member states of the EC.

Sec. 2. For purposes of this order, the rule of origin specified in section 308 of the Trade Agreements Act of 1979, as amended (19 U.S.C. 2518), shall apply in determining whether goods originate in the member states of the EC.

Sec. 3. This order shall apply only to solicitations, issued by agencies listed in Annex 1, Parts A and B, of this order, above the threshold amounts set forth in Annex 2.

Sec. 4. This order shall apply to solicitations outstanding on the date of this order, except for those for which the initial deadline for receipt of bids or proposals has passed, and to all solicitations issued after the date of this order.

Sec. 5. Except for procurements by the Department of Defense, the United States Trade Representative (USTR) shall be responsible for interpretation of the Agreement. The USTR shall seek the advice of the interagency organization established under section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C. 1872(a)) and consult with affected agencies, including the Office of Federal Procurement Policy.

Sec. 6. This Executive order is effective immediately. Although regulatory implementation of this order must await revisions to the Federal Acquisition Regulation (FAR), it is expected that agencies listed in Annex 1, Parts A and B, of this order will take all appropriate actions in the interim to implement those aspects of the order that are not dependent upon regulatory revision.

Sec. 7. Pursuant to section 25 of the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 421(a)), the Federal Acquisition Regulatory Council shall ensure that the policies established herein are incorporated in the FAR within 30 days from the date this order is issued.

William J. Clinton

The White House,
May 25, 1993.

[Filed with the Office of the Federal Register, 9:25 a.m., May 26, 1993]

NOTE: This Executive order was published in the *Federal Register* on May 27.

Notice on Continuation of Emergency With Respect to the Federal Republic of Yugoslavia (Serbia and Montenegro)

May 25, 1993

On May 30, 1992, by Executive Order No. 12808, President Bush declared a national emergency to deal with the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States constituted by the actions and policies of the Governments of Serbia and Montenegro, blocking all property and interests in property of those Governments. The President took additional measures to prohibit trade and other transactions with the Federal Republic of Yugoslavia (Serbia and Montenegro) by Executive Orders No. 12810 and No. 12831, issued on June 5, 1992, and January 15, 1993, respectively. Because the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro) has continued its actions and policies in support of groups seizing and attempting to seize territory in Croatia and Bosnia-Hercegovina by force and violence, the national emergency declared on May 30, 1992, and the measures adopted pursuant thereto to deal with that emergency, must continue in effect beyond May 30, 1993. Therefore, in accordance with section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)), I am continuing the national emergency with respect to the Federal Republic of Yugoslavia (Serbia and Montenegro).

This notice shall be published in the *Federal Register* and transmitted to the Congress.

William J. Clinton

The White House,
May 25, 1993.

[Filed with the Office of the Federal Register, 10:33 a.m., May 25, 1993]

NOTE: This notice was published in the *Federal Register* on May 26.

Message to the Congress Transmitting the Notice on Continuation of Emergency With Respect to the Federal Republic of Yugoslavia (Serbia and Montenegro)

May 25, 1993

To the Congress of the United States:

Section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)) provides for the automatic termination of a national emergency unless, prior to the anniversary date of its declaration, the President publishes in the *Federal Register* and transmits to the Congress a notice stating that the emergency is to continue in effect beyond the anniversary date. In accordance with this provision, I have sent the enclosed notice, stating that the emergency declared with respect to the Federal Republic of Yugoslavia (Serbia and Montenegro) is to continue in effect beyond May 30, 1993, to the *Federal Register* for publication.

The circumstances that led to the declaration on May 30, 1992, of a national emergency have not been resolved. The Government of the Federal Republic of Yugoslavia (Serbia and Montenegro) continues to support groups seizing and attempting to seize territory in the Republics of Croatia and Bosnia-Hercegovina by force and violence. The actions and policies of the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro) pose a continuing unusual and extraordinary threat to the national security, vital foreign policy interests, and the economy of the United States. For these reasons, I have determined that it is necessary to maintain in force the broad authorities necessary to apply economic pressure to the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro) to reduce its ability to support the continuing civil strife and bloodshed in the former Yugoslavia.

William J. Clinton

The White House,
May 25, 1993.

Message to the Congress Reporting on the National Emergency With Respect to the Federal Republic of Yugoslavia (Serbia and Montenegro)

May 25, 1993

To the Congress of the United States:

On May 30, 1992, in Executive Order No. 12808, President Bush declared a national emergency to deal with the threat to the national security, foreign policy, and economy of the United States arising from actions and policies of the Governments of Serbia and Montenegro, acting under the name of the Socialist Federal Republic of Yugoslavia or the Federal Republic of Yugoslavia, in their involvement in and support for groups attempting to seize territory in Croatia and Bosnia-Hercegovina by force and violence utilizing, in part, the forces of the so-called Yugoslav National Army (57 *FR* 23299, June 2, 1992). The present report is submitted pursuant to 50 U.S.C. 1641(c) and 1703(c). It discusses Administration actions and expenses directly related to the exercise of powers and authorities conferred by the declaration of a national emergency in Executive Order No. 12808 and to expanded sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) (the ''FRY (S/M)'') contained in Executive Order No. 12810 of June 5, 1992 (57 *FR* 24347, June 9, 1992), Executive Order No. 12831 of January 15, 1993 (58 *FR* 5253, January 21, 1993), and Executive Order No. 12846 of April 26, 1993 (58 *FR* 25771, April 27, 1993).

1. Executive Order No. 12808 blocked all property and interests in property of the Governments of Serbia and Montenegro, or held in the name of the former Government of the Socialist Federal Republic of Yugoslavia or the Government of the Federal Republic of Yugoslavia, then or thereafter located in the United States or within the possession or control of U.S. persons, including their overseas branches.

Subsequently, Executive Order No. 12810 expanded U.S. actions to implement in the United States the U.N. sanctions against the FRY (S/M) adopted in United Nations Security Council Resolution No. 757 of May 30, 1992. In addition to reaffirming the blocking of FRY (S/M) Government property, this order prohibits transactions with respect to the FRY (S/M) involving imports, exports, dealing in FRY-origin property, air and sea transportation, contract performance, funds transfers, activity promoting importation or exportation or dealings in property, and official sports, scientific, technical, or cultural representation of the FRY (S/M) in the United States.

Executive Order No. 12810 exempted from trade restrictions (1) transshipments through the FRY (S/M), and (2) activities related to the United Nations Protection Force (''UNPROFOR''), the Conference on Yugoslavia, or the European Community Monitor Mission.

On January 15, 1993, President Bush issued Executive Order No. 12831 to implement new sanctions contained in United Nations Security Council Resolution No. 787 of November 16, 1992. The order revokes the exemption for transshipments through the FRY (S/M) contained in Executive Order No. 12810; prohibits transactions within the United States or by a U.S. person relating to FRY (S/M) vessels and vessels in which a majority or controlling interest is held by a person or entity in, or operating from, the FRY (S/M), and states that all such vessels shall be considered as vessels of the FRY (S/M), regardless of the flag under which they sail. Executive Order No. 12831 also delegates discretionary authority to the Secretary of the Treasury, in consultation with the Secretary of State, to prohibit trade and financial transactions involving any areas of the former Socialist Federal Republic of Yugoslavia as to which there is inadequate assurance that such transactions will not be diverted to the benefit of the FRY (S/M).

On April 26, 1993, I issued Executive Order No. 12846 to implement in the United States the sanctions adopted in United Nations Security Council Resolution No. 820 of April 17, 1993. That resolution called on the Bosnian Serbs to accept the Vance-Owen peace plan for Bosnia-Hercegovina and, if they failed to do so by April 26, called on member states to take additional measures to tighten the embargo against the FRY (S/M) and Serbian-controlled areas of Croatia and Bosnia-Hercegovina.

Effective 12:01 a.m. e.d.t., April 26, 1993, Executive Order 12846: (1) blocks all property and interests in property of businesses organized or located in the FRY (S/M), including the property of their U.S. and other foreign subsidiaries, that are in or later come within the United States or the possession or control of U.S. persons, including their overseas branches; (2) confirms the charging to the owners or operators of property blocked under this order or Executive Orders No. 12808, No. 12810, or No. 12831 all expenses incident to the blocking and maintenance of such property, requires that such expenses be satisfied from sources other than blocked funds, and permits such property to be sold and the proceeds (after payment of expenses) placed in a blocked account; (3) orders (a) the detention pending investigation of all nonblocked vessels, aircraft, freight vehicles, rolling stock, and cargo within the United States suspected of violating United Nations Security Council Resolutions No. 713, No. 757, No. 787, or No. 820, and (b) the blocking of such conveyances or cargo if a violation is determined to have been committed, and permits the liquidation of such blocked conveyances or cargo and the placing of the proceeds into a blocked account; (4) prohibits any vessel registered in the United States, or owned or controlled by U.S. persons, other than U.S. naval vessels, from entering the territorial waters of the FRY (S/M); and (5) prohibits U.S. persons from engaging in any transactions relating to the shipment of goods to, from, or through United Nations Protected Areas in the Republic of Croatia and areas in the Republic of Bosnia-Hercegovina under the control of Bosnian Serb forces.

Executive Order No. 12846 authorizes the Secretary of the Treasury in consultation with the Secretary of State to take such actions, and to employ all powers granted to me by the authorities cited above, as may be necessary to carry out the purposes of that order. The sanctions imposed in the order do not invalidate existing licenses or authorizations issued pursuant to Executive Orders No. 12808, No. 12810, or No. 12831 except as those licenses and authorizations may thereafter be terminated, suspended, or modified by the issuing Federal agencies, but otherwise the sanctions apply notwithstanding any preexisting contracts, international agreements, licenses, or authorizations.

2. The declaration of the national emergency on May 30, 1992, was made pursuant to the authority vested in the President by the Constitution and laws of the United States, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), and section 301 of title 3 of the United States Code. The emergency declaration was reported to the Congress on May 30, 1992, pursuant to section 204(b) of the International Emergency Economic Powers Act (50 U.S.C. 1703(b)). The additional sanctions set forth in Executive Orders No. 12810, No. 12831, and No. 12846 were imposed pursuant to the authority vested in the President by the Constitution and laws of the United States, including the statutes cited above, section 1114 of the Federal Aviation Act of 1958, as amended (49 U.S.C. App. 1514), and section 5 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287c).

3. Since the last report, the Office of Foreign Assets Control of the Department of the Treasury (''FAC''), in consultation with the Department of State and other Federal agencies, issued the Federal Republic of Yugoslavia (Serbia and Montenegro) Sanctions Regulations, 31 C.F.R. Part 585 (58 *FR* 13199, March 10, 1993—the ''Regulations''), to implement the prohibitions contained in Executive Orders No. 12808, No. 12810, and No. 12831. A copy of the Regulations is enclosed with this report. The seven general licenses discussed in the last report were incorporated into the Regulations. The Regulations contain general licenses for certain transactions incident to: the receipt or transmission of mail and informational materials and for telecommunications transmissions between the United States and the FRY (S/M); the importation and exportation of diplomatic pouches; certain transfers of funds or other financial or economic resources for the benefit of individuals located in the FRY (S/M); the importation and exportation of household and personal effects of persons arriving from or departing to the FRY (S/M); transactions related to nonbusiness travel by

U.S. persons to, from, and within the FRY (S/M); and transactions involving secondary-market trading in debt obligations originally incurred by banks organized in Slovenia, Croatia, Bosnia-Hercegovina, and Macedonia.

On January 15, 1993, FAC issued General Notice No. 2, entitled "Notification of Status of Yugoslav Entities." A copy of the notice is attached. The list is composed of government, financial, and commercial entities organized in Serbia or Montenegro and a number of foreign subsidiaries of such entities. The list is illustrative of entities covered by FAC's presumption, stated in the notice, that all entities organized or located in Serbia or Montenegro, as well as their foreign branches and subsidiaries, are controlled by the Government of the FRY (S/M) and thus subject to the blocking provisions of the Executive orders. General Notice No. 2, which includes more than 400 entities, expands and incorporates the list of 284 entities identified in General Notice No. 1 (57 *FR* 32051, July 20, 1992), noted in the previous report.

As part of a U.S.-led allied effort to tighten economic sanctions against Yugoslavia, on March 11, 1993, FAC named 25 maritime firms and 55 ships controlled by these firms as "Specially Designated Nationals" ("SDNs") of Yugoslavia. A copy of General Notice No. 3 is attached. These shipping firms and the vessels they own, manage, or operate by using foreign front companies, changing vessel names, and reflagging ships, are presumed to be owned or controlled by or to be acting on behalf of the Government of the FRY (S/M). In addition, pursuant to Executive Order No. 12846, the property within U.S. jurisdiction of these firms is blocked as direct or indirect property interests of firms organized or located in the FRY (S/M).

The FRY (S/M) has continued to operate its maritime fleet and trade in violation of the international economic sanctions mandated by United Nations Security Council Resolutions No. 757 and No. 787. Operations and activities by Yugoslav front companies, or SDNs, enable the Government of the FRY (S/M) to circumvent the international trade embargo. The effect of FAC's SDN designation is to identify agents and property of the Government of the FRY (S/M), and property of entities organized or located in the FRY (S/M), and thus to extend the applicability of the regulatory prohibitions governing transactions with the Government of the FRY (S/M) and its nationals by U.S. persons to these designated individuals and entities wherever located, irrespective of nationality or registration. U.S. persons are prohibited from engaging in any transaction involving property in which an SDN has an interest, which includes all financial and trade transactions. All SDN property within the jurisdiction of the United States (including financial assets in U.S. bank branches overseas) is blocked.

The two court cases in which the blocking authority was challenged as applied to FRY (S/M) subsidiaries and vessels in the United States remain pending at this time. In one case, the plaintiffs have challenged the application of Executive Order No. 12846, and the challenge remains to be resolved. The other case is presently pending before a U.S. Court of Appeals.

4. Over the past 6 months, the Departments of State and the Treasury have worked closely with European Community (the "EC") member states and other U.N. member nations to coordinate implementation of the sanctions against the FRY (S/M). This has included visits by assessment teams formed under the auspices of the United States, the EC, and the Conference for Security and Cooperation in Europe (the "CSCE") to states bordering on Serbia and Montenegro; deployment of CSCE sanctions assistance missions ("SAMS") to Albania, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia, Hungary, Romania, and Ukraine to assist in monitoring land and Danube River traffic; bilateral contacts between the United States and other countries with the purpose of tightening financial and trade restrictions on the FRY (S/M); and establishment of a mechanism to coordinate enforcement efforts and to exchange technical information.

5. In accordance with licensing policy and the Regulations, FAC has exercised its authority to license certain specific transactions with respect to the FRY (S/M) that are consistent with the Security Council sanctions.

During the reporting period, FAC has issued 163 specific licenses regarding transactions pertaining to the FRY (S/M) or assets it owns or controls, bringing the total as of April 30, 1993, to 426. Specific licenses have been issued for (1) payment to U.S. or third-country secured creditors, under certain narrowly defined circumstances, for pre-embargo import and export transactions; (2) for legal representation or advice to the Government of the FRY (S/M) or FRY (S/M)-controlled clients; (3) for restricted and closely monitored operations by subsidiaries of FRY (S/M)-controlled firms located in the United States; (4) for limited FRY (S/M) diplomatic representation in Washington and New York; (5) for patent, trademark and copyright protection, and maintenance transactions in the FRY (S/M) not involving payment to the FRY (S/M) Government; (6) for certain communications, news media, and travel-related transactions; (7) for the payment of crews' wages and vessel maintenance of FRY (S/M)-controlled ships blocked in the United States; (8) for the removal from the FRY (S/M) of manufactured property owned and controlled by U.S. entities; and (9) to assist the United Nations in its relief operations and the activities of the U.N. Protection Force. Pursuant to United Nations Security Council Resolutions No. 757 and No. 760, specific licenses have also been issued to authorize exportation of food, medicine, and supplies intended for humanitarian purposes in the FRY (S/M).

During the past 6 months, FAC has continued to closely monitor 15 U.S. subsidiaries of entities organized in the FRY (S/M) that were blocked as entities owned or controlled by the Government of the FRY (S/M). Treasury agents performed on-site audits and reviewed numerous reports submitted by the blocked subsidiaries. Subsequent to the issuance of Executive Order No. 12846, operating licenses issued for U.S.-located Serbian or Montenegrin subsidiaries or joint ventures were revoked and the U.S. entities closed for business.

The Board of Governors of the Federal Reserve Board and the New York State Banking Department again worked closely with FAC with regard to two Serbian banking institutions in New York that were closed on June 1, 1992. Full-time bank examiners continue to be posted in their offices to ensure that banking records are appropriately safeguarded.

During the past 6 months, U.S. financial institutions have continued to block funds transfers in which there is an interest of the Government of the FRY (S/M). Such transfers have accounted for an additional $24.5 million in blocked Yugoslav assets since the issuance of Executive Order No. 12808.

To ensure compliance with the terms of the licenses that have been issued under the program, stringent reporting requirements are imposed. Some 350 submissions were reviewed since the last report, and more than 150 compliance cases are currently open. In addition, licensed bank accounts are regularly audited by FAC compliance personnel and by cooperating auditors from other regulatory agencies.

6. Since the issuance of Executive Order No. 12810, FAC has worked closely with the U.S. Customs Service to ensure both that prohibited imports and exports (including those in which the Government of the FRY (S/M) has an interest) are identified and interdicted, and that permitted imports and exports move to their intended destination without undue delay. Violations and suspected violations of the embargo are being investigated, and appropriate enforcement actions are being taken. There are currently 39 cases under active investigation.

7. The expenses incurred by the Federal Government in the 6-month period from December 1, 1992, through May 30, 1993, that are directly attributable to the authorities conferred by the declaration of a national emergency with respect to the FRY (S/M) are estimated at $2.9 million, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in FAC and its Chief Counsel's Office and the U.S. Customs Service), the Department of State, the National Security Council, the U.S. Coast Guard, and the Department of Commerce.

8. The actions and policies of the Government of the FRY (S/M), in its involvement in and support for groups attempting to seize and hold territory in Croatia and Bosnia-Hercegovina by force and violence, continue

to pose an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. The United States remains committed to a multilateral resolution of this crisis through its actions implementing the binding resolutions of the United Nations Security Council with respect to the FRY (S/M). I shall continue to exercise the powers at my disposal to apply economic sanctions against the FRY (S/M) 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).

William J. Clinton

The White House,
May 25, 1993.

White House Statement on the Situation in Guatemala

May 25, 1993

The President was very disappointed to hear that President Serrano of Guatemala has suspended the Congress and courts and other democratic rights protected by the Guatemalan Constitution. This illegitimate course of action threatens to place Guatemala outside the democratic community of nations. We strongly condemn such efforts to resolve Guatemala's problems through nondemocratic means. We hope the Guatemalan leadership will reverse its course and immediately restore full constitutional democracy.

Announcement for Posts at the National Railroad Passenger Corporation

May 25, 1993

The President today appointed Robert Kiley, the former chairman of New York's Metropolitan Transportation Authority, and former Ohio Congressman Don Pease to the Board of Directors of the National Railroad Passenger Corporation (AMTRAK). The appointments are effective immediately.

"Robert Kiley and Don Pease have both had long and distinguished careers in public service," said the President. "They both will make excellent additions to this important Board."

NOTE: Biographies of the appointees were made available by the Office of the Press Secretary.

Announcement of Under Secretary of Commerce for Technology Administration

May 25, 1993

The President announced his intention today to nominate Dr. Mary Lowe Good, the senior vice president of Allied-Signal, Inc., to be Under Secretary of Commerce for Technology Administration.

"One of the central challenges that we face in the 1990's is making sure that our Nation's technological capacities are developed as fully as possible," said the President. "With a distinguished record of commercial research and of involvement with national technology policy, Dr. Good has what it takes to help ensure that Government does its part to make that happen."

NOTE: A biography of the nominee was made available by the Office of the Press Secretary.

Announcement of Ambassador to Zambia

May 25, 1993

The President today announced his intention to nominate Roland Karl Kuchel to be Ambassador to Zambia. Kuchel, a career foreign service officer, is currently Assistant to the Director General of the Foreign Service.

"I am very glad to be making this nomination," said the President. "Roland Kuchel has had a long and accomplished career in the Foreign Service."

NOTE: A biography of the nominee was made available by the Office of the Press Secretary.

Remarks and an Exchange With Reporters Prior to a Meeting With the Congressional Black Caucus

May 26, 1993

Budget Proposal

The President. Let me say, what I'm trying to do is pass this program in the House. I do one step at a time. I think it's clearly, of all the things that have been presented, the fairest program. It has significant budget cuts, reduces the size of the Federal Government by 150,000, leaves some room for investment, 74 percent of the tax is paid by 6 percent of the people. It's a fair program. It will cost the average person a dollar a month next year, $7 a month the year after, $15 a month the year after for a family. And it exempts people of incomes under $30,000. It is a fair, balanced program. I'm going to try and pass it.

Q. Sir, what are you telling Members of Congress who are worried that they could lose their seats because of some of the tougher elements of this package?

The President. That all the evidence shows that the more people know about the details of the package, the more likely they are to support it. And that if it becomes a rhetorical battle where anyone says that it's tax-and-spend, well, who's for that? Nobody's for that. But the American people are for bringing this deficit down. They are for investing in jobs and technology. They are for a fairer tax system that asks everyone to pay their fair share. And they are for a system that moves people from welfare to work. This program does all those things. It is a very good program. There is no evidence that once people know the facts that they will do that.

Q. What are you going to do to make sure they know the facts? Are you going to go on nationwide radio and TV before the House votes?

The President. I don't know that that is possible or that it will be done before the House votes. But what I have told them is that the day that the people had the most detailed knowledge of this plan was February 17th, because I went through the whole thing, chapter and verse. So nothing was hidden from the American people. It was all given out.

What has happened since then is—you know, there's a lot of static and back-and-forth. And the President can't go on television every night for that length of time, but that is clear evidence that the more people know about it the more likely they are to support it. Just today I'm going to see some more of the business executives, who will pay more in this plan, who have supported this. Yesterday, Mr. Rostenkowski listed 50 major companies who are supporting the program. We have small business people all over America who are supporting the program, realtors and others, consumer groups. So the people who know more about the program, the more you know about it the more likely you are to be for it.

Q. But isn't energy the hangup? Mr. President, isn't energy the hangup?

The President. It is a big hangup. And we're working——

Senator Boren's Proposal

Q. And how about Boren? Are you going to be able to work with him?

The President. Well, I hope so. We're working through it. I think that it is now apparent to everyone that there are only two plans on the table in the Senate and that ours is far fairer and better for the economy. I mean, the other plan reduces the tax for the oil interest in Oklahoma and elsewhere, but it does it at the expense of putting a $40 billion burden on Social Security recipients and lower income working people just above the poverty line. It also would shift massive health costs away from the Government on to private employers and employees. I don't think they're for that. So now that we've got an alternative out there, it shows you that our plan is sound and balanced. We're just going to keep working at it.

NOTE: The President spoke at 8:52 a.m. in the Old Family Dining Room at the White House. A tape was not available for verification of the content of these remarks.

Exchange With Reporters During a Luncheon With Business Leaders

May 26, 1993

White House Travel Office

Q. [*Inaudible*]—members of your staff in the Travel Office scandal? Is part of this inquiry going to consider—going to be a chance of shakeups because of the event?

The President. Well, I would like it on the record that one of the things they did was to figure out how to save—how to do the same work with less than half as many people and save you 25 percent on your first flight. I keep hoping I'll read that somewhere in these accounts. I think that ought to be accounted for. I was—the press complained to me repeatedly about being gouged by the White House Travel Office. I kept hearing it everywhere. So we put it out on a competitive bid and saved you 25 percent.

Now, if it wasn't handled right, we'll get to the bottom of it, and we'll straighten that out, and it will be handled right. That's what Mr. McLarty worked on yesterday. And we will do what is appropriate, follow the ''do-right rule,'' and go forward. I don't have anything else to say about it.

Ross Perot

Q. Mr. President, as you meet with these CEO's, your—I put this in quotes—one of your ''favorite business guys,'' Mr. Perot, has been sniping at you again. He told David Frost that you don't have the background or the experience for the most difficult job in the world. How do you deal with this kind of talk from him?

The President. You deal with it. [*Laughter*]

Q. He said you were doing things the Arkansas way.

The President. Well, we know he doesn't like my State. But he spent several million dollars to bad-mouth it last—and it doesn't have much to do with America. We're going to just keep working.

NOTE: The exchange began at 12:25 p.m. in the Old Family Dining Room at the White House. A tape was not available for verification of the content of this exchange.

Announcement of White House Fellows

May 26, 1993

The President today appointed 17 men and women from a variety of backgrounds and across the country to be the 1993–94 class of White House fellows.

White House fellows are a select group of men and women who spend a year early in their career serving as paid assistants to the President, Vice President, or Cabinet-level officials. This class will begin their fellowship year in September. They were selected by a commission appointed earlier this month by the President. It was chaired by Nancy Bekavac, the president of Scripps College.

''This is a group of people of exceptional abilities, strong motivation, and a commitment to serve their country,'' said the President. ''I look forward to their service and am confident they will join the successful ranks of such White House fellowship alumni as General Colin Powell and Secretary Henry Cisneros.''

The individuals chosen for this year's fellowships are:

Paul T. Anthony, Washington, DC
Suzanne Rose Becker, Bolton, MA
Christopher Frank Chyba, Ellicott City, MD
Jami Floyd, Oakland, CA
W. Scott Gould, Topsfield, MA
Kevin Vincent Grimes, Mountain View, CA
Suzan Denise Johnson Cook, Bronx, NY
Michael Nathaniel Levy, Washington, DC
Gaynor McCown, New York, NY
Barbara Paige, New York, NY
Raul Perea-Henze, New York, NY
Leslie Ramirez, Evans, GA
Maj. David Rhodes, USAF, Glendale, AZ
Reginald L. Robinson, Lawrence, KS
Martha E. Stark, Brooklyn, NY
Todd Ulmer, San Francisco, CA
Maj. Roderick Von Lipsey, USMC, Philadelphia, PA

NOTE: Biographies of the White House fellows were made available by the Office of the Press Secretary.

Remarks in the "CBS This Morning" Town Meeting

May 27, 1993

Budget Proposal

Paula Zahn. Here comes President Clinton, cup of coffee in hand—decaf coffee.

The President. Good morning.

Ms. Zahn. We wanted to start off by talking about the late night you kept last night. Word of an agreement that was struck between Democratic leaders and conservative members of your party on your economic plan. Do you think you now have the votes to carry this plan through in the House?

The President. I think it will help. This is an agreement that I have wanted for a long time, because I think that the people are entitled to know that if we pass these budget cuts that they're actually going to be made. I've been concerned that someone who was a Governor who came from a State with a very tough balanced budget law, I've been very concerned—can you hear me? Can we start again?

Q. You have two mikes on you now, Mr. President.

The President. There was an agreement made last night that I had been supporting for a good long while sponsored by the conservative Democrats essentially to put a mechanism in the budget to force us every year to make the budget cuts that we say we're making in this 5-year budget. That is, obviously it's very hard to predict what will happen in every year for the next 5 years. If you had to do a family budget for 5 years, it might not be possible, or a business budget or a farm budget.

So these numbers are as good as we can make them, but this amendment actually says that every year, if we miss the deficit reduction target, the President has to bring in a plan to meet it and the Congress has to vote on it. And if they want to change it some, they can, but we've got to meet the deficit reduction target.

We have been working for days to get this done. And finally, yesterday afternoon they gave up. So I called the folks that had given up, and I said, go back to the table. We've got to have some discipline in this budget, so that if we tell people we're going to make the cuts, we do it. And that's what this amendment says.

Ms. Zahn. What happens if you don't get this through in the House today?

The President. We keep working until we get a budget through. The real problem is, I think, that—there are two problems: One is that the details of the plan have been lost in the rhetoric; the second is that a lot of the Republicans who might otherwise want to vote with us got into a position where they said they wouldn't vote for any tax.

Over 60 percent of this money, of the tax money, over 60 percent comes from people with incomes over $200,000. Seventy-four percent of it comes from people with incomes over $100,000, people whose taxes went down in the eighties while their incomes went up. People with incomes under $30,000 are protected even from the Btu tax. And next year people in the middle will pay about $1 a month, and it goes to $7 a month and then about $15 a month.

I think that a lot of—we have to get all of our votes apparently from the Democrats this time. I hope it won't happen anymore.

Ms. Zahn. No help from the Republicans?

The President. Well, with the Senate we might get some Republican votes. We're working on it.

[*At this point, the network took a commercial break.*]

Accomplishments

Harry Smith. We are live in the Rose Garden with over 200 people from many States around the country, a couple of foreign countries as well. We're here with President Clinton. We thank you, first, for inviting us in to do this town meeting.

I know you don't pay attention to this sort of stuff: polls. You never pay attention probably, right? The negatives are now higher than the positives in the polls. And I want to tap into something here, because there's a feeling in the country, and I think the people here reflect it. I think people in America want to see you succeed, but I just want to see a raise of hands this morning, and don't be intimidated just because you're in the Rose Garden. [*Laughter*] Do you feel like he could be doing a better job? Raise your hand if you think so. Don't be intimidated.

Don't be intimidated. There's a lot of folks who feel that way. Do you feel like there's been a gap between the promises of the campaign and the performance thus far? If you think so, raise your hands. A lot of folks feel that way. What went wrong?

The President. First of all, I don't know that anything went wrong, except I'm glad nobody found our about the manicure I got in California. [*Laughter*]

Ms. Zahn. Let's check it out.

The President. I'll tell you what went wrong. What went wrong was I was not able to keep the public focus on the issues that we're working on after I gave the State of the Union Address, even though that's what we kept doing.

Now, look, we've been here 4 months, and look what's happened in 4 months. And they give you a 4-year term. Look what's happened in 4 months. We had a major foreign policy challenge in Russia right after I got in office. If Yeltsin had gotten beat in Russia and a militant regime had returned, we would have had to turn around with the defense budget and a lot of bad things could have happened to America. The United States went to work, organized the rest of the world, supported Yeltsin. He won the election. We're back on track there making this world a safer place. That's my number one job. I think that's pretty impressive.

The Congress passed a resolution committing to do a budget that reduced the deficit by $500 billion on time for the first time in 17 years. Congress passed the family leave bill they've been fooling around with for 8 years to guarantee people some time off without losing their jobs. They passed the motor voter bill they've been fooling around with for years. No one now asks are we going to reduce the deficit. The question is how much and how. No one now asks are we ever going to do anything about health care. The question is when and exactly what are we going to do. I think that's a pretty good record for 4 months.

Now, if you do a lot of things and you try to change a lot of things overnight, you may break some eggs, and it's not an exact process. And controversy always is better news—you know that—than the lack of controversy. So one of the things that happened—we were laughing about this yesterday—is I'll bet you most people in this audience and most people in this country have no earthly idea that we're going to cut way over $200 billion in spending off of this budget over the next 5 years, because the people who normally fight spending cuts supported it this time, and we rolled through the spending cuts without controversy. So the only controversy is over whether we should raise any taxes and from whom.

Now, I think we're doing pretty well, but I think we've done a lousy job of being able to cut through the fog that always surrounds this town and communicate that. I'll admit that.

Public Perception

Ms. Zahn. Why? Why have you had a tough time doing that?

The President. Well, you tell me. I don't know. All I know is, I went to Cleveland the other day, and I talked to these four television folks locally. And they said—I'll just lay it out—this guy said, "I was for you, but I'm mad at you because since you've been in Washington, you've spent all your time on Bosnia and gays in the military." I said, "How do you know that?" He said, "I watch the news every night." [*Laughter*] And I said, "Well," I said, "okay, let me tell you," I said, "I just did an analysis of what I did the first 100 days. I spent 25 percent of my time on foreign policy, all foreign policy, including going to Canada to see Mr. Yeltsin. I have to. That's my job. No one else can do that. I spent 40 percent of my office time and about 55 percent of my total time working on the economy and health care"—let me finish—"and 20 percent of the time working on other domestic policies and seeing people and doing that." He said, "How much time have you spent on gays in the military?" I said, "Two and a half hours." He said, "I don't believe that." I said, "That's the truth. You can look at the calendar."

So all I'm saying is controversy gets news. And when we're out here working on things that aren't controversial, it's often not reported in the news. And I have to find a way to do a better job of communicating directly to the American people as well as—I'm not saying we haven't made any mistakes. If you

do a lot of things, you're going to make some mistakes. But the major failure since February 17th is not being able to communicate directly what we are doing and answer directly the questions and the criticisms of the American people. That's been the major problem, and I've got to figure out how to do it.

Selection of Attorney General

Mr. Smith. You know what it is, though, I mean, given all of that stuff, motor voter, budget, all that other stuff, on a day-by-day basis, a week barely goes by that there isn't some sort of story that it sounds like—and I think people here would say, is the President on sure footing? One, two, three different choices for Attorney General. Flip-flop: We're going to get tough on Bosnia, and then we're not going to get tough on Bosnia.

The President. You want to talk about—that's what people—you can't lob these things out there.

Mr. Smith. We have 2 hours to talk about all of this. We have 2 hours to talk about all of this, but it seems like a day or a couple of days doesn't go by when they're putting out fires in the White House. And people want to know, do you have this thing under control?

The President. Well, let me just mention the Attorney General thing. First of all, I think I've got a pretty good Attorney General, don't you?

Mr. Smith. I think people would agree with that.

The President. And the country's not—and I think I did a good job. Secondly, if you look at what happened there, one of the things that no one noticed is that I was the first President since anybody could remember that had every other member of his Cabinet confirmed the day after I took office. So there is another side to this story. That was a manifestation of confidence, getting them all up and getting them all confirmed the next day. That hadn't happened in anyone's memory.

We had some problems with the Attorney General thing, partly because the American people learned about an issue that we're now moving to resolve, this whole business about if you have household help, how you withdraw the Social Security, and what you do. That's a big, tough issue. I'm sorry it happened. I still think Zoe Baird is a fine person who made, obviously, a mistake and paid for it. But thousands of other Americans have, too. And I hope now we're going to get it cleaned up so people will follow the law and the law will be reasonable. But I wound up with an awfully good Attorney General, and I'm proud of her.

[*At this point, the network took a commercial break.*]

Ms. Zahn. We're back in the Rose Garden now for a 2-hour town meeting with President Clinton. We have your first question now from the audience. Where are you from?

Q. I'm from Milwaukee, Wisconsin. I'm a lab technician.

Ms. Zahn. Fire away.

Health Care Reform

Q. Well, I think I'll stay with my original question. We've seen a lot of issues being passed lately. We've seen some bills being passed. But the bigger bills, the things that dealt in the economy and jobs creation, along with that, especially this health care thing, they look like they're going to be destined to be locked up in gridlock. Is there some way that we can be confident that things are going to happen in this country?

The President. I think you can be. Let me talk about—let's just talk about health care. And I'd like to talk about health care with this budget. A lot of Americans say to me what I say to myself every morning, which is that after we cut all this spending and raise this money and we reduce the deficit by $500 billion, it's still going to be too big in 5 years because what's driving the deficit now—defense is coming down, we're holding about everything else constant—what's driving the deficit is the exploding costs of health care, the same thing that's hurting a lot of your businesses or maybe your homes or if you buy individual policies.

In the last 4 months we've had hundreds of people here working on this health care task force that my wife is chairing. But we've also really worked hard to reach out to Republicans and Democrats and independents both in the Congress and around the country,

people who provide health care, people who insure against health care, all those folks.

I think you're going to see when we get this budget out of the way, which is the toughest thing—everybody wants to reduce the deficit, but everybody's got a different idea about how to do it—when we get that out of the way, I think you'll see an honest debate on health care. Now, keep in mind this health care thing could be the most important thing we've done in a generation to provide security to working families and people who don't have it and people who have to change their jobs.

When President Roosevelt and the Congress put in the Social Security system it took them 2 years to do it. We're going to try to do it in a year. We're going to do our best to do it in a year. And then, of course, we'll have to phase it in over time because of the cost, but I think we can do that.

I wouldn't be too discouraged. What you're seeing now, this fight over the budget and the fight over the emergency jobs plan earlier, is, I hope, the most partisan you will ever see in this environment. I am doing everything I can to ask the Republicans to help, to ask people from outside to come in, to open up the process. I hate all this. I mean, I didn't run for President to get up and fight with the Republicans every day. It doesn't help America, and I don't want to do it. And I believe you will see a much more open process when the health care debate starts.

Now, that's not to say everybody is going to agree with me. They shouldn't. But I believe there's a real chance we'll get health care reform, and it will come with bipartisan support from around the country and within the Congress.

President's Haircut

Ms. Zahn. But the fact is you've also had to do a lot of fighting with Democrats of your own party. And I think a lot of people were hoping, with a Democratic President and a Democratic Congress, that things would have gone more smoothly. Do you think issues like the haircut and the problems in the Travel Office have made it harder for you to get this economic plan through?

The President. No. I think this economic plan is—I think it does because if you publicize something like that and people don't know, for example, on my haircut, that I asked whether anybody would be held up or inconvenienced, and I was told no. I asked twice, and I was told no. Now, I'd never do that, not in a hundred years, not ever. I mean, I wasn't raised that way; I've never lived that way. That's not the kind of person I am. So, you know, if something like that happens and it hurts me on a day-to-day basis, it may slow things up.

But the real problem is, if these problems were easy, somebody else would have done them. You try to face difficult things and ask people to take difficult choices and make tough stands; it takes time.

Ms. Zahn. President Clinton, I'm going to have to cut you off. Someone has to pay for the show today.

[*At this point, the network took a commercial break.*]

Mr. Smith. We are back live in the Rose Garden, and we've had a couple of microphone problems which we think we have fixed now. What did you just say?

The President. I said if you were a politician and all these mikes went out, they'd say, are you a failed network, are you a failed newscaster? [*Laughter*]

Ms. Zahn. They will be saying that maybe in a half hour from now.

The President. It's just one of those things. Something always goes wrong.

White House Travel Office

Mr. Smith. You know what, we need to talk about this: Travelgate. Who knew what, when, and why was the FBI called in, and why did you hire your cousin, and why did you have a firm from Arkansas take over this business?

The President. First of all, let's get back to the beginning, okay? Let's talk about my cousin. She's about my fifth or sixth cousin who worked in the campaign and ran the travel operations. We had a very efficient travel operation.

Every operation at the White House was reviewed, because I said I was going to cut the White House staff by 25 percent. That's not easy to do, to run the White House on fewer people than your predecessor. We got

more mail in 3½ months than came to the White House in all of 1992. It's tough.

We found out that there were seven people working in the Travel Office, primarily to book travel for the press, and that the press was complaining that the cost was too high. So there were all these recommendations made to change it. But nothing was done until an accounting firm came in and reviewed the operation and found serious management questions in terms of unaccounted-for funds and things like that. So then the person in charge of that made the decision to replace them.

Now, all those questions were raised about whether they all should have been replaced. Mr. McLarty got on it. He did an internal review. He'll fix it. But the issue is: Should we work seven people when three can do the job? And if we saved 25 percent off the cost of the very first plane flight, isn't that a good thing for the press? That's what we're trying to do.

Mr. Smith. And nobody's going to argue with that. But what they are going to argue with is why was the FBI called in?

The President. Oh, the FBI, because—the FBI was called in to look at the auditor's report, not to accuse any of these people of doing anything criminal but because there were sufficient questions raised that there had to be a review of it. And the FBI sounds like a huge deal to you, but when you're in Washington and you're the President, you can't call the local police or the local prosecutor; that's who you call.

Ms. Zahn. But even your own Attorney General is now posing the question about a breach of policy. Is she right or wrong?

The President. Well, to the best of our ability to determine it, there has never been a policy that if the White House had a local internal matter, they had to go through the Attorney General to get to the FBI. The FBI's always been an independent investigative agency. But I have no problem with doing that, because I trust her. I think she's got great judgment.

But the report in the auditor's findings made us believe that someone at least ought to look into this and clear the air. And that's all we were trying to do.

Ms. Zahn. Was Attorney General Reno justified in questioning the process?

The President. She can question whatever she wants to, I think. She's a fine person. I like her. But I'm just saying, to the best of my knowledge, there has never been a policy that the White House, if they had some internal activity going on here, would clear asking the FBI to look into it through the Attorney General. But I have no problem with doing it. That's not—with me or anybody else—was that the policy before to the best of my knowledge.

Mr. Smith. But at minimum, it looks like you used the FBI to justify what in turn ended up looking like what was, in fact, an act of cronyism.

The President. No. It may look like that, but the bottom line: It wasn't an act of cronyism. The bottom line is if we can run an office with three that they were taking seven to run, and we can save 25 percent off a trip because we have competitive bidding when they didn't have competitive bidding, the press saves money and the taxpayers save money. That was my only objection. If anything wrong was done, Mr. McLarty will correct it. This is a do-right deal not a do-wrong deal. Let's not obscure what happened. We were trying to do the people's work with less money.

Mr. Smith. Do you have a question?

Q. Yes, I do.

Mr. Smith. Your name is?

Mining Reform Legislation

Q. I'm from Redwood City, California. I was a Clinton precinct leader in that State, and I'm very happy to see you elected. My question, however, is regarding the environment. I supported you in spite of the issue that—was one of the major producers of jobs in your State. It's also the major producer of pollution in your State. And I supported you in hope that Al Gore would work on convincing you to be more of an environmental President than George Bush was. However, I noticed that you recently backed down when it came to upping the user fees on mining, grazing, and lumber. This is in spite of the fact that mining, I believe, is fixed at like under a dollar an acre to mine. This dates

upon a post-Civil-War law, but you've not upped it. I understand that you——

The President. Let me ask you——

Q. ——$17 billion to the budget.

The President. Okay. No, no. There wasn't $17 billion, I don't think. Do you all know what he's talking about? The Federal Government owns land—that's a very good question. I'm glad you asked it. The Federal Government owns a lot of land on which there are trees, cattle, and minerals to be mined. Most people believe, and it's absolutely true, that essentially people have been permitted to use that land, mostly out west, to cut trees, graze cattle, and mine minerals at lower than a market rate. Now, all the people who do that have good reasons why they think the system is good, and I don't know if we've got any of those folks in the audience, but I feel that the mining fees should be raised.

Originally we had, originally—he's right—we had that in our original budget. And we took it out not to take a dive on it but because, since it's a new issue under the parliamentary rules of the Senate, we'd be subject to a filibuster. That is, you have to get 60 votes, not a majority to pass the budget.

So we are moving now a new mining reform law through the Congress which will do exactly what you say. We just had to agree to do it on a separate track. The mining reform is on track. I believe this year I will sign a mining reform law which you will be very proud of, which will require those companies to pay back to the Treasury more nearly the value of what they have gotten from the United States Government, and it will be good for the environment.

It's a good question. It's going through on a separate track, and we had to break it out for parliamentary reasons because of the opposition to it in the Senate.

[*At this point, the network took a commercial break.*]

White House Staff

Ms. Zahn. We're back in the Rose Garden live with a 2-hour town meeting with President Clinton. Before we get back to our audience, a quick question to you about staff. There has been a lot of criticism that you've surrounded yourself by young and inexperienced people. There has been talk that maybe there are going to be some major shakeups over the next couple of days. Are you entirely satisfied with the White House staff you have in place?

The President. No, but they're working hard and we've gotten a lot done. I'm glad I got to talk about that. I think there are always going to be—you can't—this is the hardest place in the country to work in some ways. And I think that we've had a period—you know, we came in, most of us were not from here, we were trying to do things differently. And there are a lot of things that we didn't handle as well as could have been handled. This Travel Office is one. What we were trying to do was good for the country and good for the taxpayers. And there were glitches in it. We are going to fix that. But I think that by and large, we'll——

Ms. Zahn. Are you going to fix that by firing people?

The President. We have a—well, just watch and see what we do. We're going to——

Ms. Zahn. No hints?

The President. No hints.

But I would also say that I wonder whether people think the staff is younger than it is. I mean, you have the head of my economic team, Bob Rubin, is in his fifties and was one of the most successful people on Wall Street. Our major senior staff I think, on balance, is slightly older than President Kennedy's was. But there are a lot of young people in other positions here. And sometimes I think that the overall impression is that the staff is quite a bit younger than it is in terms of people that are actually making decisions.

Urban Youth

Q. One of the big things about your campaign was hope for the future and don't stop thinking about tomorrow. My question is about the children in the country, especially in the inner cities. It seems like they've kind of lost hope, and it seems like they don't have a future. And I'm wondering what we can do as a country to instill that back into them.

The President. I think there are some things that I can do as President, but there are also some things that are going to have

to be done community by community and block by block.

Let me talk about the things I can do first. My job, I think, for those kids is to try to do as much as I can to make sure they've got a fair chance to make it under difficult circumstances. What does that mean? That they have a healthy beginning, get a good chance to get a Head Start program and decent nutrition, that their schools are as good as we can influence them, that their streetsare safer, that they have a chance to work when they're young, at least with summer jobs, and that there's some economic opportunity there.

We have presented initiatives in all this area. We're going to have more police on the street, more investment in Head Start, and a dramatic increase in incentives for business to invest in those areas.

But frankly, I think also, we have to say to those kids, the only way you can make it is if you play by the rules. And we know it's tougher where there aren't as many intact families. We know it's tougher where there's more violence. But we've got to have more people go in and deal with those kids one-on-one. A friend of mine said the other day—someone asked, "How are we going to rescue all these kids?" And she said, "The same way we lost them, one at a time."

And we've got to have more people interested in these people as people. I'm telling you. I just got back from south central LA. Those kids aren't all that different from everybody else's kids. They just want a chance to live. And if we can give it to them with more personal involvement, I think they can make it.

Mr. Smith. When you talk about one-on-one, are you talking about a giant volunteer corps or are you talking about some kind of system that's going to cost more money to do it?

The President. No, I'm talking about——

Mr. Smith. In 30 seconds.

The President. I'm talking about—the money should be going to the things I mentioned. What we need is for people in each of these communities to be involved with those kids. I can't do that. We need people in these communities sponsoring schools, involved in the schools, working with those kids after school and on the weekends. They're good kids. They just need a chance to make it.

[*At this point, the network took a commercial break*]

Ms. Zahn. From the Rose Garden we continue our conversation, our town hall meeting with President Clinton right now. I thought I'd give the folks that have been staring at our backsides all morning a chance to ask you a question.

Sir, your question.

Law Enforcement

Q. My question to you is in regards to a law enforcement issue in this country. We're well aware of the position of the previous administration in regards to the support of law enforcement. My question deals with the fact that I heard you mention earlier about trying to get additional police officers, 100,000 and so forth. We in this city, I believe, couple of weeks ago, went to the Hill to try to get additional funding to keep several segments of our police department running, mainly one of which is the helicopter unit, which provides a lot of support service for the ground police officers and the Secret Service and ATF. And they were turned down for, I think it was like $2 million or something. At any rate, my question to you is, dealing with Congress, which it seems they have a problem of partisanism now, like I say, as far as——

The President. Well, let me explain. First of all, let's talk about the bigger issue here, that this gentleman is an example of a major national problem. Thirty-five years ago, there were three policemen in America for every serious crime. Today, there are three crimes for every police officer. And a lot of cities have had to reduce hiring of police officers with budget problems they've got. So one of the things I said in the election was I would try to find a way to put 100,000 more police officers on the street over the next 4 years.

There's a bill moving through Congress right now which makes a down payment on that, and the House passed it late last night. If the Senate passes it, and I think they will this time, it's a smaller bill, but it will permit us to hire another 15,000 or so police officers. And that will start the down payment. And

I'm going to support the crime bill, which includes the Brady bill, to require people to wait so we can check their criminal background before they buy handguns. It will also have more police officers on it.

We're going to give people coming out of the military incentives to go into police work. We're going to give young people the opportunity to pay off part of their college loan by being police officers for a while. So I think we can get this 100,000 figure. And you will be helped by that. But this bill that's going through now should help DC and all the States, because it provides funds specifically for those who want to rehire people who have been laid off as well as hire new police officers. And that should help a lot.

Abortion

Q. Good morning. I'd like to know, is abortion going to be covered under the new health care plan?

The President. I don't think a decision has been made about that. Let me tell you what the problem is. The Congress has historically not permitted public funds to be spent for abortion, except to save the life of the mother. Most private health insurance plans permit some broader coverage for abortion for people who are covered.

So what the health care task force is trying to resolve is how to at least provide for the position that we shouldn't—in solving the national health crisis, we shouldn't take away from people some right they now have in their health insurance plans. And that's what they're trying to work through now. And I'm not sure exactly where they're going to wind up, but I think they're going to try to wind up in a way that either does that or at least makes it possible that that can be done. That's the dilemma here.

Ms. Zahn. You mean the continuation of——

The President. That gives people the right to at least access what they've got now in their health insurance plan, if they're private citizens and they get that, as a result of this change we've got, because what we're trying to do is not run this money for the uninsured through the Government anyway. We want it to be operating outside the Government and the taxpayers.

Ms. Zahn. Harry's working the other side of the audience over there.

Mr. Smith. We've got a 1-minute question.

Immigration

Q. I'm from southern California, and there we have a lot of problem with immigration. I kind of have a question for you. Idealistically, I feel that America should let as many people in as we can. But in our State it's really taking a toll on Medicare, et cetera, et cetera.

The President. Absolutely. You're from California, you know that——

Mr. Smith. Thirty seconds left.

The President. Quick answer. The Nation does not enforce its immigration laws. We should let immigrants come in. It makes us a stronger country. But we can't let everybody in overnight. We should attempt to enforce the laws more rigorously. And when California, Texas, Florida, New York, and other States pay a disproportionate burden, the National Government ought to help them more. We changed the rules to help California more, because it's not fair for you to pay for what the National Government does or doesn't do.

[*At this point, the network took a commercial break.*]

China

Q. I'm from Tarzana, California. I've been going to China since 1980, seven or eight times. I've lived and worked in China for 2 years. I'm very concerned about what you're going to do with the——

Mr. Smith. Most-favored-nation——

Q. ——most-favored-nation. On the one hand, if you don't give them this, you feel that you'll pressure the government into changing their attitude. On the other hand, the people don't want that to happen because they feel that they will be hurt financially. And then when they're hurt economically and financially, then they'll get less rights and privileges.

Mr. Smith. Is this a done deal, your decision on this?

The President. I think it is a done deal for the next year. Let me explain the issue here. In order for a country to trade with

us, they have to get what's called most-favored-nation status in order to have big trade. China is a huge trading partner of ours, I think now our second biggest trading deficit, with China just behind Japan. They've got one of the fastest growing economies in the world. They're moving away from communism to market economics very quickly. They still put political prisoners in jail. They still, we think, have used prison labor to make products, and we have some other problems with them.

The issue is should we revoke that or should we put conditions on it. I basically have decided to extend most-favored-nation status for a year because I want to support modernization in China, and it's a great opportunity for America there. But I want to make it clear to them that there has to be some progress on human rights and the use of prison labor. Our trade disputes and our disputes about arms sales I'm going to take out of this issue and negotiate directly with them. I think they will appreciate the gesture I'm making, but I hope they understand that the United States just can't turn its back on the abuse of lots of people and especially the use of prison labor and just choking people off when they say their piece.

Q. I'm from Troy, Michigan. My question, Mr. President, when you wake up in the morning, before you get out of bed, do you lie there and think what stupid little thing is going to happen today? [*Laughter*]

The President. Some days I do. What I really think of is stupid little things happen to everybody, and I just hope that if some stupid little thing happens to me, it won't overshadow all the big good things I'm trying to do.

But actually, when I get up in the morning, I say a little prayer that I won't make any stupid little mistakes and that I'll do right by America today. That's what I do. Then I go out here and run off old age. I do my best to do that.

Mr. Smith. Here we go, Mr. President.

Q. Good morning, Mr. President. I'm president of the Bloomingdale Civic Association in Washington, and you're welcome to come to our community at any time.

The President. Thank you. I'd like that.

Statehood for the District of Columbia

Q. My question basically is, can you express to the American people why it is important for the District of Columbia to have statehood, to have the opportunity to vote for two Senators and Members of Congress?

The President. Well, I think, frankly, I think having the Senators and the Members of Congress is not as important as having control over your own destiny. The District of Columbia now has more people than 5 other States, pays more taxes than 10 other States, and sent more soldiers to fight in the Persian Gulf war than 20 other States. And yet, every time they turn around, Congress can overturn anything they do through their elected officials.

If they became a State, yes, it's true, they would get two Senators and a Member of Congress, just like the other small States. But the main thing is they would have more control over their own destiny. It's very frustrating for the people in the District to know that Congress can do or not do anything, just like this fellow said here, that they can say, "No, you can't have $2 million for police." And they can't do it on their own because they don't have the independence. So that's why I've always supported statehood. Once I saw the facts about the size, the taxes, and the contribution to the national interest, I thought they ought to have the right to be independent.

Mr. Smith. We need to take a break. We'll come back with more live from the Rose Garden.

[*At this point, the network took a commercial break.*]

Mr. Smith. We are live at the White House Rose Garden with President Clinton, the first national network town meeting since you were elected. We appreciate you letting us come in here. We've got lots of questions from more than 200 people in the audience.

Paula.

Ms. Zahn. And this man's been braving very patiently for the last hour. Please stand, and you can fire away.

President's Haircut

Q. I'm from Montana. I work for the Rural Electric. And my question for you is: With

all the troubles in the world going on now, how do you like being on the bubble with your haircut?

The President. I just learn to live with it. I think you've got to learn to laugh at things like that. You know, when little things get made big, and big things get made little, you know, and you make a boner—I mean, I really—I told you the truth earlier. I was really trying to avoid inconveniencing people, not trying to inconvenience people. It just winds out being embarrassing when something like that happens to you. And you just have to laugh it off and go on. If you didn't have a sense of humor in this business, you'd be ground down to nothing pretty quick.

Ms. Zahn. Earlier this morning, President Clinton, you said that you would ask your aides on the plane whether the haircut was going to cause any delays or not, and they said no. There's a piece in the Wall Street Journal——

The President. The Secret Service said no.

Ms. Zahn. The Wall Street Journal is suggesting that maybe the staff members don't have enough of a spine to stand up to you. Can you comment on that report?

The President. Oh, no. The Secret Service asked, and they were told that there would be no delays. It was just a mess-up. I mean, it was just a mess-up. But it's just not——

Ms. Zahn. Do you wish you hadn't gotten that haircut?

The President. Yeah. I mean, look, I wear a $40 watch. Do I look like the kind of guy that would go and sit on an airport—you know, I mean, it was just a blow-up. I'm glad they didn't find out about the manicure. [*Laughter*]

Health Care Reform

Q. Good morning, Mr. President. I am from East Dubuque, Illinois. Tomorrow I'm graduating from medical school and will be going into——

The President. Congratulations.

Q. Thanks—residency training and family practice. I am graduating with over $100,000 in student loans for medical school alone. I am wondering how you anticipate the health care reform will help me to be able to pay back my student loans, as well as the many colleagues that have a similar situation as I do.

Mr. Smith. The fear being that doctors aren't going to make as much money and for folks like this they aren't going to be able to pay the bills, right?

The President. First of all—don't sit down yet, I want to look at you—only about 15 percent of our medical school graduates are now doing what this fine woman is doing, coming out as family practitioners. Most medical school graduates now want to be specialists partly because they want to do it, partly because they can have more control over their hours, partly because they can make more money. What we are going to do is try to create more incentives for people to go into family practice: easier to pay off your loans, have Government-targeted assistance to medical school to lower the cost of medical education, give you more opportunities to be in family practice course, to bring down the cost of your debt. And I don't think that your income will be constricted. I think there will be more reliance on family practice, and we're going to have to do more in primary preventative medicine in America if we're ever going to bring the cost of health care down.

Ms. Zahn. I have another health care related question for you from back here.

Q. Thanks. I'm from Springfield, Missouri. I'm glad to hear that answer because one of my children is in medical school and going into family health care.

The President. That's great.

Q. I work for a company that has less than 500 employees. I pay $50 a month for a health plan, a dental plan, life insurance. Our health plan is self-insured. I don't want to pay more money for health care individually. I'm concerned that my employer may be taxed and have to pay more money, and I would receive less benefits than I am receiving, as well as I want to keep my self-funded health plan. How would the change in health care affect me as an individual?

The President. Well, let me say first of all, one of the decisions that has not been finalized yet, at least in our original report, is to what extent any companies of any size should be able to, in effect, continue their

self-insurance efforts. And that's a tough issue because what we're trying to do is get these pools of insurance big enough for small business to have affordable health care because that's been a back-breaker for a lot of small businesses.

The requirement that they're working on in terms of financial contribution would not be a tax over and above what people are paying now. They're trying to hit the national average, maybe even a little below the national average of what employers are paying now. And many, many employers and employees in this country will actually save money if the health care plan comes into effect.

But if you have a national budget, you have to have some sort of national standard for what the contribution will be by employers, but it's not going to be over and above what people are paying now. They're trying to substitute for it, and they're trying to work out what that number is now. To your point of view, if you have a low-cost self-insurance plan, what we're going to try to do is to make sure that the people with low-cost plans and generous coverage don't have less coverage and higher cost. That's not what we're trying to do. What we're trying to do is to broaden the coverage.

Mr. Smith. Fifteen minutes after the hour. We need to take a break. We'll come back live to the Rose Garden, right after this.

The President. And lower the cost—I'm sorry, I didn't say.

[*At this point, the network took a commercial break.*]

Mr. Smith. It's about a perfect day in Washington, DC. I think the President is probably hoping it's just as nice up the street a little bit in the Congress. But we've got lots of questions from our audience. Go ahead.

Affordable Housing

Q. Mr. President, I'm an architect from Seattle, Washington. And the question I'd like to ask you is what vision do you and your administration have for the revitalization of housing, both in the urban areas and the rural areas?

The President. I think the housing economy, first of all, is a big part of our overall economy. My vision is that we will set in motion market forces—with a little bit of Government support but not a lot—mostly market forces, which will enable us to resume a vigorous homebuilding sector in the American economy. And let me just mention some of the things that are important to that.

The most important thing is to pass a deficit reduction plan that keeps interest rates down. Interest rates, mortgage rates now are about a 20-year low. Last year, only 47 percent of people under 35 thought they were going to be able to own their own homes. This year, about 74 percent do. That's because interest rates are down, because we're trying to bring the deficit down first.

Second, I think the low income housing credits, tax credits, should be extended. That's in our tax bill, to give people incentives to build houses in inner cities.

The third thing we need to do is to move aggressively in areas where credit is not available to break the credit crunch. And the Government's working hard on that. There are all kinds of sectors of our country that have had a huge dry-up of credit because of the collapse of the S&L's and because of regional recessions. And we're trying to break that.

And finally, we have a Secretary of Housing and Urban Development in Henry Cisneros, the former Mayor of San Antonio, Texas, who has got a wonderful raft of ideas about how to go into community after community and set up partnerships in rural and urban areas to get people to build more houses. So that's basically what we're trying to do. The dream of homeownership, and frankly, the importance to the economy are two things that can merge as part of my vision for rebuilding our country from the grassroots up.

Ms. Zahn. President Clinton, we only have a couple of more minutes before we have to take another break. Another quick question for you from over here.

Public Perception

Q. I'm a finance manager from San Jose, California. My perception is that your administration is a little infatuated with Hollywood and celebrities. Is this a valid observation?

The President. No. You know, all these politicians from here run out to Hollywood

and have fundraisers all the time. Do you know how many fundraisers I had there before I ran for President? Zero. We've had two meetings here in the While House where groups of people from Hollywood have wanted to come in and talk about health care and the environment. We've had a couple of people from California who have stayed in the Governor's mansion. When my preacher from Arkansas stayed here, nobody wrote it up. When the guy who ran my campaign in Florida stayed here last week, nobody wrote it up. It's another thing where a little thing becomes big because it makes a good story. It doesn't amount to a hill of beans. There are some people in Hollywood who helped me, who care about the country. I treat them like I do everybody else that was part of the campaign and want to be part of it.

But that is absolutely not true. It is not true now, it's not going to be true, and it's never been true. I like to go to the movies and listen to music. Most of you do, too. And that's about the extent of it.

Ms. Zahn. Are you concerned, though, that when these little stories that you say just simply blow up——

The President. Absolutely. Absolutely——

Ms. Zahn. Let me just ask you this—that people who voted for you in the election and bought into this image of the man from Hope and that maybe stories like the $200 haircut with a guy who has one name might increase their cynicism about what's going on in your administration.

The President. Sure it does. Sure it does, which is one reason they're so overplayed. But that doesn't mean they're valid. What I keep telling everybody here is, we have to realize when you're President, you're a long way from most people in America, and so little things become big. So you have to bend over backwards not to do things that you'd never even give a second thought to if you were a private citizen or a Governor or a Senator because they're going to be taken and blown all out of proportion and your whole image is going to be gnarled by it. So we have to be super sensitive not to do things that we would ordinarily do and not give a second about it because of the way it will be perceived in the country. That's absolutely right. And we haven't been very smart about that on a couple of these occasions. But that doesn't mean——

Ms. Zahn. Whose fault was that?

The President. It means that we have underestimated the fact that the press will play these things big and people will draw those conclusions from it. But she asked me a substantive question, not an image question. She said, has the administration gone Hollywood? The answer to that is, no, heck no, never, no. Never, Never. [*Laughter*] That's a substantive answer.

Ms. Zahn. I think the answer is no.

Mr. Smith. We've got lots more to come live from the White House Rose Garden with President Clinton. We've got questions about defense cuts and what happens to the people who are going to lose their jobs as the defense gets cut. And we're going to come back and get answers to those questions in just a minute.

[*At this point, the network took a commercial break.*]

Entitlement Programs

Ms. Zahn. Welcome back to "CBS This Morning" and our special 2-hour meeting with President Clinton. We just had to go into a break, and we were talking about the notion of entitlements for this man back here. And his essential question was, with entitlements representing about at least 50 percent of our budget, when is the Government going to get serious about cutting into these programs? Did I paraphrase that correctly?

The President. We have in this budget package that I have presented to the Congress, we have about $100 billion in cuts in various entitlement programs over the next 5 years in Medicare, in agriculture, in veterans programs. But they're still going up very rapidly. The only way ultimately to get control of the entitlements is to control overall health costs and bring them in line with inflation. For example, we could cut health care costs even more, but here's what would happen. If you cut Medicare and Medicaid and you cut what the providers get, the doctors and the hospitals, what do they do? They shift their costs off to you in the private sector. That's been happening for years now. People who have no health insurance get

health care in this country. People whose health care is underfunded get health care anyway. And the cost gets shifted onto private employers and their employees in the form of exploding health insurance premiums. So health care cost in the private sector as a whole are going up as fast or faster than health care costs in the Government sector. And the trick is how to get them under control without messing up the programs, like the gentleman over here who has got a good program where they have control of their own costs. That's the trick. But you've got to deal with the private and the public to do that.

Aerospace Industry

Q. The aerospace community is being assailed by the Europeans on the commercial side, and in some respects the defense budget will assail them on the defense budget side. A combination of those two are making aerospace employment a very delicate issue, a lot of unemployment, a lot of people without jobs. How do you think the new defense budget will address that as part of their program?

The President. First of all, I want to answer your question, but I want to make a point since you stood up here, and I appreciate it.

There are budget cuts and budget cuts. Everybody knows we have to bring the defense budget down. And we have cut it a lot. We are right on the edge. We should not cut it more right now. I feel very strongly about that. A lot of the defense cuts are in areas of contracts where people work in America. The question is what are they going to do when you lay them off? Why is southern California in so much trouble? Largely because of all the defense cuts, with no plans to find anything else. We believe very strongly, in this administration, and I personally believe, based on my experience as a Governor trying to put people back to work, that a portion of the defense cuts should be devoted to three things: one, retraining workers if they need retraining; two, helping companies to develop domestic markets to make up for the defense contracts they lost; and three, helping communities that have been devastated to restructure their economies.

In the aerospace industry, I am convinced that the real key there is to try to have a competitive airline industry in America that's healthy and try to make sure the airline manufacturers, the airplane manufacturers and the parts manufacturers, have access to markets at home and abroad. The Commerce Secretary, Ron Brown, has just been around the world doing what he can to open up more markets for aerospace commercially. We cannot afford to lose our world leadership there just because we're cutting back in defense. Aerospace is one of seven areas of technology that will produce most of the high-wage, high-growth jobs for the world in the next 20 years, and we've got to try to maintain our leadership. I just appointed a commission, along with the Congress, completely bipartisan on this issue, to look at ways to revitalize aerospace, and I think we're going to make some progress.

Gays in the Military

Q. Mr. President, I'm the senior pastor at Christ Chapel in Woodbridge, Virginia. And I would like to say that we in the Woodbridge area pray for you and your administration regularly and daily.

The President. Thank you.

Q. And allow me to ask the question, give you 2 minutes in the 2 hours and 31 minutes to talk about the issue of gays in the military, if I may. I'm concerned about the degradation of morality in our Nation and our society, in the military as a whole, and I'm concerned with the long-term consequences of actions, not only on the issue with gays in the military but also with actions associated with health care in terms of the funding of abortion, issues such as that. The Christian community is very concerned in this Nation about those issues. And I'm somewhat disturbed, particularly, about the policy process for developing these programs.

The President. Let's just talk about the gays in the military, because we don't have a lot of time to go into all of it.

First of all, I think the military has a great moral fabric. I don't think you can over—we know there are homosexuals in the military and always have been. We know that the Tailhook scandal occurred. I don't think Tailhook reflects on the whole Navy. I think

the military has done more to give people a good, coherent set of values and a way to live and succeed in a very complicated and disintegrating world than most of the institutions in this country have. So I think that you should not worry about that.

Here is the issue: There are and always have been homosexuals in the military. The question is whether they should be kicked out, not because of what they do but because of who they are. My view is people should be judged on their conduct. I have not called for any change in the Uniform Code of Conduct. I simply believe if people work hard, play by the rules, and serve, they ought to be able to serve. That does not imply that the rest of the society agrees with the lifestyle, but you just accept as a fact that there are in every country and always have been homosexuals who are capable of honoring their country, laying down their lives for their country, and serving. And they should be judged based on their behavior, not their lifestyle. That's my view; it's a behavior test.

Let me say this: We almost have a compromise here. Most Americans believe if you don't ask and you don't say and you're not forced to confront it, people should be able to serve. Most Americans believe that the gay lifestyle should not be promoted by the military or anybody else in this country. The issue is a narrow one: Should you be able to acknowledge, if asked, that you are homosexual? And if you don't do anything wrong, should you be booted from the military? We are trying to work this out so that our country does not—I understand what you're saying—so that our country does not appear to be endorsing a gay lifestyle, but we accept people as people and give them a chance to serve if they play by the rules. I think that is the tough issue for us, and I think we're very close to resolving it here.

Ms. Zahn. Could you be satisfied with "don't ask, don't tell, don't investigate"? Might that be where you might end up?

The President. Well, we might end up that way as long as it doesn't lead to a whole range of deliberate outings. I mean, we don't want to make it worse. I think we're very close to a compromise along those lines. And I think most Americans will agree when it works out that people are treated properly if they behave properly without the Government appearing to endorse a lifestyle. I think that's what you're concerned about, and it's a legitimate concern. But I have to deal with people as people. And I've had so many people in the military come up to me and say that they have served with homosexuals who served bravely in Vietnam and other places, who were good people, who did not violate any rules. It is them that I am trying to protect.

Ms. Zahn. President Clinton, thank you very much. We're going to take a short break here and be back in just a couple of minutes. Lots more to come on "CBS This Morning."

[*At this point, the network took a commercial break.*]

Mr. Smith. We're back live in the White House Rose Garden. What's your question for the President?

Health Care Reform

Q. Mr. President, one quick question on the health care issue. It does not yet appear what the health care plan is going to look like, but will we be ensured that we know that the less fortunate of this country and the unemployed will have ready access to quality care?

The President. Yes. But it's not just the people who don't have health insurance—the people who have it who are afraid of losing it because somebody in their family's been sick, and they can't change jobs. There are millions of Americans locked into their jobs today because they or someone in their family has a preexisting condition. We need to change the rules so that you can change jobs and you can be unemployed and your business can fail and you don't have to worry about getting health care. I think it's very important. And if we do it right, we can do it and hold down the cost of health care, not drive it up. Keep in mind, your country spends 35 percent more than any other country on Earth on health care, more of our income. We can do this.

Homelessness

Q. I've been visiting Washington, DC, and I've noticed a lot of homeless people on the streets. And it really made me sad and everything. And I was just wondering if you had

any plans to help them find jobs and get homes.

The President. We do, actually. The Secretary of Housing and Urban Development, Mr. Cisneros, has just established a commission on homelessness, and they're supposed to give him a report in September about what we can do to change this. It's a very complicated problem. We're now having some people who don't want to go into the shelters at night because they don't think they'll be safe, and they think they're safer on the streets. It's a very sad thing.

It's a question of jobs, of education, of drug treatment often. But we need to do something. I run by, every day when I run out here, I run by about six homeless people who stop and say, hello, Mr. President. And I talk to them, and I look at them and think, you know, I ought to be able to get those people off the street. If I can do anything, I ought to be able to do that. And we're going to try.

Administration Priorities

Q. Hello, Mr. President, I'd like to get back earlier to what we were discussing. You were talking about how you were filtered to the media. And is there a problem with how you're filtered, from the administration's point of view, and your administration? Or is it something with a focus on too many issues at once and not a specific drive, so the public is not confused?

Ms. Zahn. We're really not going to give you much time, 15 seconds, Mr. President. Sorry.

The President. I think we have to do more than one thing. But we need to talk about one thing at a time. There's a difference in—we have to—you can't just shut the whole thing down. If we want to have welfare reform and student loans done 8 months from now, we have to start doing them now. But we need to talk about one thing——

[*At this point, the network took a commercial break.*]

Ms. Zahn. Welcome back to Washington, in the Rose Garden, where we continue our confrontation with—conversation, not confrontation with—[*laughter*]—conversation, talk with, town hall.

The President. The truth comes out. [*Laughter*]

Ms. Zahn. The President wanted to say something about how it was more than almost 30 years ago that he was standing in this very spot.

The President. This young man asked me where I was standing when I met President Kennedy in the Rose Garden when I was a delegate to the American Legion Boys Nation. He was standing on those steps there, and I was standing here, because they had us lined up in alphabetical order, and I was from Arkansas, and we were at the front of the alphabet. I was also the biggest kid on this side, so when he came over and started shaking hands, I sort—I'm embarrassed to say this, but I kind of elbowed the others out of the way to make sure—[*laughter*]—to make sure if he only shook three hands, at least I get to shake his hand. He was good, he shook hands with everybody on the front row.

The Presidency

Ms. Zahn. So if some wide-eyed kid came up to you from that same position, what would you tell him about being President today and maybe what some of your misconceptions were about the job?

The President. I would tell him it's an incredible challenge, an exhilaration, and a great honor. And if it ended tomorrow, it would be the greatest honor I ever had. You just have to get up every day and do the best you can.

Abraham Lincoln said one time, if he tried to answer all the charges against him, he'd never get anything else done. If the end brought him out wrong, 10,000 angels claiming he was right wouldn't make any difference. And if the end brought him out all right, then everything that was said before wouldn't make any difference. You just have to keep your eye on the ball. The ball is you and your welfare and what happens to you.

Job Training

Q. Mr. President, I'd like to address the issue of employee training. I believe in your campaign that you had stated that employers would be putting forth maybe 1.5 percent towards training. I was wondering, is this going to be mandated for employers to put

so much into training, or would it be left up to the voluntary action of employers?

The President. We don't want a mandate. That is about the average of what employers in the country spend. And what we're trying to do is to work out a system of lifetime training that doesn't have mandates on employers but will give them more incentives to do that. You know, there are a lot of employer mandates right now on Social Security and other things that are just very expensive.

Let me tell you where we're beginning. What we're beginning is with the kids who just get out of high school and with older people who come back into 2-year vocational training programs. We're going to try to help to set up a system by putting a little Federal money in and by giving States and localities more flexibility over the money we spend now to guarantee that people will always be able to go back and get at least 2 years of education after high school even if they don't go to college. And then we want to move from there to see what we can do to give the employer community more incentives to do that kind of training or access those things, because the average 18-year-old will change jobs eight times in a lifetime. And if we want to raise incomes in America, we've got to have a very well-trained work force, and people have to think of education as something they do always. We're going to have workers in their sixties going back to school and learning new skills. And if it is a source of security, they will be excited about it. We've got to find a way to make change the friend of Americans, instead of the enemies. That's the idea. But I don't want to mandate it.

Excellence in Education

Mr. Smith. We have a couple of young women here who are about to become teachers, right?

Q. Correct. The standardized test scores for students in countries like Japan, France, and Canada exceed the ones in America. And as we're going into the 21st century, what changes will you propose to make sure that the students in America—in other words, we become the leader?

Mr. Smith. Competitive, competitive—one minute.

The President. We are trying right now to write in the national Goals 2000—law of the land. I then want some national standardized exams that really mean something and aren't bogus and that are updated annually. And we want tougher and higher standards for teachers that have some national credibility, national standards.

I want you to understand, however, we don't go to school as long as a lot of other countries do. And we have a much more economic and social diversity than other countries, more immigrants, a lot more poor people, a lot of differences. But our system can achieve international excellence if we have clear standards and clear ways of training people and then if we judge the schools more based on their results rather than the bureaucratic inputs. So that's basically what we're trying to do.

Mr. Smith. Thank you. We will be back with more live from the Rose Garden and President Clinton in just a second.

[*At this point, the network took a commercial break.*]

Mr. Smith. We're back live in the Rose Garden at the White House with President Clinton.

Did you vote for President Clinton?

Q. Yes, I did.

Mr. Smith. And have been worried about him a little bit?

Q. Yes, I have been.

The President. So has my mother. I'm glad you—[*laughter*]——

Q. I'm old enough to be his mother, but I'm the wrong gender. [*Laughter*] No, I was concerned. But frankly, since being here this morning, I am reinforced in my hopes or belief that you'll do a good job. I really am. I think you're on the right track. You've given me a lot more confidence. Thank you.

Health Care Reform

Ms. Zahn. Well actually, I have one question about Chelsea here, but before we get there, before we go off the air, I just wondered if you could give us a little more information on health care this morning. We know that some of your economic advisers have been advising against going with the big bang theory of doing this health care reform all at once. What exactly are their fears?

What are they worried about and are those fears warranted?

The President. Well, they're afraid that we won't be able to get saving out of the system. Basically, to go back to this man's question here on the health care issue, if you look at America compared to other countries, we spend more on insurance and paperwork, Government regulation, and other things than any other country does. What our attempt is going to be is to get savings out of all of that and use that to cover the uninsured and to make it cheaper for farmers, for small business people, and for self-employed people to get insurance. That's the deal. Some of them are afraid we can't get the savings quick enough, so they say we ought to have just a major medical coverage and protect people from disaster. But if you look at the economics, the economics are a disaster. If you have a—I don't know—a $3,000 deductible or something like that, well, what have you got? You don't have much. That's what a lot of people have today. So what I want to do is to phase in the coverage, but when you give it to people, give them something that's worth having, that really gives family security. I think the American people would rather us phase it in and do it gradually and do it right and then give people something that's worth something, than do it overnight but give them something that's not worth a nickel.

Ms. Zahn. Can we talk about a family member now?

The President. Yes.

Chelsea Clinton's Education

Q. Hi. I'm a freshman in high school. My question was, sometime ago you said that our schools are safe. And if so, how come you won't let Chelsea go to a public school?

The President. No, I didn't say our schools are safe, I said they could be. The question of personal safety had nothing to do with it. My daughter was always in a public school, and her public school education is serving her quite well now. She's doing well in the school she's in. She and her mother and I reviewed all the possible schools we could send her to, including—we looked at three private schools and three public schools. We examined, and we thought a lot about it. We decided that this was best for her for a number of reasons. One is my daughter is not a public figure. She does not want to be a public figure. She does not like getting a lot of publicity. And frankly, she has more privacy and more control over her destiny where she is than she would if she were at the public school that she was also interested in attending. All three of us made a family decision that it would be best for her under these circumstances.

I also think the school that she decided to attend has some very special things about it, including a requirement that children do community service. There's a whole approach that the Friends have to the education system that she was interested in exploring. But it was not a rejection of the public schools. It was a decision that because of who she is and where she is and the circumstance she's in, she would be happier in a—she'd feel that she could be more of a normal kid if she could do that. That's the only reason we did it. We didn't reject the public schools.

Mr. Smith. We've got just a little bit less than a minute right here and a real important question, Mr. President.

Community Involvement

Q. I'm going to ask you the question that President Kennedy admonished us all to ask 33 years ago: What can we do to help our country?

Mr. Smith. And the clock is running, 30 seconds.

The President. You can do what you're doing today. You can keep asking us questions and keep saying to people: Put aside the partisan politics and try to solve the problems of the country. Get something done. You're going to make mistakes if you try to do something, but move us forward. The second thing you can do is to let everybody know that you're willing to do your part if everybody else does theirs, if it's fair. The third thing you can do is to go back home and ask, what problem do we have in this community that Bill Clinton can't do anything about, except maybe set an example and try to deal with some of these—the family problems we've got, the children's problems we've got, a lot of the value problems we've

got, they have to be dealt with one-on-one from the grassroots up. And every American needs to be involved in community service like that, that the Government cannot solve some of these problems, and if we did more at the local level our Government would function better.

Mr. Smith. We're going to wrap things up from the White House when we come back.

[*At this point, the network took a commercial break.*]

Mr. Smith. We got Josh here from Indianapolis. What's the title of your paper you just wrote?

Q. Arkansas: The State Where the People Rule.

Mr. Smith. And you don't think you'll get extra credit for getting it signed by the President? [*Laughter*]

Ms. Zahn. This wraps our special 2-hour edition of "CBS This Morning," our town meeting with President Clinton. Thank you so much for your time today.

The President. Thank you very much.

Ms. Zahn. Will you ever invite us back into the Rose Garden here?

The President. Absolutely. I'd like for all of you to come back.

Ms. Zahn. All right. Have a good day everybody. See you in the morning.

NOTE: The town hall meeting began at 7:03 a.m. in the Rose Garden at the White House. A tape was not available for verification of the content of these remarks.

Remarks Following the House Vote on the Budget

May 27, 1993

For a long time now, the American people have wondered whether their Government in Washington could ever really work for them again, ever really face the tough problems. Well, tonight the House of Representatives gave America a victory of growth over gridlock. Tonight, the House showed courage and conviction. Tonight, the House made hard choices: to cut a quarter of a billion dollars in spending; to ask those most able to pay, the wealthy, to do more to reduce our deficit; to increase incentives to invest and create jobs in the private sector; and to provide the incentives to make people at the bottom rungs of the economy prefer work over welfare. Tonight, the House said "no" to gridlock, "no" to the status quo, and "no" to the special interests who worked so very hard to frighten millions of Americans about this program. Tonight, the House said "yes" to jobs, "yes" to lowering the deficit, "yes" to lower interest rates, "yes" to a brighter future.

Tomorrow, we go on to the Senate, and we go back to the country. We have broken the gridlock. We are taking responsibility for the future. We are dealing with the tough problems. I am very, very proud of the people who tonight cast a very tough vote in a hard environment for a better tomorrow for America.

Thank you very much.

NOTE: The President spoke at 9:40 p.m. in the Rose Garden at the White House.

Announcement of Chief and Deputy Chief of Protocol at the Department of State

May 27, 1993

The President today announced his intention to appoint Molly Raiser to be the State Department's Chief of Protocol. He also intends to nominate her to the rank of Ambassador while serving in that capacity. In addition, he approved the appointment of Fred DuVal as Deputy Chief of Protocol.

"Molly Raiser is an outstanding individual who has worked in a variety of ways to make our Nation's Capital a better place to live and to increase the participation of women in American politics," said the President. "Along with Fred DuVal, she will do an outstanding job of ensuring that the diplomatic corps and the many foreign dignitaries who come to Washington each year are given a true American welcome."

NOTE: Biographies of the appointees were made available by the Office of the Press Secretary.

Announcement of Ambassador to Canada

May 27, 1993

The President announced his intention today to nominate former Michigan Governor Jim Blanchard to be the U.S. Ambassador to Canada.

"Our relationship with Canada is absolutely vital," said the President. "They are our largest trading partner and one of our closest neighbors. That's why I am nominating an Ambassador in whom I place such a high degree of trust, my good friend Jim Blanchard. With a voice that will be clearly heard in both Ottawa and Washington, he will ensure that this important relationship continues to be productive for both countries."

NOTE: A biography of the nominee was made available by the Office of the Press Secretary.

Teleconference Remarks With Veterans in VA Medical Centers

May 28, 1993

The President. Vincent Maurio, are you there?

Vincent Maurio. Yes. My name is Vincent Maurio from Philadelphia Nursing Home Care Unit.

The President. And is Eugene Young there?

Eugene Young. Yes, I'm here at Bronx VA Nursing Home Unit.

The President. It's good to hear all your voices. I'm here with Vice President Gore and with Hershel Gober who is the Deputy Secretary of the Department of Veterans Affairs. And as we move into Memorial Day weekend, we just wanted you to know and all veterans like you in hospitals all across America that we're thinking about you, pulling for you. We know you wish you could be home and able to participate in the Memorial Day services. But we're very, very excited about the fact that you have these phones in your rooms now thanks to the PT Phone Home Project.

And I want to say a special word of thanks to Frank Dosio who came up with this idea and to all the people who worked on it: Bell Atlantic, C&P Telephone, NYNEX, and especially the workers, the Communication Workers of America and the International Brotherhood of Electrical Workers. There have been a lot of people who worked on this project, and we wanted to highlight that by talking to you three this morning.

And we thought it was an especially good time to do it as we head into Memorial Day. And I have a few notes about you guys. I know more about you than you know about me now. [*Laughter*] I wanted to say a special word of thanks to all of you. And Mr. Young, I understand you have a couple of sons in the service.

Mr. Young. Yes, I do, sir.

The President. And you ought to be able to talk to them more frequently now. Where are they?

Mr. Young. One, Korea; the other one in Italy in the Army, sir.

The President. Good for you. And you have a third child in college?

Mr. Young. Yes, Queens College.

The President. So, you have one child handy.

Mr. Young. Yes.

The President. Pretty close.

Mr. Young. Yes.

The President. And Mr. Maurio and Mr. Patenaude, both of you are veterans of World War II, is that right?

Mr. Maurio. That's right.

Ken Patenaude. Yes, I am.

The President. Is it nice for you having those phones?

Mr. Young. Very nice.

Mr. Maurio. I think it's an enormous accomplishment, and I think it's going to be great for all of us. It's going to get us easy access to reach our families and friends at home, a greater sense of privacy, and I think it's going to instill in us yet a higher level of self-reliance, which of course in our conditions is very important.

So, I'm fascinated by the incredible technology and the genius that it takes to put this program together and this phone system together. And I've been witness to it all

morning long, and it's been extremely fascinating.

The President. Why don't you describe it to us. We can't see it here.

Mr. Maurio. I have surrounding me a bunch of electronic wizards. I don't understand their language completely, but they're absolutely fascinating to listen to. And there's an awful lot of technical equipment here, a lot of apparatus, but I think mainly the most import thing is volunteer efforts of all the people involved. I think that's a little bit of America at work, and it shows what we can do when our minds are set down to it. And I would like to thank all who participated in this wonderful project on behalf of all the patients, the staff, and the administration at both VA Hospital and the Nursing Home Care Unit in Philadelphia. I think it was a marvelous effort on all their parts. They deserve a great deal of credit, and I'm sure you will have to agree with me.

The President. I do. I hope we can get them the credit they deserve by this conversation this morning.

Anyone else have something to say about this?

Mr. Patenaude. Mr. President, this is Ken Patenaude from Albany.

The President. Hi, Ken.

Mr. Patenaude. Never in my wildest dreams did I ever think that I'd be talking to the President. It's an honor.

And I can't believe that this is happening. It's beautiful, the way they have this set up and all the work that these men have put into it. I want to thank all the volunteers from the Communication Workers of America, the VFW, American Legion, and all the employees at the Stratton VA Medical Hospital. This is one of the greatest things that has ever happened in my life.

The President. Well, I think you've earned it. You've served your country well, and I'm just glad to be a small part of this.

Mr. Patenaude. And it's a pleasure to have you on our side.

The President. Thank you. Well, I am. We've got a very good Veterans Affairs Department here headed by two American veterans, Jesse Brown, who's worked for disabled veterans for many years, and my longtime friend Hershel Gober, the Deputy Secretary, who's a Vietnam veteran also. They are keeping me on the straight and narrow here when it comes to veterans policies. They've got our administration focused on these kinds of problems and a lot of other ones.

And I'm glad to hear you say that. You say you never in your wildest dreams believed you'd be talking to the President. You know there are millions of people who would probably like to give me an earful this morning, and you can do it. So, you've been doing a great job.

Mr. Vice President.

The Vice President. Gentlemen, this is Vice President Al Gore. I just wanted to say that the heads of the labor unions whose members did this on a volunteer basis are here in the Oval Office with us this morning and representatives of some of the companies that made it possible. And I think that what people did in pulling together to make this phone system possible for you really kind of symbolizes the way the entire country feels about your service and about all veterans and what our country owes to you.

The fact that members of organized labor and members of companies in corporate America pulled together with more than 5,000 volunteer hours and huge quantities of donated equipment, volunteers from the VFW and the staff of the VA all working together to make this possible. If the whole country could find ways to express what we feel toward veterans like this, you'd see more of this. Matter of fact, CWA members from other cities have taken up this challenge as a result of what Frank Dosio started there, and now it's beginning to be implemented in other VA hospitals and in other cities.

So, we're really proud of you. We appreciate what you've done. We join you in appreciating what these volunteers have done for you.

The President. I also wanted to note that as we get off the phone here I know that at least in Albany and Philadelphia several hundred other bedside phone units are going to be activated. There must be a lot of folks in those hospitals that want me to get off the telephone so they can use theirs. They're not going to be activated until we finish.

I did want to say one other thing to you. Yesterday morning we had a nationally televised town meeting here in the Rose Garden at the White House with a couple of hundred folks who came from 35 States. One of the people there said, ''You know, we're always asking you, Mr. President, what are you going to do and telling you what we think you should do. What do you think we can do for our country to help now?'' And I would just kind of like to repeat something that came out of that conversation because I told the woman who asked the question that there are clearly limits to what Government can do as well as great possibilities there. And a lot of the problems that we have in this country have to be dealt with by citizens working together at the grassroots level. And this is a stunning example of that. I mean, just think how many people all across America are going to wind up having telephones in these hospitals because one man had a vision, and his company and his union were willing to support that vision. I mean, that's an example of the kind of things that can be done by American people all over this country working together. Really, he deserves all the credit. I'm just glad to be here with this inaugural telephone kickoff.

Mr. Young, are you going to call your children when we get off the phone?

Mr. Young. I probably will, Mr. President. I'll get the number from my wife, and I definitely will call. And they will be excited like I am. And I would like to say thanks for the opportunity. And like Albany said, I never dreamed that I would be talking to the President of the United States and the Vice President of the United States.

And the Bronx VA Medical Center has some of the best staff there is. And we appreciate their hard labor and the volunteer service. And they're doing a very good job.

The President. Well, we're trying to support your veterans hospital network. Even as tight as the budget is here and as much as we're cutting, we're going to invest some more money in these veterans hospitals next year to try to keep the quality of care up for people like you.

Mr. Young. That's true. Yes—[*inaudible*]—the quality of care for the veterans, allocate more funding, and it will bring better quality care for the veterans which, you know, they deserve. And the staff also.

The President. Well, I wish all of you well. Mr. Young, when you talk to your sons in Italy and Korea, you tell them that we're proud of them on this Memorial Day weekend.

Mr. Young. I sure will, Mr. President.

The President. And when you talk to your child in Queens College, make sure that there's a graduation there. We need all the kids we can get with good educations so they'll support you and I when we get older and have a strong economy.

Mr. Young. That's true, Mr. President. Thank you very much.

The President. Thank you. Vince and Ken, thank you very much.

Hershel, you want to say anything?

Deputy Secretary Hershel Gober. I would just like to say before Memorial Day here for my comrades, fellow veterans, Vince, Ken, Eugene, we're proud of you. And Secretary Brown and I, along with the President and the Vice President, want you to know that we'll provide the support that you need and that you have earned. You have entitlements; you don't receive benefits. And I want you to know that we're thinking about you, and God bless you.

Mr. Young. Thank you very much.

The President. Thank you. Have a good day.

NOTE: The teleconference began at 9 a.m. The President spoke from the Oval Office at the White House.

Exchange With Reporters on Departure for Philadelphia, Pennsylvania

May 28, 1993

China

Q. Heard anything from China, Mr. President? Their reaction, the Chinese reaction?

The President. I don't know what their—I feel very good about our policy. I think it's a good policy. I don't want to isolate China. I want to do what's good for—just the Chinese people. But I think standing up for

American values and values in China is the way to go. I think this is the right policy. And we have some very serious issues between us, along with these, a broad range of possibilities. I hope we can work——

NOTE: The exchange began at 10:07 a.m. on the South Lawn at the White House. A tape was not available for verification of the content of this exchange.

Remarks at City Hall in Philadelphia

May 28, 1993

Thank you very much, Rosemary Greco. You know, she's the sort of person that I ran for President to support, a person who started out as a bank teller and became the president of a bank. That's the American dream.

I want to say how glad I am to be here, back in Philadelphia, a city that has been so good to me for so long now, with your Mayor and Senator Wofford and with the members of the House delegation who are up here on the platform with me, and with your State treasurer, Catherine Baker Knoll. I'm glad to be here with all of them. Give them a hand, will you?

My fellow Americans, since I became President I have been working to break the gridlock in Washington, to prove that Government could work for you again. And there have been some impressive examples of success in that regard. The Congress, after 8 years of rankling with the President and two vetoes, voted to pass the Family and Medical Leave Act to guarantee working people a little time off when the baby was born or a parent was sick, and eventually, after years of haggling, voted to pass the motor voter bill to open up the voter registration rolls to millions of Americans and bring them into the political process.

But the real issue was whether we had the courage to come to grips with the economic problems which have paralyzed this country. After years and years and years of gridlock, after years of leaders talking about economic problems and not doing much about them, after years in which we ran our national debt from $1 trillion to $4 trillion and reduced our investment in our people, their jobs, and their future at the same time, last night the House of Representatives gave the American people a victory for economic growth over gridlock.

The plan cuts the deficit by $500 billion, cuts a quarter of a trillion dollars in Government spending, asks the wealthy who can best afford to pay their fair share, invests in education and jobs, and rewards work instead of welfare.

[*At this point, there was a disturbance in the audience.*]

Let me tell you something—wait a minute. You know one thing that's wrong with this country? Everybody gets a chance to have their fair say. My budget did more to fight AIDS than any in history, and we're having to put up with this. Tell them to let me talk. If you want to give a speech, go out there and raise your own crowd. We'll be glad to listen to you.

So there were those—I'll make you a deal. I'll ignore them if you will.

There were a lot of people who said we could never change the way things were in Washington, the same sort of people who picked the Phillies to finish last this year. By the way, I think the Phillies are looking pretty good, even that big fellow, Kruk, you know, is a big bat. I wonder who cuts his hair? [*Laughter*]

Let me tell you something, folks, make no mistake about it, this National Capital of yours is beginning to change. After years in which our house was coming apart with higher deficits and less investment, a Government by special interests instead of the national interests, middle class working harder for less, things are really beginning to change.

After years of a lot of hot air and no responsibility and no willingness to take the tough decisions, yesterday the House began to throw out the economic program that ran our debt to $4 trillion, ran the middle class into the ground, created a new class of poverty, and robbed our country of opportunity and any sense of community. We are now moving forward with a plan that reduces the deficit, asks the wealthy who can pay their fair share, gives the middle class the chance of having a future with real economic growth,

and provides profound incentives to prefer work over welfare. These are the kinds of things you elected me to do.

And I want to say one of the most rewarding things is the people who supported the program. I mean, after all, this is a program which asks that 75 percent of the money raised in taxes be paid for by people with incomes above $100,000. And yet, among the strongest supporters were people who had that income who believe their country was more important than their own pocketbook. And we ought to reward that. We had not just labor leaders and small business people and mayors of small and big cities and Governors for this program. There were people who led some of the biggest—lead some of the biggest companies in this country out there working to give our country a better chance and a brighter future, because they know that we have to stop reducing our investment and running up our debt. We need to reverse our priorities, and now we're on the way to doing it.

A lot of these decisions were not easy, but they had to be made. I tried to set a good example. I reduced my own staff. We've had a reduction in this budget in the Federal work force by attrition, not by laying people off, but we're going to reduce the Federal Government by 150,000 over the next 4 years. That's a lot. That's a lot of Government spending cuts. We cut more than 200 specific programs. We cut $2 in spending for every $1 in new investments and education and jobs and technology.

There were things that had never been really seriously dealt with before, the budget's sacred cows: everything from agricultural subsidies to the REA to other problems that affect the cities; demonstration projects that had never been seriously reviewed; cuts in the Medicare program that couldn't be justified; and the Federal employees perhaps took the biggest hit of all, forgoing a pay raise and having a budget that lowers their raises below the cost of living for 4 years, because most of them agreed that they couldn't ask any of you to pay more, even the wealthiest Americans, unless they took less. That's the kind of spirit it's going to take to turn this country around and move the country forward.

I'll tell you something else. Every dollar in taxes and all the budget cuts have to go into a deficit reduction trust fund. There will be no taxes without the budget cuts, and all the money will go to bringing the debt down. And we will have some left over to do things that need to be done. Here in Philadelphia, you know, because of defense cuts, we need to invest some money to help move our country from a defense to a domestic economy, new technologies for new jobs and new opportunities in the future. Because this debt turned out to be bigger even than we knew before the election, I did ask the Congress to adopt an energy tax, some of which will be paid by middle class Americans. But I want you to know exactly how it works, and you've got to decide whether you think it's worth it.

First of all, we have income tax reductions to protect family incomes below $30,000 from the impact of the energy tax. For people above $30,000 up to $100,000, here's what it costs: $1 a month next year; $7 a month the year after; and if you've got a family of four, $17 a month after that. But consider this: Look how much interest rates have gone down. If we keep interest rates down and people can refinance their homes, get car loans at lower rates, get consumer loans at lower rates, get lower business loans from good bankers like Rosemary, you will save more in interest rates than you'll ever pay in the energy tax, and you'll have a healthier economy and a lower deficit.

Just for example, if someone had a $100,000 home mortgage that was financed at 10 percent, and they refinanced it at 7.5 percent, they'd save $175 a month, a month, not a year. This is going to be good economics. If we can keep interest rates down by bringing the debt down, that will release another $100 billion into this economy this year to put the American people back to work.

Yesterday was a historic day, but it was just the beginning. Now the bill goes on to the Senate. And we must work to pass the bill that meets these principles: The wealthy must pay their fair share; we have to reduce the deficit by $500 billion; we have to keep the incentives for people to invest in our jobs and in our cities; and we've got to give people incentives to move from welfare to work, not

the other way around. That's the kind of bill that needs to come to my desk.

There are 80,000 lobbyists in Washington. Many of them don't want Washington to change. Think of that. Maybe some of you all are in the wrong line of work—80,000. Special interests that work in the Senate who have now proposed that we cut Social Security and put more of a burden on the middle class in order to relieve the burden on the wealthiest Americans, when many of them are leading the crusade for change. I think we can do better. I think we can do better. And we're going to do better in the United States Senate with your help.

The process of changing is not easy, not even, and not quick. But we are moving in the right direction. The budget is on the way to being realized. There is a program now in the United States Congress with broad bipartisan support to fulfill the commitment I made to you to open the doors of college education to all Americans and give our young people a chance to pay off their college through national service through their communities here at home.

Very soon the national commission on health care which my wife has chaired will present their plan to provide affordable health care to all Americans and bring down the cost of health care that threatens our economic stability. How many millions of Americans not only lack health insurance but have it and are terrified of losing it because somebody in their family has been sick, and they think they'll never be able to change jobs. We can do better, and we will with your support.

Finally, there are bills in the Congress which will help to change the very way your National Government works: A bill that will require every lobbyist to register and to say how much money they spend lobbying all the rest of us and report it to you—I think that would be a good thing—already passed the Senate; can pass the House. And Mayor Rendell was talking about the campaign finance reform bill, which at long last will lower the cost of congressional campaigns, limit the influence of political action committees, and open the airwaves to candidates so they can have an honest debate. That bill is in the Congress, and we ought to pass it this year.

When I was running for President, I was profoundly influenced by the series in the Philadelphia Inquirer by Donald Bartlett and James Steele, the stories they made into a book called "America, What Went Wrong?" They said that after 50 years, the middle class and small business had been helped for 50 years, but things began to change about a dozen years ago. About a dozen years ago, the National Government adopted tax policies and economic policies that rewarded those who shut jobs down in America and sent them somewhere else; rewarded those who laid their workers off and bailed out with golden parachutes to better lives. We stopped rewarding responsibility and work and rigged the game of economic life against the broad American middle class. They were right, but we're fighting to change that.

And Americans from all walks of life are helping. I will say again, to me the most moving thing of all has been how many genuinely successful Americans, people this country has been good to, people who have made a lot of money, have come forward and said, "Go ahead and raise my taxes if it will bring the deficit down and put the American people back to work and get this country going again." That's the kind of statesmanship we need everywhere in this country.

Yesterday we began the process of saying no to gridlock, no to special interests, no to the spiraling deficit, no to increased unemployment, no to the conditions which lead so many of you to work harder for lower wages every year. We said yes to a brighter future to America, yes to lower deficits, yes to more jobs, yes to higher incomes, yes to a future in which we have a real chance to compete and win.

Things are going in the right direction. Stay with us. Fight with us. Help to lift this country up, and believe in its future. And we can do it.

Thank you, and God bless you all.

NOTE: The President spoke at 12:19 p.m. in the courtyard. In his remarks, he referred to Edward G. Rendell, Mayor of Philadelphia, and Rosemary Greco, president and CEO, CoreStates Bank. A tape was not available for verification of the content of these remarks.

Statement on Most-Favored-Nation Trade Status for China

May 28, 1993

Yesterday the American people won a tremendous victory as a majority of the House of Representatives joined me in adopting our plan to revitalize America's economic future.

Today, Members of Congress have joined me to announce a new chapter in United States policy toward China.

China occupies an important place in our Nation's foreign policy. It is the world's most populous state, its fastest growing major economy, and a permanent member of the United Nations Security Council. Its future will do much to shape the future of Asia, our security and trade relations in the Pacific, and a host of global issues from the environment to weapons proliferation. In short, our relationship with China is of very great importance.

Unfortunately, over the past 4 years our Nation spoke with a divided voice when it came to China. Americans were outraged by the killing of prodemocracy demonstrators at Tiananmen Square in June of 1989. Congress was determined to have our Nation's stance toward China reflect our outrage. Yet twice after Congress voted to place conditions on our favorable trade rules toward China, so-called most-favored-nation status, those conditions were vetoed. The annual battles between Congress and the Executive divided our foreign policy and weakened our approach over China.

It is time that a unified American policy recognize both the value of China and the values of America. Starting today, the United States will speak with one voice on China policy. We no longer have an executive branch policy and a congressional policy. We have an American policy.

I am happy to have with me today key congressional leaders on this issue. I am also honored to be joined by representatives of the business community and several distinguished Chinese student leaders. Their presence here is a tangible symbol of the unity of our purpose. I particularly want to recognize Senate Majority Leader George Mitchell of Maine and Congresswoman Nancy Pelosi of California. Their tireless dedication to the cause of freedom in China has given voice to our collective concerns. I intend to continue working closely with Congress as we pursue our China policy.

We are here today because the American people continue to harbor profound concerns about a range of practices by China's Communist leaders. We are concerned that many activists and prodemocracy leaders, including some from Tiananmen Square, continue to languish behind prison bars in China for no crime other than exercising their consciences. We are concerned about international access to their prisons. And we are concerned by the Dalai Lama's reports of Chinese abuses against the people and culture of Tibet.

We must also address China's role in the proliferation of dangerous weapons. The Gulf war proved the danger of irresponsible sales of technologies related to weapons of mass destruction. While the world is newly determined to address the danger of such missiles, we have reason to worry that China continues to sell them.

Finally, we have concerns about our terms of trade with China. China runs an $18 billion trade surplus with the U.S., second only to Japan. In the face of this deficit, China continues practices that block American goods.

I have said before that we do not want to isolate China, given its growing importance in the global community. China today is a nation of nearly 1.2 billion people, home to 1 of every 5 people in the world. By sheer size alone, China has an important impact on the world's economy, environment, and politics. The future of China and Hong Kong is of great importance to the region and to the people of America.

We take some encouragement from the economic reforms in China, reforms that by some measures place China's economy as the third largest in the world, after the United States and Japan. China's coastal provinces are an engine for reform throughout the country. The residents of Shanghai and Guangzhou are far more motivated by markets than by Marx or Mao.

We are hopeful that China's process of development and economic reform will be accompanied by greater political freedom. In

some ways, this process has begun. An emerging Chinese middle class points the antennae of new televisions towards Hong Kong to pick up broadcasts of CNN. Cellular phones and fax machines carry implicit notions of freer communications. Hong Kong itself is a catalyst of democratic values, and we strongly support Governor Patten's efforts to broaden democratic rights.

The question we face today is how best to cultivate these hopeful seeds of change in China while expressing our clear disapproval of its repressive policies.

The core of this policy will be a resolute insistence upon significant progress on human rights in China. To implement this policy, I am signing today an Executive order that will have the effect of extending most-favored-nation status for China for 12 months. Whether I extend MFN next year, however, will depend upon whether China makes significant progress in improving its human rights record.

The order lays out particular areas I will examine, including respect for the Universal Declaration of Human Rights and the release of citizens imprisoned for the nonviolent expression of their political beliefs, including activists imprisoned in connection with Tiananmen Square. The order includes China's protection of Tibet's religious and cultural heritage and compliance with the bilateral U.S.-China agreement on prison labor.

In addition, we will use existing statutes to address our concerns in the areas of trade and arms control.

The order I am issuing today directs the Secretary of State and other administration officials to pursue resolutely all legislative and executive actions to ensure China abides by international standards. I intend to put the full weight of the Executive behind this order. I know I have Congress's support.

Let me give you an example. The administration is now examining reports that China has shipped M–11 ballistic missiles to Pakistan. If true, such action would violate China's commitment to observe the guidelines and parameters of the Missile Technology Control Regime. Existing U.S. law provides for strict sanctions against nations that violate these guidelines. We have made our concerns on the M–11 issue known to the Chinese on numerous occasions. They understand the serious consequences of missile transfers under U.S. sanctions law. If we determine that China has in fact transferred M–11 missiles or related equipment in violation of its commitments, my administration will not hesitate to act.

My administration is committed to supporting peaceful democratic and promarket reform. I believe we will yet see these principles prevail in China. For in the past few years, we have witnessed a pivot point in history as other Communist regimes across the map have ceded to the power of democracy and markets.

We are prepared to build a more cooperative relationship with China and wish to work with China as an active member of the international community. Through some of its actions, China has demonstrated that it wants to be a member of that community. Membership has its privileges, but also its obligations. We expect China to meet basic international standards in its treatment of its people, its sales of dangerous arms, and its foreign trade.

With one voice, the United States Government today has outlined these expectations.

NOTE: The statement referred to Christopher Patten, Governor and commander in chief of Hong Kong.

Memorandum on Most-Favored-Nation Trade Status for China

May 28, 1993

Presidential Determination No. 93–23

Memorandum for the Secretary of State

Subject: Determination Under Section 402(d)(1) of the Trade Act of 1974, as Amended—Continuation of Waiver Authority

Pursuant to the authority vested in me under the Trade Act of 1974, as amended, Public Law 93–618, 88 Stat. 1978 (hereinafter "the Act"), I determine, pursuant to section 402(d)(1) of the Act, 19 U.S.C. 2432(d)(1), that the further extension of the waiver authority granted by section 402(c) of the Act will substantially promote the objec-

tives of section 402 of the Act. I further determine that the continuation of the waiver applicable to the People's Republic of China will substantially promote the objectives of section 402 of the Act.

You are authorized and directed to publish this determination in the *Federal Register*.

William J. Clinton

[Filed with the Office of the Federal Register, 12:28 p.m., May 28, 1993]

NOTE: This memorandum will be published in the *Federal Register* on June 1.

Executive Order 12850—Conditions for Renewal of Most-Favored-Nation Status for the People's Republic of China in 1994

May 28, 1993

Whereas, the Congress and the American people have expressed deep concern about the appropriateness of unconditional most-favored-nation (MFN) trading status for the People's Republic of China (China);

Whereas, I share the concerns of the Congress and the American people regarding this important issue, particularly with respect to China's record on human rights, nuclear nonproliferation, and trade;

Whereas, I have carefully weighed the advisability of conditioning China's MFN status as a means of achieving progress in these areas;

Whereas, I have concluded that the public interest would be served by a continuation of the waiver of the application of sections 402 (a) and (b) of the Trade Act of 1974 (19 U.S.C. 2432(a) and 2432(b)) (Act) on China's MFN status for an additional 12 months with renewal thereafter subject to the conditions below;

Now, Therefore, by the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. The Secretary of State (Secretary) shall make a recommendation to the President to extend or not to extend MFN status to China for the 12-month period beginning July 3, 1994.

(a) In making this recommendation the Secretary shall not recommend extension unless he determines that:

—extension will substantially promote the freedom of emigration objectives of section 402 of the Act; and

—China is complying with the 1992 bilateral agreement between the United States and China concerning prison labor.

(b) In making this recommendation the Secretary shall also determine whether China has made overall, significant progress with respect to the following:

—taking steps to begin adhering to the Universal Declaration of Human Rights;

—releasing and providing an acceptable accounting for Chinese citizens imprisoned or detained for the non-violent expression of their political and religious beliefs, including such expression of beliefs in connection with the Democracy Wall and Tiananmen Square movements;

—ensuring humane treatment of prisoners, such as by allowing access to prisons by international humanitarian and human rights organizations;

—protecting Tibet's distinctive religious and cultural heritage; and

—permitting international radio and television broadcasts into China.

Sec. 2. The Secretary shall submit his recommendation to the President before June 3, 1994.

Sec. 3. The Secretary, and other appropriate officials of the United States, shall pursue resolutely all legislative and executive actions to ensure that China abides by its commitments to follow fair, nondiscriminatory trade practices in dealing with U.S. businesses, and adheres to the Nuclear Non-Proliferation Treaty, the Missile Technology Control Regime guidelines and parameters, and other nonproliferation commitments.

Sec. 4. This order does not create any right or benefit, substantive or procedural, enforceable by any person or entity against the United States, its officers, or employees.

William J. Clinton

The White House,
May 28, 1993.

[Filed with the Office of the Federal Register, 12:27 p.m., May 28, 1993]

NOTE: This Executive order will be published in the *Federal Register* on June 1.

Letter to Congressional Leaders Transmitting a Report on Most-Favored-Nation Trade Status for China

May 28, 1993

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

Pursuant to subsection 402(d)(1) of the Trade Act of 1974, as amended, 19 U.S.C. 2432(d)(1) ("the Act"), I hereby submit the attached report concerning the continuation of a waiver of application of subsections (a) and (b) of section 402 of the Act to the People's Republic of China. The report explains my reasons for having determined that continuation of the waiver currently in effect for the People's Republic of China will substantially promote the objectives of section 402. In addition, I am also transmitting herewith for your further information a copy of an Executive Order which enumerates the specific conditions which I have established with respect to a further extension of the waiver next year for the period beginning July 3, 1994.

Sincerely,

William J. Clinton

NOTE: Identical letters were sent to Thomas S. Foley, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate.

Report to the Congress on Most-Favored-Nation Trade Status for China

May 28, 1993

Pursuant to section 402(d)(1) of the Trade Act of 1974 (hereinafter "the Act"), having determined that further extension of the waiver authority granted by section 402(c) of the Act for the twelve-month period beginning July 3, 1993 will substantially promote the objectives of section 402, I have today determined that continuation of the waiver currently applicable to China will also substantially promote the objectives of section 402 of the Act. My determination is attached and is incorporated herein.

Freedom of Emigration Determination

In FY 1992, 26,711 U.S. immigrant visas were issued in China. The U.S. numerical limitation for immigrants from China was fully met. The principal restraint on increased emigration continues to be the capacity and willingness of other nations to absorb Chinese immigrants, not Chinese policy. After considering all the relevant information, I have concluded that continuing the MFN waiver will preserve the gains already achieved on freedom of emigration and encourage further progress. There, thus, continues to be progress in freedom of emigration from China; we will continue to urge more progress.

Chinese Foreign Travel Policies

In FY 1992, 75,758 U.S. visas were issued worldwide to tourists and business visitors from China, a 35 percent increase over FY 1991 and a 76 percent increase over FY 1988. Foreign travel by Chinese-government sponsored businessmen alone increased by 48 percent in FY 1992, reflecting Deng Xiaoping's policies of accelerating China's opening to the outside world.

In FY 1992, 18,908 student visas (including exchange students) were issued, a decline from FY 1991 of 14 percent but still 8 percent greater than FY 1988. The decline was probably the result in part of a recent new directive requiring Chinese college graduates educated at state expense to work for five years before applying for privately-funded overseas study. A drop in funding from recession-strapped U.S. schools and relatives may also have played a role.

Chinese students continue to return from overseas for visits without any apparent problem. With the exception of student activist Shen Tong, we are not aware of any case in which Chinese living in the U.S. who returned to China for visits after June 1989 were prevented from leaving again. Shen was detained in September 1991 and then expelled from China two months later for trying to establish a Beijing chapter of his Fund for Chinese Democracy.

Human Rights Issues

As detailed in the Department's annual human rights report, China's human rights practices remain repressive and fall far short of internationally-accepted norms. Freedoms of speech, assembly, association, and religion are sharply restricted.

China understands that the Clinton Administration has made human rights a cornerstone of our foreign policy. We have already repeatedly raised our concerns with the Chinese authorities and we intend to press at every opportunity for observance of internationally accepted standards of human rights practice.

We have made numerous requests for information on specific human rights cases. China has provided information on some of these cases but further and more complete responses are necessary. The Chinese recently released, prior to completion of their sentences, several prominent dissidents whom we had identified on lists provided to them. These included not only Tiananmen-era demonstrators but also Democracy Wall (circa 1979) activists. We hope this is the first step toward a broad and general amnesty for all prisoners of conscience.

The Chinese promised then Secretary Baker in 1991 that all Chinese citizens, regardless of their political views, have the right to travel abroad. The only exceptions are citizens who are imprisoned, have criminal proceedings pending against them, or have received court notices concerning civil cases. A number of prominent dissidents, despite long delays, have been able to leave China. Some others have not. Those who have been able to obtain exit permits in the past year include labor leader Han Dongfang, writers Wang Ruowang and Bai Hua, scientist Wen Yuankai, journalists Wang Ruoshui, Zhang Weiguo, and Zhu Xingqing, and scholar Liu Qing. Others, like Hou Xiaotian, Yu Haocheng, and Li Honglin, continue to face difficulties in obtaining exit permission. We continue to press the Chinese on these and other cases.

Our goal is the release of all those held solely for the peaceful expression of their political and religious views. In November 1991, the Chinese confirmed to Secretary Baker the release of 133 prisoners on a list presented them earlier in June of that year. Since then, the Chinese have released additional political prisoners, including Xu Wenli, Han Dongfang, Wang Youcai, Luo Haixing, Xiong Yan, Yang Wei, Wang Zhixin, Zhang Weiguo, Wang Dan, Wang Xizhe, Gao Shan, Bao Zunxin, and a number of Catholic clergy and lesser known activists. We continue to press for a general amnesty and for permission for international humanitarian organizations to have access to Chinese prisons. We have also pressed for improvement in the conditions of those in Chinese prisons.

China has recently and for the first time admitted publicly that domestic human rights policies are a legitimate topic of international discussion. China has hosted human rights delegations from France, Australia, the U.K., and Germany. China sent several delegations to the U.S. and Europe, as well as Southeast Asia, to study foreign human rights practices and issued a "white paper" maintaining that basic human rights are observed in China and arguing that a country's human rights record should be viewed in light of its own history and culture. We reject this limited definition of human rights but believe it is a significant step forward that China is willing to debate human rights issues with its international critics.

The U.S. continually raises with the Chinese government the need for protection of Tibet's distinctive religion and culture. We are concerned about China's heavy-handed suppression of political demonstrations in the Tibetan Autonomous Region. Demonstrations, on a smaller scale than in past years, continue to result in instances of brutal beatings and long detentions. China has admitted some foreign observers to Tibet and to the main Lhasa prison. Diplomatic reports state that the Chinese Government is providing funds for rebuilding monasteries and that monks are now provided more leeway in their religious practices. In recent years, an increasing number of non-Tibetan Chinese have moved to the Tibetan Autonomous Region in search of economic opportunity. We will continue to monitor closely reports that the PRC is encouraging involuntary emigration by non-Tibetan Chinese to areas traditionally settled by Tibetans. So far, we have

found no evidence of a Chinese government policy to this effect.

Nonproliferation Issues

China's support for global nonproliferation initiatives has increased substantially since the beginning of 1992. In March 1992, China acceded to the Nuclear Non-Proliferation Treaty (NPT) and adhered to the Missile Technology Control Regime (MTCR) guidelines and parameters. In January 1993, Beijing became an original signatory to the Chemical Weapons Convention (CWC). China now is a party to all of the leading nonproliferation agreements. These commitments have influenced Chinese behavior: Beijing has refrained from selling certain sensitive items because of proliferation concerns, and nonproliferation as an issue appears to receive more senior consideration in Chinese policy-making circles.

At the same time, certain sensitive Chinese exports raise questions about PRC compliance with these commitments. At present, the greatest concern involves reports that China in November 1992 transferred MTCR-class M–11 missiles or related equipment to Pakistan. Such a transfer would violate China's MTCR commitment and trigger powerful sanctions under U.S. missile proliferation law. There also are reports that China is exercising inadequate control over sensitive nuclear, chemical, and missile technology exports to countries of proliferation concern. Even if these sales do not violate PRC obligations, they raise questions about China's appreciation of the importance of preventing the proliferation of weapons of mass destruction and their ballistic missile delivery systems.

We are also concerned that China has withdrawn from the Middle East arms control (ACME) talks. The U.S. holds that, as a permanent member of the UN Security Council, China has a special responsibility to continue in these talks.

Seeking full Chinese compliance with multilateral obligations and support for international nonproliferation goals is a top Administration priority. The U.S. is prepared to employ the resources under U.S. law and executive determinations—including the imposition of sanctions—if the PRC engages in irresponsible transfers.

Trade Issues, Including Prison Labor

Reciprocal granting of MFN tariff status was a key element cementing the normalization of Sino-U.S. relations by providing a framework for major expansion of our economic and trade relations. In 1992, bilateral trade topped $33 billion, with Chinese exports of $25.8 billion and U.S. exports of $7.5 billion. China was our fastest growing export market in Asia in 1992 as U.S. exports to China rose by 19 percent. In turn, the United States remains China's largest export market, absorbing about 30 percent of China's total exports.

China maintains multiple, overlapping barriers to imports in an effort to protect noncompetitive, state-owned industries. China also has recognized that its development goals cannot be achieved without gradually reducing protection and opening its domestic market to the stimulus for change brought by import competition.

Our market access agreement, signed October 10, 1992, if implemented by the PRC, will increase opportunities for U.S. exports by phasing-out 70 to 80 percent of China's non-tariff trade barriers over the next four years. The regular consultation process required by this agreement allows us to monitor implementation and take appropriate action should China violate its commitments. Progress has been made in opening the market to U.S. products but we still need to resolve several issues regarding implementation.

Recently, the Chinese have indicated an interest in doing more business with U.S. companies. As U.S. corporate executives are arriving in droves to explore new commercial opportunities in Beijing, at least eight Chinese delegations have been or will soon be dispatched to the U.S. with orders to ''buy American''. These missions have the potential to generate billions of dollars of export of aircraft, autos, satellites, oil drilling equipment, aviation electronics, wheat, fertilizer, and other U.S. products.

Still, the large and growing U.S.-China trade deficit is unacceptable. The over $40 billion trade surplus China has accumulated

with the United States since June 1989 has been very destructive to American industries, particularly the textile and footwear sectors, resulting in the loss of American jobs. It is therefore essential that the PRC implement the market access agreement we have negotiated, which would produce a much greater equilibrium and fairness in Sino-American trade.

Prison Labor

China officially banned the export of products produced by prison labor in October 1991. In August 1992, we signed a Memorandum of Understanding under which the Chinese agreed to investigate cases we presented and to allow U.S. officials access to suspect facilities in China.

The U.S. has presented the Chinese government information on 16 cases of alleged use of prison labor. The Chinese have reported back on all 16 cases, admitting that in four cases they were forced to correct the fact that prisoners were being used to produce goods exports in violation of Chinese law. U.S. officials have visited three prisons and have standing requests to visit five others, including a revisit to one facility.

In the past two years, U.S. Customs has aggressively expanded its enforcement of U.S. laws banning the import of prison labor products. Customs has issued over twenty orders banning suspected Chinese goods from entering the U.S., achieved one court conviction of a U.S. company for importing prison made machine tools and seized suspected equipment in another case.

Since the Prison Labor Memorandum of Understanding was signed last August, there has been no indication that goods allegedly produced by prison labor have entered the U.S. Talks with China will continue on the full enforcement of the provisions of the prison labor MOU.

Conditions for Renewal in 1994

China has made progress in recent years in the areas of human rights, nonproliferation, and trade. Nevertheless, I believe more progress is necessary and possible in each of these three areas. In considering the optimal method of encouraging further progress on these issues, I have decided to issue the attached Executive Order which outlines the areas in the field of human rights with respect to which China, in order to receive positive consideration for a renewal of MFN in 1994, will have to make overall, significant progress in the next 12 months.

In considering extension of MFN, we will take into account whether there has been overall, significant progress by China with respect to the following:

—Respecting the fundamental human rights recognized in the Universal Declaration of Human Rights, for example, freedoms of expression, peaceful assembly and association.

—Complying with China's commitment to allow its citizens, regardless of their political views, freedom to emigrate and travel abroad (excepting those who are imprisoned, have criminal proceedings pending against them, or have received court notices concerning civil cases).

—Providing an acceptable accounting for and release of Chinese citizens imprisoned or detained for the peaceful expression of their political views, including Democracy Wall and Tiananmen activists.

—Taking effective steps to ensure that forced abortion and sterilization are not used to implement China's family planning policies.

—Ceasing religious persecution, particularly by releasing leaders and members of religious groups detained or imprisoned for expression of their religious beliefs.

—Taking effective actions to ensure that prisoners are not being mistreated and are receiving necessary medical treatment, such as by granting access to Chinese prisons by international humanitarian organizations.

—Seeking to resume dialogue with the Dalai Lama or his representatives, and taking measures to protect Tibet's distinctive religious and cultural heritage.

—Continuing cooperation concerning U.S. military personnel who are listed as prisoners of war or missing in action.

—Ceasing the jamming of Voice of America broadcasts.

The Administration will also use tools under existing legislation and executive de-

terminations to encourage further progress in human rights.

In addition, I wish to make clear my continuing and strong determination to pursue objectives in the areas of nonproliferation and trade, utilizing other instruments available, including appropriate legislation and executive determinations. For example, various provisions of U.S. law contain strong measures against irresponsible proliferation of weapons of mass destruction and nuclear weapons technology. These include missile proliferation sanctions under the National Defense Authorization Act. Using these tools as necessary, we will continue to press China to implement its commitments to abide by international standards and agreements in the nonproliferation area.

In the area of trade, the Clinton Administration will continue to battle for full and faithful implementation of bilateral agreements with China on market access, intellectual property rights, and prison labor. Section 301 of the 1974 Trade Act is a powerful instrument to ensure our interests are protected and advanced in the areas of market access and intellectual property rights. The Administration will also continue to implement vigorously the provisions of the Tariff Act of 1930 to prevent importation of goods made by forced labor.

Proclamation 6566—Prayer for Peace, Memorial Day, 1993

May 28, 1993

By the President of the United States of America

A Proclamation

Each spring, our Nation pauses to remember those who have died securing our peace and freedom. Across our country, Americans are holding ceremonies in remembrance of those who have died under the colors of our Nation. We remember the brave men and women whose sacrifices have paved the way for us to live in a country like America. We remember the families of our fallen heroes, and we grieve for their losses. And we remember the men and women who are now serving in our Armed Forces.

In the war with Iraq and more recently in our peacekeeping operations in Somalia, more names of young Americans have been added to the roster of our departed heroes. Young service men and women who died in the Persian Gulf joined Americans who left their mark on history at places like the Argonne in World War I, Omaha Beach in World War II, and Pork Chop Hill in Korea, and in the jungles and rice paddies of Vietnam.

Through two centuries and several wars, America has remained the land of the free and the home of the brave. The Persian Gulf war reaffirmed that international peace and security depend on our Nation's vigilance and on the sacrifices of our service men and women. Even in this post-Cold War era, we must be wary, for the world still remains a dangerous place.

By showing our understanding, we can help further the sense of lives well lived, a time on earth well spent, and a heritage of service of lasting meaning.

In respect and recognition of those Americans to whom we pay tribute today, the Congress, by joint resolution of May 11, 1950 (64 Stat. 158), has requested the President to issue a proclamation calling upon the people of the United States to observe each Memorial Day as a day of prayer for permanent peace and designating a period on that day when the people of the United States might unite in prayer.

Now, Therefore, I, William J. Clinton, President of the United States of America, do hereby designate Memorial Day, May 31, 1993, as a day of prayer for permanent peace, and I designate the hour beginning in each locality at 11 o'clock in the morning of that day as a time to unite in prayer. I urge the press, radio, television, and all other information media to cooperate in this observance.

I also request the Governors of the United States and the Commonwealth of Puerto Rico, and the appropriate officials of all units of government, to direct that the flag be

flown at half-staff until noon during this Memorial Day on all buildings, grounds, and naval vessels throughout the United States and in all areas under its jurisdiction and control, and I request the people of the United States to display the flag at half-staff from their homes for the customary forenoon period.

In Witness Whereof, I have hereunto set my hand this twenty-eighth day of May, in the year of our Lord nineteen hundred and ninety-three, and of the Independence of the United States of America the two hundred and seventeenth.

William J. Clinton

[Filed with the Office of the Federal Register, 12:10 p.m., May 28, 1993]

NOTE: This proclamation will be published in the *Federal Register* on June 1.

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.

May 22

In the morning, the President traveled to Stratham, NH, and returned to Washington, DC, in the evening.

May 25

In the morning, the President met with freshman Democratic Members of Congress.

May 26

The President appointed Norman R. Augustine as Chair and William T. Esrey as Vice Chair of the President's National Security Telecommunications Advisory Committee (NSTAC). The President also named Joseph T. Gorman and Albert F. Zettlemoyer to the NSTAC.

May 27

In the afternoon, the President had lunch with the Vice President. He then met with winners of the U.S. FIRST science competition.

May 28

In the morning, the President traveled to Philadelphia, PA, where he attended private receptions and returned to Washington, DC, in the evening.

Nominations Submitted to the Senate

The following list does not include promotions of members of the Uniformed Services, nominations to the Service Academies, or nominations of Foreign Service officers.

Submitted May 24

Everett M. Ehrlich,
of Pennsylvania, to be Under Secretary of Commerce for Economic Affairs, vice Jose Antonio Villamil, resigned.

Mary Jo Bane,
of Massachusetts, to be Assistant Secretary for Family Support, Department of Health and Human Services, vice Jo Anne B. Barnhart.

Submitted May 28

Thomas J. Downey,
of New York, to be a member of the Defense Base Closure and Realignment Commission for a term expiring at the end of the first session of the 103d Congress, vice Arthur Levitt, Jr., resigned.

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 May 24

Transcript of a press briefing by Director of Communications George Stephanopoulos

Released May 25

Transcript of a press briefing by Director of Communications George Stephanopoulos

Statement by White House Counsel Bernard W. Nussbaum on the White House Travel Office situation

Released May 26

Transcript of a press briefing by Press Secretary Dee Dee Myers

Transcript of a press briefing by Director of Communications George Stephanopoulos

Released May 28

Transcript of a press briefing by Assistant Secretary of State for East Asian and Pacific Affairs Winston Lord on most-favored-nation trade status for China

Acts Approved by the President

Approved May 25, 1993

S. 214 / Public Law 103–32

To authorize the construction of a memorial on Federal land in the District of Columbia or its environs to honor members of the Armed Forces who served in World War II and to commemorate United States participation in that conflict

S. 801 / Public Law 103–33

To authorize the conduct and development of NAEP assessments for fiscal year 1994